

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, 5 May, 1982

Time — 2:00 p.m.

**OPENING PRAYER** by Mr. Speaker.

**MR. SPEAKER, Hon. D. James Walding (St. Vital):** Presenting Petitions . . . Reading and Receiving Petitions . . .

## PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

**MR. SPEAKER:** The Honourable Member for Flin Flon.

**MR. JERRY T. STORIE (Flin Flon):** Mr. Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again.

I move, seconded by the Honourable Member for Radisson, that the Report of the Committee be received.

**MOTION presented and carried.**

**MR. SPEAKER:** Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills . . .

## INTRODUCTION OF GUESTS

**MR. SPEAKER:** Before we reach Oral Questions, may I direct the attention of honourable members to the gallery where there are 45 students of Grade 11 standing of the Sisler High School. These students are under the direction of Mr. Brown and the school is in the constituency of the Honourable Member for Inkster.

There are 45 students from the Neelin High School; this school is in the constituency of the Honourable Minister of Natural Resources.

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

## ORAL QUESTIONS

**MR. SPEAKER:** The Honourable Member for Swan River.

**MR. D.M. (Doug) GOURLAY (Swan River):** Thank you, Mr. Speaker, I'd like to direct a question to the Minister of Municipal Affairs and ask him when will the government take a position with respect to the Assessment Review Committee's recommendations?

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

**HON. A.R. (Pete) ADAM (Ste. Rose):** Mr. Speaker, in response to the honourable member's question, I could advise him that the member — my staff is now reviewing the Assessment Review Report and will be reporting back to me after they have completed their study.

It is my intention to perhaps appoint a Legislative Committee to hold hearings intersessionally to dialogue with the public of Manitoba on the implications of the recommendations. In view of that, I am unable to give the honourable member a definite time as to when the government will take a position until perhaps after those meetings have been completed. Then we'll be able to make a decision whether or not the recommendations are acceptable.

**MR. GOURLAY:** Mr. Speaker, the Assessment Review Committee has already taken some two years or more to consult with the people and the municipal officials of Manitoba and I am wondering if the Minister has had the opportunity or will be planning on consulting with the Municipal Advisory Committee with respect to the recommendations that have already been brought forth by the Assessment Review Committee.

**MR. ADAM:** Mr. Speaker, we hope to meet with many groups, local government districts, the UMM, the Manitoba Union of Urban Associations and other interested people in Manitoba to inform them of the implications of the recommendations and how it will affect them. That is what we want, to have an ongoing dialogue with them and until such time as we can have some feedback on what the implications are of the recommendations, it's not the intention of the government to do anything.

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

**MR. G.W.J. (Gerry) MERCIER (St. Norbert):** Mr. Speaker, my question is to the Honourable Minister of Municipal Affairs.

Could the Minister indicate whether he will be introducing legislation this year, either at this Session or at a Session this fall, which would continue the freeze on assessment passed the end of this year?

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

**MR. ADAM:** Mr. Speaker, I will be introducing legislation to extend the freeze at this Session.

**MR. MERCIER:** Mr. Speaker, I wonder if the Minister would indicate how long the continued freeze would last.

**MR. ADAM:** Mr. Speaker, the recommendations are that the freeze be extended and once we introduce the legislation, the member will see what the legislation is.

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

**MRS. CHARLOTTE OLESON (Gladstone):** Thank you, Mr. Speaker, my question is to the Minister of Municipal Affairs. In view of the difficulties being experienced by municipal governments with regard

to large dollar values of taxes in arrears, and in view of the fact that municipal officials have asked for change in the penalties for arrears which are levied, does the Minister plan to exercise his right to change the interest rate which can be charged on tax arrears?

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

**MR. ADAM:** Mr. Speaker, it is not my intention to do that at this Session. We are, however, reviewing this question. The information we have is that the arrears may not be attributable only to the high interest rates that prevail at the present time. My understanding is that the City of Winnipeg have been able to collect 95 percent of the taxes and it doesn't appear to be a major problem. However, we will be monitoring this, Mr. Speaker, and if there is a need, we will look at it.

**MR. SPEAKER:** The Honourable Member for La Verendrye.

**MR. ROBERT (Bob) BANMAN (La Verendrye):** I direct my question, Mr. Speaker, to the Minister in charge of Co-operatives and would ask him if he could confirm that the Co-op store in Brandon will be closing.

**MR. SPEAKER:** The Honourable Minister of Co-operatives.

**MR. ADAM:** Yes, Mr. Speaker, it is my understanding that at an annual meeting last night, they have decided to close the operation. This has been in the works for some time, I might add. It was decided by the Co-operative group there that they feel area development will provide some definite benefits, rather than operate the way they have in the past.

I might add, Mr. Speaker, that they attribute their problems again to high interest rates and a high debt load. Of course, Mr. Speaker, Co-operatives are just as vulnerable to high interest rate policy as any private sector. They feel that because of the fact they have a high debt load, they felt it was better to close the operation and some of those profitable parts of the Co-operative will be absorbed by other Co-operatives in the area.

**MR. BANMAN:** I wonder if the Minister could inform the House as to what is going to happen to the affiliated stores at Souris and Wawanesa.

**MR. ADAM:** My understanding at this point in time is that they hope to maintain services to members in the bulk petroleum service station at Agroas as well as existing branches in Souris and Wawanesa. That is their hope at this time, but I would inform the honourable member that the Brandon Co-op has been under the management and control of Federated Co-op for some time.

**MR. BANMAN:** A supplementary question, Mr. Speaker. I wonder if the Minister could inform the House as to the potential losses for the shareholders as far as their investment is concerned. In other words, are they going to sustain some losses or is

there another body that will be picking up the losses on the closure of this Co-operative?

**MR. ADAM:** Mr. Speaker, it is my understanding that the members will not lose their shares, but they may lose the equity that they have built up over the years, but not the shares. The share capital that they have put in, I understand will be paid, but there will be some equity that has been accumulated that they may lose.

**MR. BANMAN:** Another question, Mr. Speaker, to the same Minister. As the Member for Turtle Mountain has said, the shareholders will probably find some solace in that they can paper their walls with their share certificates, but I would like to ask the Minister as to what impact this will have on the employment at that particular facility. In other words, what do they anticipate the loss of job opportunity will be because of the closing of this Co-operative?

**MR. ADAM:** Mr. Speaker, I don't have the exact number of employees at the consumer Co-op in Brandon, but I understand it is approximately six people that are involved. I'm not sure whether they will all lose their employment because of the closure, but that's my understanding that there's about one-half dozen people, but I can check that out to get the exact information. I don't have that at the present time.

**MR. BANMAN:** To the same Minister, Mr. Speaker. I wonder if the Minister could inform the House whether or not he has been advised of some other consumer Co-operatives who are facing financial difficulty and are asking for departmental assistance in either closing or merging with another Co-operative.

**MR. ADAM:** Not to my knowledge, not at the moment as far as I know. I haven't received any other information outside of the Brandon consumers' Co-op at this point in time.

**MR. SPEAKER:** The Honourable Member for Turtle Mountain.

**MR. A. BRIAN RANSON (Turtle Mountain):** Mr. Speaker, my question is for the Minister of Municipal Affairs. Can the Minister advise whether or not he has received a request from the Union of Municipalities to allow municipalities to set the interest rate on tax arrears?

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

**MR. ADAM:** I believe that the Union of Manitoba Municipalities have — there have been resolutions at their annual meeting to that effect and I have just answered a question just a few minutes ago on this subject matter, Mr. Speaker, and that we are looking at that at the present time.

**MR. RANSON:** Mr. Speaker, my question is for the Minister of Agriculture. Some days ago, I asked the Minister of Agriculture if he had any knowledge of how many farmers in the province might be having

difficulty in getting operating credit this spring. I wonder if the Minister could answer that question now.

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

**HON. BILL URUSKI (Interlake):** Mr. Speaker, we don't have actual numbers of farmers having difficulty but we do and are receiving calls. We do have the program in place in terms of the Loan Guarantee Program under MACC. We are now in the process of having discussions to extend that program to the Co-op Credit Society. So rather than dealing with individual credit unions, the entire discussions that are under way are to see whether or not the entire credit society can be treated in the same way as other financial institutions so that short-term operating capital could be advanced in the same way as the guarantees are to the banking institutions.

We are having those discussions and we hope that an agreement can be reached whereby those services can also be provided by the credit unions in the Province of Manitoba.

**MR. RANSOM:** Mr. Speaker, has the Minister made any effort, either through meeting with the banks or lending institutions, to assess how many farmers are unable to get operating credit this spring through any of the programs that are now in place?

**MR. URUSKI:** Mr. Speaker, we do know, we are, and have had meetings; staff are continuously having meetings with the bank institutions in the various regions to assess and to be able to better determine where the problem areas are. We have approved funds through MACC to attempt to even deal through loan consolidation and those other areas to assist farmers, but we do know that MACC is not the vehicle that is able to provide the type of short-term credit in the quick way that is required. That's why we have used and continue to use the guarantees that are available to the financial institutions whereby we will guarantee the loans for short-term credit.

**MR. RANSOM:** Mr. Speaker, there are I believe record numbers of farm sales taking place this spring. There are farmers that are unable to obtain operating credit. The Minister has not paid out any money through his program for which some people with gross sales under \$70,000 might qualify. What does the Minister plan to do for those farmers who are grossing over \$70,000 a year, who have been grossing over \$70,000 a year, and will not be able to get operating credit this spring to put in their crop? What advise does the Minister give to those farmers?

**MR. URUSKI:** Mr. Speaker, the Province of Manitoba, we said, is not able to assist everyone under the program, the program that we announced. There are in the neighborhood of approximately between 100 and 200 applications that are in the process of being approved and some have been approved. I don't have the exact number here with me but there were, as I mentioned the other day, 200 applications in the process of being approved. In terms of the farming com-

munity, farmers who require operating capital, there are the normal lending institutions. We have the guarantee program; we hope that the financial institutions would avail themselves to the guarantees that are available and that process could go on so that with the backing of the province adequate funding could be made available to farmers.

**MR. RANSOM:** Mr. Speaker, the Minister speaks of guarantees. The farmers of this province were given a guarantee by the First Minister that no farm would be lost as a consequence of high interest rates. Is the Minister now telling us that for those farmers who gross over \$70,000 a year that guarantee is invalid?

**MR. URUSKI:** Mr. Speaker, the member makes an assertion that everyone's problems in terms of agriculture are solely as a result of high interest rates. We are attempting to deal with those financial difficulties as best we can. I don't believe that anyone on this side has ever promised a panacea that everyone will be assisted regardless of the financial difficulties that they are in. We recognize and I believe the phenomenon is not new that agricultural incomes have been declining over the last number of years. Those incomes have been declining.

We are very concerned and I'm sure the honourable members on the other side are concerned and should have been concerned but, Mr. Speaker, they should not have stood in this House and said that they support the Federal Government with respect to their high interest rate policy, that they support the Federal Government's energy policy, the world prices of energy that we should go to world prices as they did. We did not support that kind of policy and we did not make those kinds of statements, Mr. Speaker. We did put in an emergency program of limited relief and we are attempting to assist as many people as we can on the limited budget that program does have, Mr. Speaker.

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

**MR. HARRY ENNS (Lakeside):** Mr. Speaker, I direct this question to the Minister of Communications. Mr. Speaker, I wonder if the Minister can assure northern television viewers and indeed several of his own backbenchers, namely, the Member for Flin Flon and the Member for Thompson, that the resources of the Government of Manitoba will be available to the northern television viewers in any threatened action that is being suggested by the CRTC with respect to curtailing the signals that the northern viewers now enjoy.

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

**HON. LEONARD S. EVANS (Brandon East):** Mr. Speaker, without any hesitation I can give the honourable member and the House generally that assurance.

**MR. ENNS:** Mr. Speaker, I particularly asked for that assurance because it was just the other day that the

Attorney-General of this province made a point of reminding my leader that under no circumstances would he intervene on behalf of the residents of Manitoba when merchants were being prosecuted for using the imperial measurement system, for instance, in the selling of carpets because that was the law. My question is, there is some question as to whether or not the CRTC has the law behind them with respect to this question. Does this assurance mean that the resource of the province to the extent that they will pick up court costs to fight CRTC to retain the pickup of American signal on these networks? Is that the assurance that the Minister is giving?

**MR. EVANS:** Mr. Speaker, as well the member knows, there are various legal views on which level of government has what jurisdiction in the case of receipt of signals from satellites. I believe the honourable member is familiar with that, so it is not a parallel situation, but I can advise the members that my staff have been in touch with the Secretary-General of the CRTC in Ottawa and we are advised that this is a usual routine letter that goes out to licensees who are not complying with the conditions of their licenses. I, for one, do not expect any legal action to be taken by CRTC. In a sense, I think we are dealing with an issue that may not come to that point. I would hope that it would not come to that point, but I would also point out, Mr. Speaker, that this government has made a clear commitment to assist the northerners to obtain equal service, or service as diverse as that obtained in Southern Manitoba. To that extent, we have taken that position and we have moved in that direction.

I might also add, Mr. Speaker, that we understand that Cancom, which is a Canadian satellite group, is applying for permission by the CRTC to carry the three-plus-one network services; namely, ABC, NBC, CBS and the Public Broadcasting System. So when that occurs which could occur, I don't know exactly when it will occur but they are applying and if they get early approval, it could be that a Canadian satellite will be offering these additional American services within a year. That's a possibility and I would suspect then that our problem would disappear.

**MR. ENNS:** I thank the Minister for that answer. I take it that the Government of Manitoba will stand behind the current operators in Thompson, in Flin Flon and Western Manitoba to enable them to continue the present service.

Mr. Speaker, I have an additional question to the Minister of Energy and Mines. My question to the Minister is, has he or his government been made aware of any current layoffs within the Tantalum Mining operation?

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

**HON. WILSON PARASIUKE (Transcona):** I will have to take the question as notice, Mr. Speaker.

**MR. ENNS:** I thank the honourable Minister for that answer. I would have hoped, of course, inasmuch as that Manitoba is a major partner in Tantalum that the Minister would be aware of if in fact layoffs were

occurring in that operation. However, I respect the Minister's answer.

My other question is to the Minister of Agriculture. Mr. Speaker, just this morning, one of the few bright news announcements in Canada was announced; namely, the successful conclusion of a major mega project, the sale of some \$2 billion worth of wheat to Red China. I remind all members that agriculture is still the biggest mega project going in this country, particularly at a time when other mega projects seem to be failing. I would have thought that perhaps the Minister of Agriculture would have had some comment or indeed even a statement in this House. I would ask the Minister whether he has any comment about the successful conclusion of that mega project sale.

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

**MR. URUSKI:** Mr. Speaker, I thank the honourable member for raising that question. I am pleased to note that at least we are not looking at the colour of the political stripe of the country or that grain embargoes for the question of . . . —(Interjection)—

**MR. SPEAKER:** Order please.

**MR. URUSKI:** . . . that food should not be used as a weapon against other countries and that farmers of Western Canada and indeed Manitoba will be able to ship. We hope that the shipments, the transportation system, will be able to handle this but the question will still remain of course, will the prices that will be received be adequate enough to cover the cost of production?

The other question, of course, that has to be raised and that farmers should be reconsidering and should look into the future in terms of the discussions that they had of a year or two ago with respect to the grain that they do now have on their farms, whether the cash advance program should be expanded or the suggestions that were made by the Wheat Board Advisory Group that the market assurance plan should be considered by farmers so that needed cash flow could flow to farmers for grain that is on the farm? At least, that program should be reconsidered and examined very carefully, rather than throwing cold water on it as was done by members opposite during their former government.

Mr. Speaker, while I am on my feet, I would like to answer several questions that were posed to me, one yesterday by the Member for Emerson. He asked me questions with respect to the BIA Program, the Beef Income Assurance Program. He asked me how many producers were still on the program and I would like to, for the record, indicate that there are still 16 active contract holders whose contracts do not expire until March 31, 1983, and there are 130 expired contract holders whose contracts have just ended. He asked me how much money was paid out in 1981 under that program, Mr. Speaker. He should remember that it was his government's policy in not exercising their option under the contract and indicating to farmers that they owed them money when, in fact, that wasn't the contract basis. So no monies, in fact, were paid

back, but monies were collected from other programs to be put into those accounts that were supposedly owed by those farmers; so there was no money paid out in 1981.

**MR. SPEAKER:** The Honourable Member for Kirkfield Park.

**MRS. GERRIE HAMMOND (Kirkfield Park):** Mr. Speaker, my question is to the Minister of Education. In light of the \$244,280 offered to the St. Boniface School Division to keep schools open, this includes 77,200 for Van Belleghem School and 68,800 for Prendergast School, how much money has the Minister offered to the St. James-Assiniboia School Division to keep Columbus School open?

**MR. SPEAKER:** The Honourable Minister of Education.

**HON. MAUREEN HEMPHILL (Logan):** Mr. Speaker, I have not offered any money to any school division in the province to keep schools open. What the member opposite is referring to is a special grant that is being made available for this year only to help school divisions who are faced with school closures to help them offset the increase costs of school plans should they wish that help.

To date, no school division, although there are three or four contemplating closures, no school division has yet applied for that grant and no school division has received any money under that category. St. Boniface School Division did submit to me a proposal communicating what they believe their increased costs were to keep the plants open. I have reviewed those figures with my department and communicated back to them that we accept their figures and that if they wish to apply that they are free to do so.

I also met with the St. James School Board about two weeks ago, Mr. Speaker, recognizing that they were also a school division faced with possible school closures and I communicated the support that would be available to school divisions for this year only until we do the Educational Finance Review. My understanding is that the St. James School Board is making their decisions to close schools not just on economic reasons, Mr. Speaker. There are three reasons that school divisions are closing schools: the money, program and declining enrolment — loss of students. I am offering very limited support, Mr. Speaker, in a very limited way to help offset some of the increased costs if that will help them with their decision, but if it's for program reasons, for declining enrolment reasons, I am not able to do anything about those issues. The St. James School Board communicated to me that they are closing for program reasons and therefore I am not expecting an application from them since money does not seem to be their problem.

**MRS. HAMMOND:** Mr. Speaker, I am amazed that the Minister would suggest that money is not a school division's problem. The Minister well knows that every school division worth their salt would only close their school, not because of just money, but program. My question to the Minister is, can she assure the people

of St. James-Assiniboia that we will receive the same consideration and funding that she has given the St. Boniface School Division?

**MRS. HEMPHILL:** The school divisions will receive the same consideration, Mr. Speaker, should they wish to come and talk to me or approach me for support.

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

**HON. AL MACKLING (St. James):** Mr. Speaker, the other day, the Honourable Member for Emerson asked me whether or not there had been any change in policy in respect to hiring, particularly at St. Malo Provincial Park. I indicated to him that there had been none to my knowledge and I wish to confirm that I have discussed with my staff the situation that had arisen there. There were two positions that required campground attendants. Historically, during the entire previous administration these two positions had been filled by local residents. The policy remains unchanged. My concern is and continues to be that where there is an opportunity for student hiring, we look at that. However, we are not going to discriminate against long-standing practice of hiring local residents either, so we are trying to be fair.

Apparently a couple of students did approach someone in the St. Malo Park or someone involved in decision-making there and gained the impression that there were openings. That is not the case. The one person that was rehired was someone that had worked for Natural Resources for some time and it was merely a rehiring. The other position was a local person and it was pursuant to continuing practice in that department. It was no change in policy in respect to student hiring. We are concerned to obtain as much student employment as possible throughout our system.

**MR. SPEAKER:** The Honourable Member for Tuxedo.

**MR. GARY FILMON (Tuxedo):** Thank you, Mr. Speaker, my question is to the Honourable Minister of Consumer and Corporate Affairs. I note that by Order-in-Council earlier this year the Minister has made a grant of \$8,000 to the Community Income Tax Service and by Order-in-Council passed April 21, 1982, the Minister has made a grant of \$50,000 to the Community Consumer Credit Counselling of Winnipeg. I also note from Government News Release of November, 1981, that the Minister is listed as being a member of the Board of Directors of these two organizations. My question is, is he still a member of the board of these organizations?

**MR. SPEAKER:** The Honourable Minister of Consumer and Corporate Affairs.

**HON. EUGENE KOSTYRA (Seven Oaks):** Mr. Speaker, I resigned from the Board of Directors on November 30th of last year.

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

**MR. J. FRANK JOHNSTON (Sturgeon Creek):** Mr. Speaker, my question is to the Minister of Labour. I wonder if the Minister could confirm the report that was given on the radio this morning by Mr. McKenzie, the MP for Winnipeg-St. James, that the Aerospace Technology Centre which was to come to Manitoba, and was recommended to come to Manitoba, will not be coming to Manitoba as the report specified or recommended.

**MR. SPEAKER:** The Honourable Minister of Labour.

**HON. VIC SCHROEDER (Rossmere):** Mr. Speaker, I have never confirmed anything that Mr. McKenzie has said before, I cannot confirm that particular statement now. I can say that my latest information is there are some suggestions within the Federal Government that the site which we all wish would come to Winnipeg and are encouraging the Federal Government to bring to Winnipeg, and obviously these suggestions come from down east, that parts of the training centre would be in Quebec, parts in Ontario and a part in Manitoba. We certainly are urging the Federal Government and our local members of Parliament, especially from the governing party, to stick with the original proposal. The suggestion was that Winnipeg is the place where the program can be most useful and we certainly hope that the Federal Government will go along with the project that makes the most sense rather than with the project which is politically the most advantageous for them.

**MR. JOHNSTON:** Mr. Speaker, I am really not interested in who the Minister confirms statements of or not. I would like to ask the Minister if the member or an MP from Manitoba can receive an answer from Mr. Axworthy's office indicating that it would not be coming to Manitoba, I am wondering, if the Minister of Labour has had contact with the Federal Government or the Minister from Manitoba who is Minister of the Federal Government, why he hasn't been given the same information.

Mr. Speaker, if the Minister believes that breaking this technical centre into three is good for Manitoba, he is wrong because there will be no structure if it is broken into three. Has the Minister had conversations or discussions regarding this aerospace technology in the last two or three days with the federal people?

**MR. SCHROEDER:** I have not in the last two or three days personally had discussions. The latest I have seen is within the last two or three days from my department information that they have gathered from the Federal people. I agree with the honourable member that it would not be appropriate to have the centre split up into three sections and that is why I said our preference still is that the Federal Government not use a politically expedient solution, but rather stay with the solution which would be beneficial to all of the people of Canada and certainly would have some spin-offs for Manitoba. I will certainly check to see whether a final decision has been made. It may be that the information received by Mr. McKenzie is wrong and I certainly must say I hope that it is wrong.

**MR. JOHNSTON:** Mr. Speaker, I have a question for the Minister of Economic Development and Tourism. The Minister on April 21st undertook to follow-up the process regarding the purchasing of the kitchen equipment at Gull Harbour Lodge on Hecla Island. There was some question as to the procedures of the tenders being put out; there was some question as to the procedures to the opening of the tenders and there was some question as to whether it was being given to somebody that would not be manufacturing the products in Manitoba.

Can the Minister bring us up-to-date on that investigation at the present time?

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

**MR. MACKLING:** Mr. Speaker, that matter referred to a development in the part for which I take responsibility and I have been questioned in respect to that matter as well. I am in a position to advise the honourable member and, through him, this House that I have sent a full letter of explanation to the company that registered the complaint, including particulars that the items they were complaining about, the requirement in the tenders of particular equipment being other than Canadian made. There was flexibility provided for that and it was quite rightly brought to the attention of the architects and those responsible for the contract arrangements, but despite the flexibility provided in the tendering process, it was nonetheless non-Canadian equipment that I think was used in the tenders, including the tender of the company that complained.

**MR. SPEAKER:** The Honourable Member for Turtle Mountain.

**MR. RANSOM:** Mr. Speaker, my question is to the Minister of Transportation. About two weeks ago, the Minister of Transportation undertook to react positively to requests concerning transfer of abandoned rail rights-of-way. I wonder if the Minister can advise the House if he has in fact taken care of those requests in a positive fashion.

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

**HON. SAMUEL USKIW (Lac du Bonnet):** Mr. Speaker, the other day I did respond to a similar question and in that response, I indicated that I had instructed the staff to process all of the outstanding applications.

**MR. SPEAKER:** The Honourable Minister of Consumer and Corporate Affairs.

**MR. KOSTYRA:** Yes, Mr. Speaker, earlier in the question period, I responded to a question from the Honourable Member for Tuxedo and I just realized that I wasn't accurate in my response.

I had stated that I had resigned from the Board of Directors of the Community Income Tax Service on November 30th and I did resign from a number of boards at that time. However, I ceased to be a member of the Community Income Tax Service Board in 1980,

at which time I didn't stand for re-election to the Board of Directors. I apologize for the error.

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

**MR. MERCIER:** Mr. Speaker, on Friday last, I directed a question either to the Acting Minister of Highways or the Minister of Consumer Affairs and the Minister of Consumer Affairs took it as notice. But in view of the Highway Minister being here, Mr. Speaker, I would ask him if he has an answer to that question regarding the exasperation to the traffic congestion that is being caused on the Perimeter Highway by the Department of Highways' construction program at the present time?

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

**MR. USKIW:** Yes, Mr. Speaker, I received notice of that question only this morning and I am dealing with it at the present time.

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

**MR. URUSKI:** Yes, Mr. Speaker, about a week ago, the Honourable Member for Morris asked me a question as to how many hearings did the Manitoba Marketing Council hold in respect to matters relating to milk. I should mention to the honourable member, for the record, that there were three hearings in effect on that application.

### INTRODUCTION OF GUESTS (Cont'd)

**MR. SPEAKER:** Order please. The time for Oral Questions having expired, may I direct the attention of honourable members to the gallery where we have 26 students of Grade 2 standing from the Balmoral Hall School. These students are under the direction of Mrs. Kay and Mrs. Hanson. This school is in the constituency of the Honourable Member for Wolseley.

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

### PROCEDURAL STATEMENTS

**MR. SPEAKER:** Before we reach Orders of the Day, I have a brief procedural statement to read to the House.

On Thursday, April the 29th, two points of order were raised by members in the House and were taken under advisement by the Chair.

The first point was raised by the Honourable Member for St. Johns who took exception to the statement by the Honourable Member for Roblin-Russell that he, the Honourable Member for St. Johns, was "in conflict with the Attorney-General."

Beauchesne's Citation, 322, says in part, "It has been formally ruled by Speakers that a statement by a member respecting himself and particularly within his knowledge must be accepted." Since the Honourable Member for St. Johns rose in his place and made a statement respecting himself, he was clearly correct

in doing so and the House must accept the statement.

The second point involved an allegation by the Honourable Member for Thompson that remarks by the Honourable Member for Roblin-Russell were unparliamentary. In reviewing Hansard, I find the following words attributed to the Honourable Member for Roblin-Russell. "I think he's a disgrace to the parliamentary system. He's a disgrace to his constituency and he should not be allowed to sit as Deputy Speaker in this House after what he said this afternoon." These remarks were made in referring to the Honourable Member for Flin Flon.

The statement made by the Honourable Member for Roblin-Russell raises two issues. First, the use of the word "disgrace" when referring to another member. Although Beauchesne does not prohibit the word "disgrace" specifically, I find that the unparliamentary phrase "disgracing the House" in Citation 320 is close enough to the phrase objected to as to render it unparliamentary.

Secondly, when the Honourable Member for Roblin-Russell makes reference to the Honourable Member for Flin Flon as a Deputy Speaker and his fitness to sit in this House, the Honourable Member for Roblin-Russell can be deemed to be reflecting on the Chair, since the Deputy Speaker does from time to time preside over the House. Even if I could agree with the Honourable Member for Roblin-Russell that the remarks of the Honourable Member for Flin Flon constituted an attack on the parliamentary system, the remarks of the Honourable Member for Roblin-Russell would still not be justified and would be unparliamentary.

In conclusion, I regret I must find the remarks of the Honourable Member for Roblin-Russell to be unparliamentary on two counts. I feel sure that the honourable member, as an experienced parliamentarian, would not wish to leave unparliamentary words on the record.

May I suggest to the Honourable Member for Roblin-Russell that he withdraw the remarks made. Since the honourable member does not rise to speak on this issue I must remind him of what is likely to happen if he continues with his silence.

The Honourable Member for Roblin-Russell.

**MR. J. WALLY MCKENZIE (Roblin-Russell):** Thank you for your judgment. My comments still stand on the record.

**MR. SPEAKER:** May I formally ask the Honourable Member for Roblin-Russell to withdraw the offending remarks? If the honourable member does not wish to do so, then I regret that I must name the Honourable Mr. Wally McKenzie for ignoring or defying the remarks of the House.

The Honourable Government House Leader.

**HON. ROLAND PENNER (Fort Rouge):** Mr. Speaker, in view of your ruling and your naming of the member, I do move, seconded by the Honourable Minister of Energy and Mines, that the named member do leave the House for the duration of this sitting.

**MOTION presented.**

**MR. SPEAKER:** Are you ready for the question? Those in favour, please say "aye." The matter is not debatable. Does the Honourable Minister of Health wish to raise a point of order?

### POINT OF ORDER

**HON. LAURENT DESJARDINS (St. Boniface):** I don't want to debate your ruling, Mr. Speaker, it's just that I want to bring to your attention — I think you missed it and I think the House Leader missed it — I distinctly heard the member say, before the decision before the vote, that he would like to withdraw, so I would just bring that to your attention.

**MR. SPEAKER:** The Honourable Member for Fort Garry to the same point of order.

**MR. L.R. (Bud) SHERMAN (Fort Garry):** Mr. Speaker, I think what is dictated by your ruling this afternoon has taken place. There may be some misunderstanding about the last remarks of my colleague, the Honourable Member for Roblin-Russell. I think he was intending to indicate that he was leaving the Chamber, not that he was withdrawing the remarks that had been brought under question. I think we would want to examine that with him, Mr. Speaker, but at this point in time I think that he has concurred in your ruling and removed himself from the Chamber.

**MR. SPEAKER:** That is my understanding.

**QUESTION put, MOTION carried.**

**MR. SPEAKER:** The Honourable Member for Turtle Mountain.

**MR. RANSOM:** Yeas and nays, Mr. Speaker.

**MR. SPEAKER:** Call in the members.

Order please. The question before the House, it's moved the Honourable Attorney-General and seconded by the Honourable Minister of Energy and Mines that the Member for Roblin-Russell be suspended for the balance of the sitting. Those in favour of the motion, please rise.

**A STANDING VOTE** was taken, the result being as follows:

### YEAS

Messrs. Adam, Anstett, Ashton, Bucklaschuk, Carroll, Corrin, Cowan, Desjardins, Mrs. Dodick, Messrs. Doern, Ms Dolin, Messrs. Evans, Eyer, Harper, Mrs. Hemphill, Messrs. Kostyra, Lecuyer, Mackling, Parasiuk, Pawley, Penner, Ms Phillips, Messrs. Plohman, Santos, Schroeder, Scott, Mrs. Smith, Messrs. Storie, Uruski, Uskiw.

### NAYS

Messrs. Banman, Brown, Enns, Filmon, Gourlay, Mrs. Hammond, Messrs. Johnston, Kovnats, Mercier, Nordman, Mrs. Oleson, Messrs. Ransom, Sherman.

**MR. CLERK, Jack Reeves:** Yeas, 30; Nays 13.

**MR. SPEAKER:** The motion is carried.  
The Honourable Government House Leader.

**HON. ROLAND PENNER (Fort Rouge):** Mr. Speaker, before calling Orders of the Day, I'm sure the members opposite would like to join me and the members of this side in welcoming back to his seat, the Honourable Member for Springfield.

Mr. Speaker, would you please call for second reading, Bill No. 19, in the name of the Honourable Minister of Consumer and Corporate Affairs?

### ORDERS OF THE DAY

#### SECOND READING

#### BILL NO. 19 — AN ACT TO AMEND THE LANDLORD AND TENANT ACT

**MR. KOSTYRA** presented Bill No. 19, An Act to amend The Landlord and Tenant Act, for second reading.

**MOTION presented.**

**MR. SPEAKER:** The Honourable Minister of Consumer and Corporate Affairs.

**MR. KOSTYRA:** Mr. Speaker, the primary purpose of this bill is to delete from the Landlord and Tenant's Act all references to the mediation and arbitration of rent increase protests. It does also include, however, several other provisions that are more or less of a housekeeping nature. Five sections of the bill pertain to the giving and servicing of notices under the Act. County court judges have pointed out that the requirements for serving notice considerably under The Landlord and Tenant Act as it now stands and have recommended that the method of service be standardized throughout the bill. This recommendation has been accepted and is embodied in this bill.

In preparing The Residential Rent Regulation Act, an improved definition of rent was developed. For consistency sake the improved definition is being placed in The Landlord and Tenant Act in substitution for the existing definition in the Act. Similarly, the bill provides for clarification of the sections dealing with the giving of notice for an increase in rent by a landlord. These two will be consistent with the new provisions and The Residential Rent Regulation Act.

From time to time, the Rentalsman has expressed difficulty in obtaining payment of security deposits on behalf of tenants. Problems sometimes arise because a landlord in succession by sale or foreclosure may deny responsibility for the security deposit. Furthermore, some landlords refuse a delayed payment for an inordinate period of time. Two sections of this bill provide clarification of landlord responsibilities for payment and a method of dealing with landlords who are in default of security deposit payments.

From time to time, landlords have protested the requirement for storage of abandoned goods for a period of three months as too excessive a period of time. Some have asked that this be reduced to two



weeks and others to one month. We have considered these requests but feel that such a sharp reduction would be detrimental to the interests of absent tenants. We therefore propose that the time limit be reduced from three months to two months.

Finally, Mr. Speaker, there is a provision to clarify the period within which a landlord must give a tenant notice to enter premises. The Act currently provides that notice must be given at least 24 hours in advance of the entry. In some cases, however, landlords have been giving notice merely that they intend to enter the premises at some future date and as long as they do not enter until after a lapse of 24 hours after giving notice, they are technically within their rights to subsequently enter. It is proposed that this provision be clarified to provide for notice of intention to enter will not be given more than four to eight hours, nor less than 24 hours prior to entering the premises.

Mr. Speaker, aside from the deletions of the reference to the mediation and arbitration of rent increase provisions, all of the other amendments are consistent with the ongoing efforts to improve the Act and as experience dictates and thus improve landlord and tenant relations.

**MR. SPEAKER:** The Honourable Member for Tuxedo.

**MR. FILMON:** Mr. Speaker, I move, seconded by the Honourable Member for St. Norbert, that debate be adjourned on this bill.

**MOTION presented and carried.**

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

**MR. PENNER:** Mr. Speaker, I move, seconded by the Honourable Minister of Municipal Affairs, whose day it is, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Flin Flon in the Chair for the Department of Finance and the Member for The Pas in the Chair for the Department of Manitoba Housing and Renewal Corporation.

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

**MR. PENNER:** Since there is to be by agreement no Private Members' Hour, I would now move, seconded by the Honourable Minister of Health, that the House stand adjourned until 2 o'clock tomorrow afternoon with the understanding, of course, that committees will now proceed.

**MR. SPEAKER:** The Honourable Member for Turtle Mountain.

**MR. RANSOM:** On a point of order, Mr. Speaker, I wonder how that can be done once the House has voted to go into committee, how we can now adjourn

the House when we are sitting in committee?

**MR. PENNER:** By leave.

**MR. RANSOM:** Mr. Speaker, if the House Leader is asking for leave to undertake this unusual procedure, then I guess we'll grant leave.

**MR. PENNER:** I'm asking for leave to undertake this unusual procedure.

**MR. SPEAKER:** By leave, it is moved by the Honourable Attorney General, seconded by the Honourable Minister of Municipal Affairs, that the House do now adjourn.

**MOTION presented and carried** and the House adjourned and stands adjourned until 2 p.m. tomorrow afternoon (Thursday).

## CONCURRENT COMMITTEES OF SUPPLY

### SUPPLY — MANITOBA HOUSING AND RENEWAL CORPORATION

**MR. CHAIRMAN, Phil Eyler (River East):** This committee will come to order. We are considering the Estimates of Manitoba Housing and Renewal Corporation. Mr. Minister, do you have an opening statement?

**MR. MACKLING:** Yes, Mr. Chairman, I have. First of all, I would like to indicate my pleasure at being the Minister responsible for the Manitoba Housing and Renewal Corporation. I have been a Minister for a very brief time, but have come to appreciate that this is a vehicle for government initiative. That is very important in our society and one that has a great deal of responsibility in respect to the program field that is open to it.

Let me say, first of all, that the Manitoba Housing and Renewal Corporation Budget Estimates reflect a continuation of certain involvements committed during the tenure of the previous administration in respect of our participation in the Core Area Initiatives Program and support for nonprofit housing activities, as well as the expansion of certain other program involvement such as the Critical Home Repair Program.

The largest portion of the operating Budget is, of course, related to the ongoing subsidy costs associated with the operation of the province's 12,000 units of low rental housing stock, comprising in fact almost half of MHRC's budget. We are pleased to report in this regard that the increase in the operating subsidy Budget is well within the overall rate of inflation that the province is experiencing; not to say that inflation rate is a good thing. In part, this has been accomplished by good management practices, particularly as a result of ongoing energy conservation retrofitting efforts at the same time the province's housing stock continues to be maintained to the highest reasonable standards.

Provision has been made in this Budget for participation in certain programs committed under the Core Area Initiatives Agreement. These include contribu-

tions under the Community Improvement Program toward renewal projects in various neighbourhoods in a designated core area as a continuation of initiative taken under the previous Neighbourhood Improvement Programs for which Central Mortgage and Housing Corporation funding is no longer available. Also, the Manitoba Housing and Renewal Corporation is now finalizing programmatic detail associated with the provision of interest rate reductions for housing rehabilitation loans in the core area for which a more complete announcement should be forthcoming shortly.

Provision has also been made in this Budget for expanded activity under the Critical Home Repair Program; a program which had been rendered almost totally inactive in recent years. Some \$3 million has been provided in the Budget for this program on the basis of which it is anticipated that some 2,500 or more pensioners and low income families will be assisted to have critical repairs done to their homes. At the same time, it is expected that the resulting activity will provide a needed boost to our smaller sized construction repair firms. Further to the extent that the current budgetary allocation is inadequate to meet demands, we will be prepared to ensure that sufficient additional funding is made available.

Of course, budgetary provision is also made for continued assistance to low income persons renting and privately owned accommodation under the Shelter Allowance Programs. Currently, some 3,000 pensioners and 1,000 low income families are receiving assistance. Staff is currently reviewing measures to update program criteria and generally enhance the program's effectiveness. However, the serious problem with the Shelter Allowance Programs is that they can only be effective in terms of both economical subsidy costs and a high quality standard of accommodation comparable to our own social housing stock if there continues to be an adequate supply of housing stock, as has been the case in recent years.

This situation now appears to be changing. Central Mortgage and Housing Corporation is projecting a consistently tightening vacancy rate in coming years and given the prevailing high interest rates, the private billing sector has indicated that they will be hard pressed to respond to increased demand pressures. That, in turn, means that the construction industry may continue to be under-utilized in this province. We are prepared to take steps within our limited means to alleviate this situation. However, the fundamental problem will not be alleviated until Ottawa abandons its wrong-headed interest rate policy which is throttling the economy of this country.

One measure we are proceeding with is the creation of a provincial nonprofit housing entity which will enable us to fully take advantage of CMHC funding to foster housing construction activity. A measure, I might add, that was approved by the previous Board of the Manitoba Housing and Renewal Corporation and recommended to the previous Minister. I would stress here that this step will entail no additional staffing, but rather the simple creation of a legal vehicle that will enable us to take advantage of full CMHC funding. This is particularly critical to ensure that some family housing units are built in our larger centres, since none has been committed for construction

since CMHC ended its financing for the Public Housing Program in 1978 and private nonprofit groups have only been interested in developing senior citizen housing. Consequently, some lengthy waiting lists for family housing have accumulated, particularly in Brandon and Selkirk and of course in Winnipeg, where it is our intention to initiate the first developments utilizing the nonprofit vehicle.

In addition, we are also looking at measures the province can take to stimulate private construction, all of which centre around the interest rate question and a clearer understanding of what measures the Federal Government is taking to provide new building initiatives and incentives which we do not have to this point.

Our considerations are also related to stimulating activity on the new home ownership side and we continue to maintain an open line of communication with our home building industry to that end. However, I must stress that the problems and financial implications involved are of a complex nature and that we are being suitably cautious in our approach. However, we hope to have the relevant programming in place before too long.

As you know, we have also initiated a program of assistance to homeowners renewing their mortgages for whom their new burden of payments, interest and taxes exceed 30 percent of their income. We anticipate by the end of the program period, between 3,000 and 8,000 households may be in receipt of this assistance. The wide variance in estimated take-up is a function of what interest rate movements may be during the course of 1982 and 1983. Admittedly, this program will not provide for a general measure of interest rate relief for all homeowners experiencing increasing in their housing costs as a result of mortgage renewals at high interest rates. However, to do so would cost a far greater amount of money to achieve a questionable effect when the magnitude of our deficit situation is taken into account, along with the fact that 30 percent of income is widely recognized to be an equitable standard for housing affordability purposes.

Again, however, the fundamental issue to be resolved here is with the Federal Government in terms of its interest rates policy. The province, particularly given its financial limitations, can only seek to protect our weaker citizens from the effects of that policy.

I might say also, Mr. Chairman, that I have had the opportunity of meeting industry spokesmen in the housing field. They've indicated a degree of cooperativeness and genuine public interest in the problems that we share in the housing market; that is certainly refreshing. I have had indications that members of the industry are anxious to demonstrate to me and show me various types of housing, new initiatives in housing, that could be considered in remote and northern areas. There seems to be within the industry a real hunger for joint participation with government to satisfy the demands that exist in the housing field.

So I believe that despite the fact that the industry is in a crisis and there are needs that these challenges will be met, they may not be met in the time and in the fashion that most people would desire, but given our limited financial situation or limited financial ability to

respond in any very massive way, we are nevertheless concerned to do as much as we can to provide sound housing stock for the people of this province.

**MR. CHAIRMAN:** Thank you, Mr. Minister. Would the committee like to provide some guidance on how we are to proceed. Should it be clause by clause?

**MR. MACKLING:** Page by page.

**MR. CHAIRMAN:** The Honourable Member for Tuxedo.

**MR. FILMON:** Mr. Chairman, if the Minister will accept, I would propose to deal with the Estimates as an entire entity. If he will give me and my colleagues the leeway to ask questions on anything and everything, we will then just simply pass the one item, (a) and (b), bang and be over with.

**MR. MACKLING:** It's acceptable to me, Mr. Chairman.

**MR. CHAIRMAN:** It's agreed then.  
The Honourable Member for Sturgeon Creek.

**MR. JOHNSTON:** Mr. Chairman, in previous years, we used to supply to the committee a list of the programs that the MHRC were working with or on, or involved in and the amounts of money that have been allocated to each program. Is that available?

**MR. MACKLING:** I'll just check with my staff. I don't know what the practice was in the past, Mr. Chairman, so maybe we could get copies made, say 20-30 copies. In the meantime, perhaps we could deal with any general areas and we'll get the statement to you, Frank. I shouldn't be so informal — the Member for Sturgeon Creek.

**MR. CHAIRMAN:** We'll proceed then in a general manner until the handouts have arrived.  
The Honourable Member for Tuxedo.

**MR. FILMON:** Mr. Chairman, I wonder if the Minister could begin by indicating firstly, is it my impression that he has replaced the entire Board of Directors of the Corporation since the fall election.

**MR. MACKLING:** I believe that is the case, yes. Yes, I'm certain that's the case.

**MR. FILMON:** Mr. Chairman, I have before me a news release giving the names and backgrounds of some of the new members. One thing struck me about one of the new members of the Board who is a tenant-relation worker with the Winnipeg Regional Housing Authority. I wonder, given the relationship between MHRC and the Winnipeg Regional Housing Authority, whether or not there was a potential conflict of interest in that appointment.

**MR. MACKLING:** Mr. Chairman, I suppose potential conflicts of interest exist in a broad spectrum because it is hard to remove potential conflicts of interest. In respect to the person involved, it's quite true that person is an employee of the Winnipeg Regional

Housing Authority but, where an item was under discussion, it is of course expected of the person to withdraw from the meeting at the extreme, perhaps, and this is something we will have to work out in guidelines for conflicts, alternatively to indicate that, given the fact that she has this other interest, that she will abstain from articulating her concerns in voting. There are any number of ways that this can be done.

Honourable members will know that in our Housing Boards throughout the province the legislation specifically provides for tenant involvement and of course there is real potential for conflicts of interest there because the tenants have a vested interest in some of the matters they deal with. But I think it's generally accepted that people knowledgeable and interested in the field have much to add in connection with the work of boards such as the Manitoba Housing and Renewal Corporation Board, such that I don't think we want to inhibit people like Mrs. Joan Warner from having a role. I think that can be done, providing that adequate discretion is used and any area of direct, or indirect, conflict is recognized and dealt with as items come before the Board.

**MR. FILMON:** I am sure that there are mechanisms by which the person appointed can avoid potential conflicts of interest; I have no doubt about that. My concern is that there would undoubtedly be many, many other people in the province, including many of the political persuasion of the present government, who could have sufficient background and interest and knowledge about housing and could serve on the Board without being faced, on perhaps a fairly regular basis, with a potential conflict of interest, given the fact that the Winnipeg Regional Housing Authority has the largest numbers of public housing units under its jurisdiction of any of the other housing authorities in the province. I just wonder whether that situation needs to be necessary, given the fact that there would be so many others who could have been appointed with equal qualifications.

**MR. CHAIRMAN, Harry M. Harapiak (The Pas):** The Honourable Minister.

**MR. MACKLING:** Well, Mr. Chairman, I don't want to repeat what I've said earlier. I think that it's fair comment to draw to my attention and the government's attention that where possible, we should avoid appointments that have a likely continuing probability of conflict in interest. As against that, we want to have people involved in our programs that are knowledgeable because of experience. There is a role to play, on the part of these people, and we will have to be careful to identify any basis for conflict and avoid it and the honourable member's right in bringing that to my attention, but I don't think it's an area that presents a barrier to us in having that person with her knowledge and understanding of the area, which we would like to have on that Board.

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

**MR. FILMON:** Thank you, Mr. Chairman. I wonder if the Minister could indicate if the Corporation has undertaken a number of initiatives with respect to

housing the physically handicapped in the province over the past while. I know that there have been requests from other areas of the province and Winnipeg has been the focus for a number of the projects that have been carried on. In fact, that's the name that was used for some of the projects, 'Focus,' I believe. Is the Corporation looking at providing special housing for the physically handicapped in other areas of the province at the moment?

**MR. MACKLING:** Mr. Chairman, I'm given to understand that there is some consideration for extending this program beyond Winnipeg and that there is consideration for the need in The Pas area at the present time.

**MR. FILMON:** What I need identified, is what has been decided upon by the Corporation.

**MR. MACKLING:** The area has been identified. There has been some negotiation in connection with it; it is not complete and I don't think that I want to enlarge on the specifics at this stage, because the matter is under discussion and there will be a report to the board when a recommendation is at a stage where it should be brought forward.

**MR. FILMON:** The Minister referred to the use of the Non-Profit Housing Corporation as a vehicle by which additional opportunities for public housing construction could be undertaken in the province. Under what new programs of funding would this occur?

**MR. MACKLING:** Well, Mr. Chairman, primarily under 56.1, the Non-profit Section, we have 200 units available for development. As I indicated in my opening remarks, the take-up by non-profit organizations is focused almost exclusively in respect to senior citizens' housing and the Corporation has identified significant needs for family housing accommodation in the areas that I've indicated. It's difficult to get organizations bringing forward proposals in respect to family housing.

**MR. FILMON:** Would this family housing be constructed under 56.1 as well?

**MR. MACKLING:** Yes, Mr. Chairman.

**MR. FILMON:** So then, we would be taking away from the 200 units that are currently allocated to senior citizens and converting some to family housing.

**MR. MACKLING:** The units are not allocated for senior citizen's housing. They are allocated under 56.1 for non-profit housing and it is open for public or senior citizens. We've had much more success in getting sponsorship programs for senior citizens.

**MR. FILMON:** But there would not be any additional units made available as a result of using the non-profit vehicle?

**MR. MACKLING:** No, Mr. Chairman. We have difficulty with federal programs in getting sufficient allo-

cation of housing units from Central Mortgage and Housing Corporation.

**MR. FILMON:** What total numbers of units under the various federal programs through CMHC are available to the province this year?

**MR. MACKLING:** I'm sorry.

**MR. CHAIRMAN:** Could you repeat that please, the Member for Tuxedo.

**MR. FILMON:** What total numbers of units under the federal CMHC programming are available to the province this year?

**MR. MACKLING:** Mr. Chairman, Central Mortgage and Housing Corporation has allocated to the Manitoba section of CMHC 1,000 units, but of that 1,000 units, they have allocated to MHRC for its developments a total of 300; 200 under 56.1 and 100 under Remote and Northern, that's Section 40. There are 85 units that CMHC have allocated for administration and development under the MMF, the Manitoba Metis Federation. There are about 400 units that CMHC will allocate directly to private groups sponsoring senior citizens' housing.

**MR. FILMON:** So, the reactivation of the non-profit corporation really doesn't add any capability in terms of utilization of federal funds. It basically gives you an opportunity for a little more flexibility within the judgment as to where you allocate those units, but it doesn't add anything to the total fund.

**MR. MACKLING:** It's true it doesn't add additional units to the total pie, but what we have had is an inability or lag in take-up in the area of family housing. That is where the greater need is right now and in order to satisfy that need, or to deal with that, reactivation of the nonprofit MHRC will give us the flexibility to advance the construction of those units.

**MR. FILMON:** How many units a year do you expect you'll be allocating to family housing?

**MR. MACKLING:** We have 200 units available for this year and we hope and expect we'll be able to get those units into family housing.

**MR. FILMON:** So you'll then not be using any of them for senior citizens' housing.

**MR. MACKLING:** That's right, not this year.

**MR. FILMON:** When we left office, there were a number of commitments made to housing programs for seniors throughout the province, from last year's allocation, so have any adjustments been made to that?

**MR. MACKLING:** I'm sorry I was listening to staff on it, because I have to go back on that answer I gave you, Gary.

**MR. CHAIRMAN:** Mr. Minister, maybe you can go

back now and start over again.

**MR. MACKLING:** If you wouldn't mind — you've got to repeat the question anyway. I'm sorry.

I give you an answer, that using the 200 units in family housing, there would be no senior citizens in nonprofit housing and that's not the case at all.

There are 48 units that we are looking at for elderly and disabled in respect to the Luther Home of those 200. So there will be 152 that we would look at, that would be available for public housing.

Now I'm sorry, I'll accept your question.

**MR. FILMON:** Last year's commitment of units, which were committed last year for the construction perhaps beginning in the late fall or whenever, we notified any numbers of different nonprofit organizations throughout the province and they included — one's up in the Swan River area and some in the southeast and so on and I don't recall all the places — but has there been any changes in those allocations and those commitments?

**MR. MACKLING:** Holy smoke. That wasn't my answer, Mr. Chairman. I have an open-door policy in my office, that's not in keeping.

No, the projects that were targeted and identified for nonprofit development previously, are all ongoing. I don't think there is any change but some of the remote and northern housing have been reallocated. They're small numbers of units.

**MR. FILMON:** One of the concerns we had last year I know and in the past, was that the numbers of units that were allocated by CMHC to the RNN Program for delivery by the MMF were almost never fully utilized.

Is that an ongoing problem or do you have any proposals to try and deal with that?

**MR. MACKLING:** I'm given to understand that the MMF have been very fair about that and they have given any surplus that they weren't able to use, to the MHRC and we got 32 units last year.

**MR. FILMON:** Does the Minister see on the horizon any new opportunities for federal cost-sharing for various programs that he might be able to utilize to provide more housing units, rather than having to take away from units that used to be allocated to seniors' housing and now sharing them with family housing. We're really not increasing the pie and there's an ongoing need to continue to increase the housing stock, both for seniors and for low income families. What's the view on the horizon as far as additional federal cost-sharing or programming?

**MR. MACKLING:** Just one moment, Mr. Chairman. Well, the staff personnel have indicated to CMHC, our constructive criticism I can say, a dissatisfaction with the number of units that are available to us and continue to press for a greater allocation of social housing units, in order to satisfy the actual need that is considered out there for housing.

The Federal Government has been involved in additional programming. They have, as the honourable member knows, been involved in a number of pro-

grams that in some way are deemed by them to be of assistance.

The latest one is the Canada Rental Supply Program and it doesn't look like that program is being taken up to any extent in Manitoba. We hope we can, in discussion with the Federal Government, try and get them to adopt a more acceptable program that will find favour in the industry and that can be successfully utilized in Manitoba to meet needs.

The Canada Rental Supply Program involves really a deferral of payment up to \$7,500 on an interest-free loan but that really hasn't attracted any takeup at all. We are concerned to get a better program out of the Federal Government and I am going to be pursuing initiatives in that regard.

**MR. FILMON:** Thus far, co-operative federalism isn't working, right?

**MR. MACKLING:** Well, co-operative federalism does work. I indicated when I participated in the spilling of some concrete at the Lions Place that here was an example of co-operative federalism.

Some of the programs that the Federal Government has brought forward, have been taken up effectively by provincial governments and of all political stripe and are very successful programs. I always go out of my way to indicate how pleased I am with this kind of joint government participation in these programs.

All too often we hear the reverse, where there's criticism back and forth, that the Federal Government claims they're not getting enough recognition or the provinces aren't co-operating. I think the provinces, given the right kind of program, are eager to work with the Federal Government in meeting needs because they have their fiscal problems, we have them.

If we can work out programs where we can benefit people, then I'm willing to stand up on as high a platform as the Federal Government wants and give recognition to the Federal Government's initiatives. By the same token, I want to take as much credit for our own government, for our own enterprise, as we can.

I think there is ample opportunity for co-operative federalism. I don't think it's dead. I think Mr. Trudeau regrets ever having made that remark because I don't think he believes it. He certainly doesn't want to believe it and I think that will change.

**MR. FILMON:** I think the difficulty is not being ready and willing to give credit to the Federal Government. I am sure the Minister has better things to do than to read my old speeches at some of those sod turnings and concrete pourings . . .

**MR. MACKLING:** I haven't read them.

**MR. FILMON:** . . . and bricklayings. I am sure he hasn't, that is why I say it, but I don't think any of us were reluctant to give credit. The difficulty is, as the Minister indicates, that he has 200 units at his disposal and that the CMHC for Manitoba will have a total of perhaps 1,000 units, some of which may go unused for a variety of reasons. This certainly isn't going to fulfill the needs on just a simple ongoing basis in Manitoba and there is going to be a need for creating

or developing alternative programming to take care of some of the already identified needs that he is well aware of.

**MR. MACKLING:** Mr. Chairman, at the staff level indication has been given loud and clear to the federal agency about our dissatisfaction, that we want more units. I have arranged for a meeting, as a matter of fact, I expect to be meeting sometime tomorrow, providing accommodation can be made in my legislative time, to meet with Mr. Extence, the Central Mortgage and Housing Regional Director to voice these concerns.

**MR. FILMON:** I have always found him to be a co-operative individual, so I am sure that you are going to see the right people in any case.

Mr. Chairman, I wonder if the Minister could have his staff give me the figure under CHRP, Critical Home Repair Program. We have the 1980-81 actual and we have the 1981-82 adjusted vote. Can they give us now the latest computer printout of the 1981-82 actual?

**MR. MACKLING:** In a moment, Mr. Chairman. We'll have it here in just a moment. I am advised it is \$846,000.00.

**MR. FILMON:** Mr. Chairman, the Manitoba Housing and Renewal Corporation's advertising campaign on the enhancement to the Critical Home Repair Program that was developed by the Board of Directors at my request and announced by his predecessor, the Minister of Consumer and Corporate Affairs of this current government, who was responsible for housing initially in this government's term, uses the phrase over and over again, the reactivated Critical Home Repair Program. Does the Minister suggest that a program that spent 1.13 million in 1980-81 and 846,000 in 1981-82 was either dormant or deactivated?

**MR. MACKLING:** Mr. Chairman, I think that the honourable member might justifiably quarrel with the word "reactivated." However, when you look at the numbers I don't think that the word is deceiving because I am advised that during the more active years, under this program, there was an expenditure of \$8 million to \$9 million in a two-year period and that the program has been winding down. When you look at \$846,000, that isn't a program that has been running at anything like the levels it had in the past. There is reactivation of the program to interest more people. The guidelines were revised in order to bring more people into the program and benefits increased, so maybe the honourable member has some justification for being somewhat sensitive about the word "reactivating," but what's involved is an enrichment of the program and much more incentive in that. So, you could say, reinvigorated or redesigned, recast, reactivated, I am not hung up about the adjective. I think the advertising agency probably wanted to get across that there are new impetus involved in this program and I think that word isn't untoward.

**MR. FILMON:** With respect, the Minister doesn't have to tell me what the differences were. As I indicated, it

was after many discussions and quite some prodding on my part that the Board of Directors of MHRC came up with the new guidelines, with the enhancements and the various opportunities for improving the program and I am well aware of what was needed at the time in terms of income eligibility, in terms ability for people to reapply a second time and so on and so forth. But it appeared to me that there was a little dishonesty in the approach of the advertising to suggest that the program had been entirely cut off in the past and to say reactivated means that it must have been deactivated at some point in time.

**MR. MACKLING:** I won't quarrel with the honourable member's sensitivity. I think the program and the facts speak for themselves. There is no question but I think the former Minister - and I am referring to the Critic now - had intended that more be done, but during the latter part of the former administration insufficient had been done. Maybe it was planned to do more, but the program was winding down so that now we are concerned to reactivate or to enrich, whatever adjective you want to use, a program that is good, that is constructive and is an excellent one for stimulating the construction industry and I think we are doing that successfully.

We have to advertise to get people to take up programs and I think the advertising is very useful.

**MR. CHAIRMAN:** The Member for Sturgeon Creek.

**MR. MACKLING:** Let the Member for Tuxedo finish and then it doesn't interrupt his line of questioning so much, unless Frank wants to get in now.

**MR. FILMON:** Could the Minister tell me, the program which his government announced, what differences there are between it and the one that was developed by the Board of MHRC under our administration?

**MR. MACKLING:** I'm given to understand, Mr. Chairman, that the board did develop a program, but a program that was rejected, and a different concept was brought forward — (Interjection) — yes, it'll just take a moment because it's . . . I wonder if we could stand that down. I'll get it in note form because it's difficult for me to relate all of this because it's not within my particular knowledge. It's past history that I have to recall or have staff recall and then I'll give you the answer, so I'll stand that one down and answer that.

**MR. FILMON:** It's past history that occurred, it was in the last three months I guess, four months.

**MR. MACKLING:** Earlier than that, six months maybe. Well, that month of November was an important one; I don't think we can forget about that one. I'll come back to that one.

**MR. CHAIRMAN:** The Honourable Member for Sturgeon Creek.

**MR. JOHNSTON:** Mr. Chairman, on the CHRP Program I think if the Minister does do some checking,

my recollection is that it was usually in the area of 2.5 million that was allotted to the CHRP Program. The 5 million in 1977 was, I believe, 2.5 million or 2 million in the Inside-Outside Paint Program. The Inside-Outside Paint Program with the CHRP Program in 1977 created a situation that increased the number of applications considerably and in November of '77 we were approximately 5,500 applications behind. The reason for that is the paint program was brought in and for some reason in '77 there was a big take-up, there were applications all over the province.

The people would have the application for outside paint and the eaves would be falling off and they'd say well, we can't paint over that. The people would say how do we fix that and they'd say go to the CHRP Program. If the inside paint was bad, and the plastering was bad, they'd say we can't paint over that, how do we fix that, go to the CHRP Program. So, you had a situation of approximately in the order of 5,500 applications that had to be gone through. So it took from through 1978-79 and part of '80 to work those down with the new applications that were coming in all the time. The Inside-Outside Paint Program was not carried on; it was a one-shot program. I think you'll find that the funding for the CHRP Program generally was in the order of about \$2 million to \$2.5 million. There was a change in the program that, I guess you could say would contribute to it falling down or not as many applications. In the old program there was a qualification that it didn't matter what your means were. If you were a senior citizen you could qualify for \$150 and there was no question as to whether you needed it or you didn't need it so that particular part of the program was discontinued.

Mr. Chairman the new advertising program is going to increase the applications. Has the department taken into consideration the number of people that will be required to handle the increased applications? In other words, I hope you're not getting into the situation again where you will have a backlog of applications that won't be attended to. In the previous case back in '78 it took us almost two years to get caught up. I guess my question is: is the personnel of the department enough to handle the new applications that will be coming in, in a reasonable length of time?

**MR. MACKLING:** Well, in connection with the staff, we've hired seven new inspectors, and the program is computerized, so that we have computerized data to enhance the processing of applications. I might say in connection with the program; it was initiated in 1975-76. In the first period '75-76, records indicate there were 4,815 applications that were approved and put in the works; in the subsequent year 1976-77 there were 9,021; the following year '77-78 although there was a reduction in applications, 2,456, only 1,782 of which were approved for processing. Then in '79-80 there were 2,090; in 1980-81 only 579. So you can see that in the period '79-80, '80-81, '81-82 there's been a real falling-off there in applications: 13,000 in first two years and 4,000 in the last three; 75 percent in the first two years. So my remarks earlier about the program having tapered right off are demonstrated by the approved applications.

Oh, I'm sorry, I didn't finish. The staff indicates to

me that those numbers do not include this Inside-Outside Paint Program.

**MR. JOHNSTON:** Mr. Chairman, that doesn't change the fact that there were 5,500 applications, approximately, that had not been attended to at that particular time and the Minister uses the word 'approved.' I imagine the approvals were the same, I know the approvals were the same process as they were previously. The program being as new as it was during the years the Minister is speaking of, naturally took on a lot of applications and it stands to reason that the more you do the less there is going to have to be done. In other words you get into a catch-up situation. Now that you have changed the program and you're putting on an advertising campaign. You know, the Minister has really increased it by only about \$500,000 per year but, by the same token will, with the new computerization that you have and the seven new staff, be able to keep up with the applications that will be brought in.

**MR. MACKLING:** Mr. Chairman, we expect with the staff that have been engaged in the computerization we will be able to keep up and the increase in funding is not \$500,000 it's \$1,500,000; there's a doubling in this program. So, it's back to the 3 million budgeting and in respect to the inside-outside paint, the staff tells me that was an additional program that isn't recorded in the statistics I've recalled to you. But the honourable member is right when he says that there was a very substantial backlog at one period because in that year, 1976-77, there were 12,313 applications and 9,021 were approved. Part of that work constituted a backlog for the subsequent year because that was a very sharp increase over the previous year when there had been 4,815.

**MR. JOHNSTON:** Well, the Minister is basically agreeing with me. Once somebody has applied and received the benefit of the program, until the new program that has been introduced has come in, they were not able to apply again and you were gradually getting most of the job done and you didn't bring in a situation where you could reapply until you were reasonably sure that you had taken care of the demand that was out there the first time around. But when we say, yes it has gone back to approximately the same amount of money that was usually appropriated to this program, but I'm fully aware that the Inside-Outside Paint Program is not in here, the Inside-Outside Paint Program created a tremendous amount of strain on the the CHRP Program, but that's really all that I was trying to say.

If the Minister is satisfied that he has the staff to handle it I would ask him, is the same procedure being used in that the applicant has an inspector come out, look at the work that they want to have done and it is then approved by the department and the applicant then gets quotations on the work? Of course, then it's approved by the department as to the costs, etc., and who gets the job. In other words, they have to get a couple of tenders, or they used to have to get a couple of prices.

**MR. MACKLING:** Yes, Mr. Chairman, that's basically

how the system works. The applicant communicates with the corporation. How it works now is that the inspector goes out, has a look at it and confirms the nature of the work would be appropriate. Then the people get two contractors to supply tenders; then those tenders are fed back to the corporation; then formal approval is given and the work proceeds.

**MR. JOHNSTON:** Thank you, Mr. Chairman. I would ask the Chairman, are we just going down the list? I have something to ask on the grants to nonprofit housing.

**MR. MACKLING:** Could you repeat that please?

**MR. JOHNSTON:** No, we were at CHRP, are we just going down the list?

**MR. MACKLING:** No, it's free-wheeling, Frank.

**MR. JOHNSTON:** All right. On the nonprofit housing the Minister mentioned there are 1,000 units allotted to Manitoba and the Province of Manitoba has 300 and 100 of them are in the rural and northern program, will any of that 100 be used for senior citizen's accommodation in the rural area?

**MR. MACKLING:** Yes, Mr. Chairman.

**MR. JOHNSTON:** Could the Minister tell us approximately what breakdown of the 100 will be senior citizens in the rural area?

**MR. MACKLING:** About 75 or 78 of those 100 R and Ns.

**MR. JOHNSTON:** And those are the duplex units that . . .

**MR. MACKLING:** That's a combination.

**MR. JOHNSTON:** The program on the nonprofit was . . .

**MR. MACKLING:** Mr. Chairman, can I correct the honourable member when he said 1,000 nonprofits; no, that's 1,000 housing units all told CMHC had.

**MR. JOHNSTON:** Yes, that's right. Well, the CMHC has 700 left, in other words, in Manitoba?

**MR. MACKLING:** Yes, that's right.

**MR. JOHNSTON:** The nonprofit program had a, I guess we'd call it a regulation or whatever we want to call it, in that if the nonprofit organization requested CMHC for 90 percent of the funding the write-down on the interest would be to 1 percent . . .

**MR. MACKLING:** 2 percent.

**MR. JOHNSTON:** . . . 90 percent of the funding.

**MR. MACKLING:** It started out as 1 percent, it's now 2 percent.

**MR. JOHNSTON:** Now 2 percent. What is the write-down if they request from CMHC 100 percent of the funding?

**MR. MACKLING:** Mr. Chairman, I'm given to understand it still works out to about 2 percent. I'm advised that it's a formula that CMHC determines. It's a complicated formula but it works out to something less than 2 percent.

**MR. JOHNSTON:** Well, it's slightly less then if they ask for 100 percent funding?

**MR. MACKLING:** Yes.

**MR. JOHNSTON:** In the request for 90 percent funding the province would be involved for 5 percent of the Capital funding and the nonprofit corporation would be involved for 5 percent of the funding. Many of the nonprofit corporations, to get the benefit of the extra 1 percent, which the Minister says is not really 1 percent any more, preferred to work with the province in that the units where the province were involved in would have the SAFER Program available in those units. Is the SAFER Program only available in the ones that the Provincial Government participate in, or is it available in all at the present time?

**MR. MACKLING:** In all of them, I'm given to understand.

**MR. JOHNSTON:** The budgeting for the nonprofit program the province has 2.4 million and 1.2 million of it being allocated to the Lions Manor. Did the province budget the 1.1 million as to the amount that they felt they could spend and say to CMHC that we really can't handle any more?

**MR. MACKLING:** Mr. Chairman, I am given to understand the budget figure was provided for on the basis of the number of nonprofit units that CMHC indicated were available, multiplied by the average cost of a unit and 5 percent of that was taken for the figure we would have to have in our budget.

**MR. JOHNSTON:** That would indicate, Mr. Chairman, that the nonprofit organizations will be working directly with CMHC.

**MR. MACKLING:** Yes.

**MR. JOHNSTON:** Is there any communication between CMHC and Manitoba Housing and Renewal Corporation as to the numbers that they build or where they are being built from the point of view that the province's SAFER program is involved in these units?

**MR. MACKLING:** Yes, there is regular communication and I could almost use the word, constant communication, between CMHC and MHRC.

**MR. JOHNSTON:** Does the SAFER program budget take into consideration that — and I know it said 3 million here — does it take into consideration that there may be 1,000 units built in Manitoba? I would



assume there will be if the take-up is the way it used to be.

**MR. MACKLING:** I am given to understand that of the 1,000 units that we have been talking about the CMHC has for allocation in Manitoba, 400 of those will likely be developed as senior citizens' units and not all of those units, of course, would have people renting that are eligible under the SAFER program. Primarily, the larger take-up under the SAFER program is not in the nonprofit, but in the private apartment rental.

**MR. JOHNSTON:** Mr. Chairman, I would like to ask the Minister, does it appear as if the Federal Government — and I know he was talking about the co-operation and I must say that I think we always had co-operation with the Manitoba CMHC office — that they want to be doing it on their own rather than working with the province?

**MR. MACKLING:** Mr. Chairman, I haven't been Minister long enough to really formulate an assessment that would reflect my thinking about that question. But my staff indicate to me that there is no indication to them that there has been any policy thrust to take away from the co-operative position that has been employed in the past in respect to social housing. It is my expectation, that with encouragement, that climate will continue and with the right kind of persuasion maybe it would be encouraged to develop even more.

**MR. JOHNSTON:** In the Winnipeg core area nonprofit grants, I recall when we went ahead with that with the City of Winnipeg there was an awful lot of discussion. We finally decided that we would move ahead with the city on that particular program and according to the newspapers and the radio reports, they seemed to be running into some problems with that program in that they indicate that there has to be a lot more money put into it to be successful. Am I talking on the wrong one? Maybe I am on the wrong one.

I am speaking of the program of the upgrading and I don't think that's the nonprofit one.

**MR. MACKLING:** Wait a minute, I'd better get the right line.

**MR. JOHNSTON:** So it's the Winnipeg Core Area RAP then, the one underneath, that's the one. We went in for a million dollars, I believe, — (Interjection) — didn't we? What did we do, Saul? You were there when I gave them the cheque, for heaven's sake. Excuse me, Mr. Chairman. I shouldn't be addressing this — (Interjection) — No, I'm talking about the upgrading.

**MR. MACKLING:** It's not covered under the Core Area line. That's the line above Winnipeg Nonprofit Housing Corporation.

**MR. CHAIRMAN:** I think we are having difficulty with the taping at this point. May we take one at a time. Mr. Minister, would you like to go next?

**MR. MACKLING:** Thank you, Mr. Chairman, I apologize. In respect to Winnipeg Nonprofit Housing Corporation, the funding as indicated there, 1980-81 there was \$230,000 actual; and an Adjusted Vote 1981-82, \$192,500 and we are reactivating that vote this year. Correct? It's \$1 million spread over five years. That's what it is and what that involves is funding that corporation that buys up old homes, refits them or retrofits them and puts them back on the market. It's a good program.

**MR. JOHNSTON:** Mr. Chairman, I had some chats with your staff on that. It had some difficulties and apparently it is still having difficulties in that the amount of money it costs to rehabilitate an older home in the core area at the present time, it creates a price on the house that you can't get for it.

According to the newspapers and the announcements that are coming from the Nonprofit Housing Corporation of the City of Winnipeg is that they are having some concerns as to whether they will be able to sell the houses and they may need a lot more funding. Is there a program to assist these houses to be sold now? Is that what's happening?

**MR. MACKLING:** Mr. Chairman, I am given to understand that the Nonprofit Housing Corporation is quite satisfied with the contribution that the province has been making. I won't speak about their relationship with the city and whether or not they consider that to be satisfactory or unsatisfactory, although I may have some views on it or staff may have some views on it.

I am given to understand that program has been working very well, that they don't have a crisis situation in respect to their housing. There have been indications that they have some problems but I think they've been inflated. I'm given to understand they're doing very well.

**MR. JOHNSTON:** Could the Minister — and he might not have the figures at the present time — indicate to the Committee how many houses have been rehabilitated and how many have been sold? As I say, that might not be right at hand. The fellow you're sitting beside is on the board, I think.

**MR. MACKLING:** Mr. Chairman, I'm advised that there were start-up problems and that's probably what the honourable member was referring to. There was publicity in respect, perhaps, to that area but they have been functioning; the start-up problems are behind them; they have rehabilitated three units that have been then returned to the market. There are 40 units in the work which comprise individual units and small multiple units.

**MR. JOHNSTON:** So 43 units all told.

**MR. MACKLING:** We should point out that program isn't one that MHRC supervises or directs, but we are contributors to it by way of funding.

**MR. JOHNSTON:** Mr. Chairman, we are contributing to it as the Minister says and three houses. I would ask if we got our money back on three houses or was there a subsidy to move them?

**MR. MACKLING:** Mr. Chairman, I'm given to understand that we didn't make the contribution in 1981-82 because they had funds in the bank and they're making money on the funds they now have. They are not in financial difficulty.

**MR. JOHNSTON:** You should probably ask your staff if he's attending the meetings - I'm sure he is. That's not a reflection on him, but are we getting when we take and rehabilitate a house and spend the time and money that has to be spent on it are they getting the money back, are they? Not the government.

**MR. MACKLING:** Mr. Chairman, I confess that I haven't been in a position to evaluate that agency which is at arm's length from us but staff tells me that they did have difficulty initially but they're rolling now and they're optimistic about the work that they're doing.

**MR. JOHNSTON:** I really don't have another question. I would only say to the Minister that I hope that there is a check being made, that if we're having to subsidize the sale of the house, the government should know about it.

**MR. MACKLING:** No, we're apparently not subsidizing the sale of houses.

**MR. JOHNSTON:** That's all I have.

**MR. CHAIRMAN:** The Member for Swan River.

**MR. GOURLAY:** Mr. Chairman, I'm just wondering what relationship the MMF have with the MHRC with respect to housing at the present time. Is there any direct connecton?

**MR. MACKLING:** As I indicated earlier, of the social housing units that CMHC has for allocation in Manitoba there is 185 that are called remote and northern under Section 40 - 100 of which are allocated to us, 85 of which are with the MMF who act as the administrative agency the program delivery agency in respect to these units. There is liaison through a tripartite or tri-level committee involving Central Mortgage and Housing, the MHRC and the MMF so that there is liaison there. As I indicated earlier a number of units the previous year that had not been taken up by MMF were taken up by MHRC and developed, 32 units last year. There is a close working relationship maintained.

**MR. GOURLAY:** I'm wondering, would the MMF be negotiating the purchase of homes in communities, existing homes, under any arrangement through the MHRC?

**MR. MACKLING:** Well, Mr. Chairman, we don't evaluate their program; we understand that there is provisions for that under the arrangements with CMHC. I could elaborate on the answer I gave you a little earlier, that is, in respect to the units that MMF do deliver CMHC under the CMHC allocation. The MMF does not organize and deliver elderly family units and they allocate those to MHRC.

**MR. GOURLAY:** Going on to the non-profit seniors' housing. I'm of the opinion that there were some 12 units approved for the German Baptist Church in Minnetonka. This would be under last year's allocation, or would it be under the current year's allocation?

**MR. MACKLING:** Yes, Mr. Chairman, and they are proceeding.

**MR. GOURLAY:** Also the Birch River Legion had been enquiring about housing under a similar arrangement. Was there anything approved on that, or is there anything active at the present time?

**MR. MACKLING:** Not that I'm aware of, Mr. Chairman.

**MR. GOURLAY:** I know that the Birch River Legion have been interested in this for some time and they're of the opinion that something is currently active. I gather from what you're saying that there is nothing active, and if this is the case, what role or what action should the Legion take at this point?

**MR. MACKLING:** Earlier on I had indicated that CMHC has 1,000 social housing units of which they allocate 300 to the province to MHRC. Eight of those 700 are involved in the Birch River development and the Legion is dealing directly with CMHC in respect to those. We don't have a role in that.

**MR. GOURLAY:** These are duplexes or are they apartment-type units?

**MR. MACKLING:** Mr. Chairman, I understand that MHRC did build four duplex units; there are eight units under Remote and Northern Housing, Section 40 and they were completed in 1981. Additional to that the Legion is seeking to build more units under the non-profit Section 56.1 and they are dealing directly with CMHC on that.

**MR. CHAIRMAN:** Member for Swan River.

**MR. GOURLAY:** Thank you, Mr. Chairman.

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

**MR. MACKLING:** Oh, before, I'm sorry, Mr. Chairman, before the Member for Tuxedo asks a further question. He had asked me about the changes or variation in the programming that was advanced in the Critical Home Repair Program in the fall of 1981. Now, the program that was advanced by the board which was not proceeded with was in respect to family housing. The program contemplated the use of loans from private lending institutions, no grant provisions at all from the province, and a subsidized interest rate on the part of the province. That is, the province would be putting up money to reduce the interest rate paid by the individuals in respect to the loans. That was in respect to family housing. In respect to pensioners, there were grants involved in that proposal but the amount of the grants were unchanged from the previous program and the incomes had not been increased from the previous program. What's involved in this program is forgivable

grants in each case and the income level has been increased and the amount of the grant has been increased. So there's a wide disparity in the program that was offered, developed by the board in the late fall of '81 and the program that is now available.

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

**MR. FILMON:** Can the Minister indicate what is the maximum amount of the . . . is it a total grant only - there's no loan portion for the senior citizens?

**MR. MACKLING:** I have a brochure that outlines this, and for pensioners with an income of \$7,000 and under the grant is \$1,500.00. There's no loan involved. If income is \$8,000 then the grant is \$1,300 and it goes down. Where the income is \$14,000 the grant goes down to \$100.00.

**MR. FILMON:** That's for a couple or an individual, \$14,000.00?

**MR. MACKLING:** That applies whether the home is owned by one or two who have that income. That is if the total income is \$7,000 and under, the grant is \$1,500.00.

**MR. FILMON:** So that the income limitation has been raised to \$14,000.00?

**MR. MACKLING:** That's right.

**MR. FILMON:** That's precisely the recommendation of the previous board, Mr. Chairman, for the benefit of the Minister. I'll give him the copy that I have in case he's unaware of that.

**MR. MACKLING:** If he indicates that was a recommendation . . . I'm not privy to that.

**MR. CHAIRMAN:** Once again, we're getting into a conversation which is difficult to tape.

**MR. MACKLING:** I'm sorry. I apologize, Mr. Chairman.

**MR. FILMON:** Mr. Chairman, so the maximum grant has been increased to \$1,500, whereas the proposal of the board had been for a maximum grant of a \$1,000, loan of a \$1,000 with effective interest rates being subsidized down to levels of 8 percent and less, so that instead of \$1,000 grant and a \$1,000 loan with subsidized interest rates on a loan, they've chosen to go to a straight \$1,500 grant maximum.

**MR. MACKLING:** Yes, Mr. Chairman, and I know the honourable member is referring to notes that he had when he was a Minister responsible, but I'm given to understand by staff that there was a paper processed back and forth because of differences in the development of the program and the guidelines that he's referring to as the one proposed by the board may or not be the guidelines that are the terms that the board were recommending. Finally.

**MR. FILMON:** I can assure the Minister that not only did they have the approval of the board but, they're

initialled by staff and there's an O/C prepared on them. So, they're official.

Mr. Chairman, the next question has to do with the proportion that has been left out and that is to do with a program for providing for families to have a repair program opportunity such as the Critical Home Repair Program which is targeted at senior citizens. Is the Minister planning on proceeding with any assistance to low-income families who require precisely the same type of assistance?

**MR. MACKLING:** The program provides for that, Mr. Chairman, under the Critical Home Repair Program, the assistance for families. Where there's an adjusted income of \$10,000 and under, there's a first-step grant of \$700; second-step matching grant and repayable loan, \$700 grant, \$700 loan; third-step optional repayment loan of \$900 and the potential total in that case where adjusted income is \$10,000 and under is \$3,000.00. The loans that were referred have an effective interest rate of 9.5 percent over an eight-year term.

Then, in respect to income. As the income increases, the amount of the grant is reduced and the amount of the loan is reduced, so that you get down to an adjusted income of \$16,000.00. You have a first-step grant of \$100, matching grant loan, \$100 grant, \$100 loan. Third-step optional repayable loan of \$2,700 make a potential of \$3,000, so that families with income up to \$16,000 can still be involved in this program.

**MR. FILMON:** What would be the effect of interest rate of somebody earning \$16,000 on their \$2,700 loan?

**MR. MACKLING:** 9.5 percent.

**MR. FILMON:** Again, it seems to correspond to some extent, although the numbers are slightly different, the other one cut off at \$19,500 of family income and effective interest rates went from 11.5 down to 0 depending on income. So, I guess there have been some minor adjustments on that approach as well.

Mr. Chairman, there were a number of programs that were being contemplated that were targeted at assistance to families to purchase homes. The Minister made reference to a new program earlier. In fact, he said it'll be announced soon. Is this targeted at families for assistance to purchase homes?

**MR. MACKLING:** Well, the indication that the statement I read and made is to indicate provisions for housing rehabilitation loans. This isn't new housing.

**MR. FILMON:** Is this in some way . . .

**MR. MACKLING:** In the core area, by the way.

**MR. FILMON:** Yes, that's what I was going to suggest. Is it for the core area and is it meant to be compatible as an additive to the RAP availability as had been contemplated during our administration?

**MR. MACKLING:** Yes, Mr. Chairman.

**MR. FILMON:** I think I'm familiar with the program then. Mr. Chairman, for a number of years it was obviously something that was as troublesome to me as to anyone else when I took over responsibilities for the corporation, the Provincial Auditor has indicated serious concerns about financial accountability of the corporation and as a result of that I know that the board had appointed a special committee of the board to review procedures with respect to financial accountability of the corporation and to try and overcome the criticisms of the Provincial Auditor which had persisted for a number of years.

I know that the board, not only, had a special committee including a chartered accountant on that committee but they were considering having a thorough review of the whole systems and procedures of the corporation. I wonder if that has been dropped or if anything has been done with respect to that?

**MR. MACKLING:** Mr. Chairman, probably as a result of the recommendations of the Auditor, there is a thorough review of all systems and procedures in respect to accounts and that is ongoing. One of the concerns that the Auditor apparently had which concerned him was the fact that MHRC had in the past drawn down all of the funds allocated whether or not they actually required them for spending in that year and he was highly critical of the fact that the MHA therefore was requiring borrowing by the province that he felt needn't take place. This year the MHRC has not drawn down all of the money that they were provided in the budgeting.

**MR. FILMON:** Are there any other changes that are going to be made? As I recall that wasn't the only criticism they had.

**MR. MACKLING:** Mr. Chairman, I'm advised that the Provincial Auditor felt that there was a requirement for more detail in connection with information of recipients of the program, information about income and assets presumably and documentation on that. As a result of the concern to satisfy that kind of requirement the documentation that the board has developed in connection with Critical Home Repair and more particularly and more recently in respect to the Interest Rate Relief Program, has become fairly complex. That is somewhat of a burden and that is an added burden to the corporation because while it's necessarily important that there be adequacy of documentation, the more complex you get the documentation, the more difficult it is to process and the more reluctant people are to fill in complicated documents. So the take-up is somewhat affected by the result of our more demanding documentation in these programs.

**MR. FILMON:** Is it only in programs such as Critical Home Repair, the Mortgage Interest Relief and SAFER and so on, or is it in the setting of rental rates since all of the units are being . . .

**MR. MACKLING:** No, in connection with setting their rental rates, no, there has never been any criticism of that. It's been in these programs where there is an extension of assistance and, I guess, the Provincial

Auditor believes that there should be more safeguard in respect to satisfying criteria for the program . . . Well, I really didn't finish that sentence but I'm on a different train of thought.

Staff tells me that another criticism that the Provincial Auditor had was in respect to arrears of rent, in respect to remote and Northern housing that where payments were badly in arrears there has been a substantial effort made by the corporation in respect to that area and of course, as a result of that there has been considerable improvement. However, there have been people who have been evicted under that improved effort.

**MR. FILMON:** Has the Minister any figures to indicate what improvements have occurred? I've seen some figures recently from the Winnipeg Regional Housing Corporation which indicate that they have had tremendous improvement in the collection of their arrears. Do we have any similar figures to indicate what improvements have been accomplished as a result of our efforts in that area?

**MR. MACKLING:** Staff tells me they don't have the statistics here but significant reductions have been made in some communities; one community identified to me — and I don't think I'll use the name of the community — a 25 percent reduction in the arrears situation. I think that's pretty good.

**MR. CHAIRMAN:** The Member for Tuxedo. Could I ask you to move closer to the microphone or speak up a little louder?

**MR. FILMON:** Certainly, Mr. Chairman, I'd be glad to do that. I think that's one of the communities where we had an eviction or two and that probably had something to do with it.

**MR. MACKLING:** I think you're right.

**MR. FILMON:** But in any case I wonder if the Minister would undertake at some reasonable time to give me some of those figures. I know they were very very troublesome to me when I saw them or some evidence of them and I think it's a problem that ought not to be let go.

**MR. MACKLING:** Sure, no problem.

**MR. FILMON:** Surely the improvement that was made in the Winnipeg Regional Housing Corporation was from a figure of 10 or 15 percent right down under 5 percent, so they made substantial improvements. I think although it's a little more difficult in the remote areas that certainly with effort those collections could be improved to the satisfaction of, not only the Provincial Auditor but perhaps the taxpaying public at large.

The SAFER and SAFFR Programs, I wonder if the Minister could give me the current figures on — we just have the Adjusted Vote for 1981-82 — could we have the last computer run of the actual figures of payouts under those programs?

**MR. MACKLING:** Under the SAFER, that is the Shel-

ter Allowances for Elderly Renters the current expectation as of April, 1982, is the total number of clients involved will be 3,330. Last year there were 3,261. Last year there was 2,851 singles, 322 couples, 88 sharers. This year it is anticipated there will be 2,961, or there are, as of April 1982; 2,961 singles, 269 couples and 100 sharers.

The overall average benefit last year was \$70.48; anticipated this year, \$60.96. The total dollar figures, 1981-82 under SAFER was \$2,600,000; under SAPER, that is family shelter, \$1,305,000.00.

**MR. FILMON:** The Minister indicated the total numbers under the SAFER Program of recipients. What is the total under the SAPER?

**MR. MACKLING:** Under the SAPER the number of clients, as of April 30th this year, 1,188; last year, 882. Of the 1,188 there are 758 one-parent families and 430 two-parent families. The previous year there had been 498 one-parent families and 384 two-parent families.

**MR. FILMON:** I'm trying to recall what our original estimates of the potential universe of eligible people out there was. I think it was something like 9,000 for the SAFER and I can't recall the SAPER, whether it was 6,000 or 7,000 but I wonder if the Minister could give me that information.

**MR. MACKLING:** The original estimates on 100-percent take-up was 8,000 to 9,000 on SAFER and 5,000 on family.

**MR. FILMON:** It would indicate then, I guess, that we're approaching 40 percent take-up on our estimates which I realize are sketchy at the best of times, on the SAFER, and my recollection is that B.C., who had preceded us in entering the shelter allowance field, probably still isn't even at the 40-percent take-up level so we seem to have found people out there with reasonable degree of success who are eligible and wanted to use this program. Is the Minister satisfied that the program is working well?

**MR. MACKLING:** Mr. Chairman, it is my understand that the board will be looking at the program, including rent levels, a concern that the rent levels will have to be looked at and a concern to look at the take-up again. Certainly there will be an ongoing review of that program.

**MR. FILMON:** Mr. Chairman, I think that the rent levels - we were talking about increasing them last fall when I was last in the Minister's office so I would think that there's no question that, for them to continue to be meaningful, the rent levels will have to be increased on a regular basis. In fact, if the Minister hasn't received a recommendation I think he ought to be looking at a recommendation to index them, or that is not to index them but rather to review them at least annually to make it meaningful.

**MR. MACKLING:** Mr. Chairman, I understand that's what the staff have been doing and the board will be looking at that review.

**MR. FILMON:** My recollection was that the Federal Government was showing considerable interest in the Shelter Allowance Program, particularly since it seemed to be working relatively successfully in Manitoba. There were, six months ago, three provinces involved with shelter allowances and the Federal Government, I think, was culling as much information about the programs as they could, primarily from our end of things. I wonder if there's been any indication lately of any desire on the Federal Government's part to get into the field?

**MR. MACKLING:** Mr. Chairman, I'm advised that there hasn't been any further response from the Federal Government since the conversations the honourable member refers to. I'll certainly be interested in exploring that with Mr. Cosgrove and others in the Federal Government.

**MR. FILMON:** Mr. Chairman, the Minister has indicated the progress of the mortgage Interest Rate Relief Program that his government has announced some time ago. Could he give us the latest statistics on applications?

**MR. MACKLING:** Mr. Chairman, in respect to this program, the number of inquiries that we've received by telephone were 3,779 as of April 30th; walk-in inquires, 202; the number of applications that have been mailed out are 2,809; the number of applications received, 234. These applications are being processed; no benefits have been paid to date. The first benefits will be paid out early this month - my staff says next week.

I'm also advised that, for whatever reason, maybe it's advertising, maybe it's the time of year, I don't know what it is; maybe it's more people's mortgages coming up for renewal or whatever it is, but there has been a surge of interest in this past week. Twice as many applications have been coming in by mail as of last Friday so there has been a surge lately of interest by mail.

**MR. FILMON:** . . . twice as many as the 234 that had been previously received?

**MR. MACKLING:** Well, I'm leary about saying two times or three times. There has been an increase in interest for whatever reason; I'm not playing on words now, there has been a quickening of activity. Now whether it's there are more mortgages coming up in a stated period, whatever it is, there have been a great deal more applications and people interested.

**MR. FILMON:** What was the estimate? I have the news releases here, but what was the estimate of the number of people who should be eligible when the government first announced the program?

**MR. MACKLING:** The estimate is somewhere between 3,000 and 8,000 people and averaging that at about 5,000 applicants.

**MR. FILMON:** What is the maximum benefit that can be paid under the program?

**MR. MACKLING:** \$275 per month for two years, pardon me, I have to qualify that, there's \$25 additional for people north of the 53rd parallel, about \$300 a month for two years in the North for a total of \$7,200, I would make it in the North.

**MR. FILMON:** Has the Minister received any criticisms or been party to any concerns, the process seems to be very cumbersome? He's explained as part of the earlier discussion that it's because of the desire for documentation. Comments that have come to my attention were simply that it was just unnecessarily cumbersome and it wasn't just documentation that seemed to be the problem.

**MR. MACKLING:** Mr. Chairman, we're doing a survey of applicants to find out why they are only making enquiry now, what problems they perceive in this program so that we'll be better able to respond to those problems.

**MR. FILMON:** At the moment does the Minister or his staff believe that we are going to have a significant number, like 1,000 approvals this year, or are the combination of the criteria and the process such that perhaps the figure of 3,000 to 8,000 is optimistic.

**MR. MACKLING:** Mr. Chairman, I'm advised that one of the requirements, one of the criteria that has been indicated to applicants is that they file their last year's income tax return. Some people, therefore, have delayed because of the current filing. I recall now that some of the responses that we've received, a number of them, have been waiting on confirmation of information from the banks or the lending institution. A great many of the applicants who have been surveyed are satisfied that they will be eligible for the interest rate relief. Now you must remember that the number that we talk about, 3,000 to 8,000, is an estimate and the estimate is 5,000, the average of that, and that's over a two-year period. So that I won't either wax optimistic or pessimistic about the numbers. We think that there are a good many people that are going to be taking advantage of the program. How the actual numbers work out may indicate either that the program wasn't advertised effectively or people didn't understand it, or whatever, but we think the numbers are right. We're hopeful that all those who ought to be taking advantage of this program will be.

**MR. FILMON:** One of the restrictions on the eligibility for the program, Mr. Chairman, is a limitation on having other real property assets and I have no quarrel with that. What safeguard is there in the procedure to ensure that people don't merely transfer out these assets into somebody else's name in order to qualify for the program?

**MR. MACKLING:** Well, I don't know whether we've got a fail-safe program in respect to every portion of the criteria. People are going to take steps to take advantage of any program offered by government by transferring assets or moving things around. I don't know whether we will catch all those and cope with all those but, by and large, the vast majority - and I say the vast majority, 95 percent, 96 percent, 98 percent of

people - do not play games like that; there are some, no doubt, that will. But to try and build mechanisms to guard against the abuser would so restrict the value of the program that really it's not worth it. I think that's the case in most programs. You don't build a loose program, but you don't try to gear it to the worst possible situation because, if you do, you make it so rigid, so difficult that there'd be hardly any take up.

**MR. FILMON:** Is the Minister telling me there are no safeguards, that you're just trusting to the honesty of the people?

**MR. MACKLING:** No, I'm not saying that. I'm saying that the criteria are there, we're not expecting that there are going to be people maneuvering, but if there is some maneuvering, I guess we may not catch all of it. We're really not geared up to be a kind of detective agency. We do searches and things like that.

**MR. FILMON:** What part of the process allows the Minister to look out for something like this?

**MR. MACKLING:** Well when an applicant seeks interest rate relief, as a regular course we search the title to that property and any other property that they may own.

**MR. FILMON:** What would indicate whether or not somebody has, within the last few months, transferred property out into somebody else's name.

**MR. MACKLING:** Well, the Land Titles Office has records of transactions including transfers and if there is a recent transfer that would be noted in any search.

**MR. FILMON:** Would that include, say a cottage on the Lake of the Woods, for instance, or a condominium in Florida?

**MR. MACKLING:** Mr. Chairman, if we have applicants who have condominiums in Florida we will probably miss them, miss being able to search that property, because we may not be aware of it but their income level would probably exclude their participation in the program. Now they might have their income geared in such a manner with a fancy tax accountant or something that we'd be wrong but they'd be in a very very small minority.

Not too many of the people in Manitoba own condominiums in Florida that would be eligible for this program.

**MR. FILMON:** I have to tell the Minister that I had received a letter during the last election campaign from an individual who was highly annoyed at us for not being eligible for a SAFER grant, who had a gross income of about \$50,000 but by virtue of a number of different opportunities available through the tax structure, some of which haven't been corrected even with the recent Budget, he managed to reduce his taxable income to nil by writing off depreciation and losses on properties that he held and so on, and was very very upset with us because we had a criteria that excluded him from receiving shelter allowances. So I

say that if the opportunity is there and if the safeguards are not there then people, perhaps, with condominiums in Florida and cottages on Lake of the Woods will, indeed, be applying and there ought to be some assurance for the taxpayers in Manitoba that these people won't be getting the assistance.

**MR. CHAIRMAN:** The Honourable Member for Dauphin.

**MR. JOHN PLOHMAN (Dauphin):** Yes, I just want to make a very brief comment, Mr. Chairman, obviously we've had a good constructive discussion, I believe. But I got the impression that the Member for Tuxedo when he was talking about the CHRP Program was leaving rather subtly the impression that it indeed received a rather high priority with the previous government and I wouldn't want to leave that to go unchallenged.

I think there is no doubt that the program was de-emphasized as much by what was not done by the previous administration with regard to the CHRP Program as by what was done and certainly it was not updated with regard to income levels and, for inflationary factors, grant levels and so on, eligibility, and it was not advertised aggressively. I think we have to accept the fact that it was indeed geared down and that it, indeed, did fall victim to acute protracted restraint.

I might like to see the impression left here by the Opposition that the CHRP Program was given a priority that it, indeed, did not receive and to talk about what they were going to do is not enough, I don't think. If they just had a bit more time I think this is really what the Member for Tuxedo was saying, that they were going to broaden it. I think it's what they did and did not do that counts and that's what's on the record, Mr. Chairman.

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

**MR. FILMON:** The Member for Dauphin as usual enters in where angels fear to tread by making statements about which he knows not, but it's not unlike the kinds of traps that this government will fall into and some of the things are already apparent and people can be criticized for letting things go but the money was always allocated.

The difficulty was, the constraints that were put upon applicants in terms of their income eligibility outgrew their usefulness and just as if this government doesn't move to increase the rental levels on the SAFER Program, that program will be allowed to evaporate. The financial commitment was always made but unfortunately the urgency to change the criteria was not always there and the member can conclude whatever he wants for it for his political reasons but I think the staff members are aware of my commitment to have proceeded with the improvements which they eventually made.

**MR. CHAIRMAN:** 1.(a) General Programs—pass; 1.(b)(1) Core Area Home Ownership Assistance Program—pass.

The Member for Tuxedo.

**MR. FILMON:** May I just, Mr. Chairman, in concluding, extend my personal thanks and that of my colleagues to the staff of the Corporation for the fine work they have done and I wish them well in the forthcoming year and to the new Minister as well.

**MR. MACKLING:** Thank you very much.

**MR. CHAIRMAN:** 1.(b)(1)—pass; 1.(b)(2) Less: Recoverable from Urban Affairs—pass.

Resolution No. 93 - RESOLVED THAT there be granted to Her Majesty a sum not exceeding \$37,531,200 for Manitoba Housing and Renewal Corporation for the fiscal year ending the 31st day of March, 1983—pass.

Committee rise

## SUPPLY — FINANCE

**MR. CHAIRMAN, Jerry T. Storie (Flin Flon):** The Committee will come to order. Continuing with the Estimates of the Finance Department on Page 58, Resolution No. 64, Federal-Provincial Relations and Research Division, Item No. 5 (a) Economic and Federal-Provincial Research Branch.

The Honourable Minister of Finance.

**MR. SCHROEDER:** Mr. Chairman, before we go into Federal-Provincial, could I just take a moment to answer one question. I believe there are some other unanswered questions. This has to do with the changes in growth rates that occurred retroactively from June of '81 to December of '81, and I'm told that although it is not unusual for substantial data revisions to occur, the differences referred to by the member resulted primarily from a change, not in someone else's calculations, but rather in our calculation methodology. The department's Estimates of Gross Provincial Product and real Gross Provincial Product have for many years been produced using fairly arbitrary ratio in relationships between national and provincial personal incomes and Gross National Product, with some adjustments from time to time. I just should say that I was first made aware of this change when the honourable member brought this up last night.

On the occasion in question, the department revised its methodology for preparing real GPP figures to better account for differences in structure between the Manitoba and Canadian economies. This did not result in large changes in recent-year figures, but did change the 1976 percentage significantly as noted by the member. The change in the department's method and the magnitude of the revisions were discussed with the underwriters to their satisfaction. That's a point that I think should be emphasized that they were aware of the changes in numbers and the reasons for the changes.

The recently released Conference Board figures also show a 1976 real growth estimate of 4.3 percent. Its figure is for real domestic product, however, slightly different from real Gross Provincial Product. The Conference Board's figures for the other years are also closer to the December Prospectus than to the ones published in June. We recognize that there

are several different methods of producing real growth estimates and that our own methods could be refined. That is one of the reasons why the department is planning to assign more resources to economic analysis and forecasting, just as in fact, the former Minister had stated it was his intention to do.

It should be noted that the Estimates of the Federal-Provincial Relations and Research Division contain an allowance for \$100,000 for computer and professional services and \$75,000 for salary costs to commence work on the development of an econometric model of the Manitoba economy. This will be a fairly lengthy project, however, and probably it will be at least a year or more before we will have usable results.

**MR. RANSOM:** Mr. Chairman, will the Minister undertake to table an explanation of the methodology that is used to calculate the figures that are now before us?

**MR. SCHROEDER:** Yes, Mr. Chairman.

**MR. RANSOM:** Mr. Chairman, this section of the Estimates deals with the Federal-Provincial relations. I think it's an appropriate one in which we might discuss the established programs of financing and equalization arrangements with the Federal Government. Perhaps the Minister could update the Committee on where those negotiations now stand and what the final impact is going to be upon the province. We have had so many different estimates of dollar impact on the province over the past few months that I think most people are quite confused as to where it finally ended up. So, I would appreciate having some explanations from the Minister.

**MR. SCHROEDER:** Mr. Chairman, I don't have the exact numbers in front of me and I think that's one of the concerns that the member has had, that there have been different figures. Sometimes provincial numbers have been wrong and sometimes federal numbers have been wrong and there is certainly a substantial amount of confusion with respect to exactly where we are because you keep hearing conflicting reports. You hear the Federal Government saying that everybody's getting a lot more money and you hear the Provincial Government saying we're losing money.

Our latest projections still are that there have been no changes, no new proposals for the last, approximately, couple of months and the \$719-million loss for Manitoba over the next five-year period still stands to the best of our knowledge. Any changes that might come about within the next few weeks would be as a result of new estimates in terms of our economy as opposed to the national economy and our population as opposed to the national population.

The breakdown of those losses: I believe approximately 528 million of that 719 is a loss in equalization revenue and the balance is a loss in established program financing revenue. There have been a great number of fluctuations between November 12 when the Federal Budget was brought down and the last few weeks. There have been changes in numbers because of changes in proposals; there have been changes in numbers because of changes in popula-

tion figures; there have been changes in numbers because of changes in economic calculations.

First of all, dealing with established program financing, there has been no change in the proposals of the Federal Government from day one. In terms of the formula approach that has been constant, they have refused to discuss allowing the revenue guarantee to continue after the expiry of the last five-year agreement on March 31, 1982. So, that portion has always been simply subject to the particular formula involved there.

The provinces have taken the position throughout all 10 provinces - that the revenue guarantee portion of the Established Program Financing package was, in fact, a part of that package and therefore should have been continued. It was part of the agreement arrived at in 1977 and we felt all along it should have remained on the table. I don't think I have any more comments with respect to EPF.

With respect to equalization, we are our last approach to Ottawa was during the debate at committee stage on the new EPF and equalization package and I appeared before the parliamentary committee at that time. Before that, I had meetings with all three party caucuses for Manitoba and we presented our case at the committee. Arguments that were later used against Manitoba's position were never raised with us at committee in order that we could deal with them and, accordingly, there has been further correspondence between my office and the office of Mr. MacEachen since then. That correspondence is ongoing; we are not taking the position that the chapter is finished. The proposal that we came to Ottawa with was a proposal which was presented to Parliament as an amendment to the Act by the Member of Parliament for Provencher and it was seconded by the Member of Parliament for Birds Hill. It was a proposal that would have given us over the next five years an amount of increase in equalization payments that percentage-wise in each year would have been equal to the next worst-off province. We were always the worst-off province and, generally speaking, the second worst-off province was the Province of Quebec.

As well, one other feature of the formula because of the transitional arrangements is that the worst years for us were years three and four. Again, this is always subject to our economy performing in a way similar to the rest of the economy. If we, in some way, shot ahead then of course our payments would come down. We would be quite happy to accept that and if we dropped further behind, then under this formula as with other, payments to us would increase relative to payments to other provinces. In years three and four, although I don't have the exact numbers here, the increases in payments to Manitoba would range somewhere around 3 and 4 percent. When you take inflation into account and look at the dollars being paid, percentage increases to the other provinces which range somewhere in those years between, I believe, 10 and 12-and-more percent, there would be some pretty drastic consequences on Manitoba. So, it's for those years that we are more concerned in terms of dollars than we are for this year.

The change proposed by us would only have yielded several millions of dollars for the year '82-83. Our estimate is that we are losing in total in transfer



payments for '82-83 somewhere in the vicinity of \$40 million. We recognize that every province is losing something on EPF and we are not arguing, although we would have preferred to keep that money. We certainly couldn't make some kind of an argument that somehow Manitoba should get that portion of the money and other provinces wouldn't get it.

Our proposal basically was fairly lean for the first year. It would have cut in more after the end of the transitional arrangements which had been negotiated. The transitional arrangements basically allowed us to ease into the new program with funding of an additional, approximately \$165 million. All of that is at the front end the first three years. There was another concession given by Ottawa, which was a population adjustment. We would have been required in accordance with the census statistics to pay back something like \$31 million that had already been paid to us which has been forgiven by Ottawa. Although it doesn't show up in dollars anywhere, that is something that was an additional benefit, you might say.

The discussions right now have not been closed. I have seen the correspondence that Mr. Axworthy has put out in his riding with respect to the equalization payments, for instance. I don't know whether the Member for Turtle Mountain has seen the pamphlet, but it has some interesting references about Manitoba. I recognize that at the same time, when I was in Ottawa, there were communications from Mr. Axworthy that he was supporting our position; there were newspaper reports that he was arguing strongly in support of our position. There have been no changes in dollars, so I trust that he hasn't changed his position, that he is still strongly supporting the Manitoba position with respect to being treated fairly under the new proposals.

There have been some historical justifications given by the Federal Government to us for the treatment of Manitoba. There has been an indication by Mr. MacEachen that although it is true we are getting less of the total percentage of payments from the Federal Government in equalization over the next five years than we did in the last five years, we are getting a larger percentage in the next five years than we did in previous five-year periods. Of course, what that argument conveniently ignores is that in previous five-year periods, you had more provinces involved. You had Saskatchewan as one of the beneficiaries. In fact, Saskatchewan was one of the beneficiaries until last year. In the existing five-year program, Saskatchewan is now out. Five years previous to that, you had Alberta in the system. Alberta is now out. While it is true that our percentage of the total take is higher now and is projected to be higher than it was 10 or 15 years ago, it is also true that everybody else's percentage is considerably higher than ours, everybody else who is still in, because there are several provinces who no longer have their tickets in the hat. So, a larger percentage compared to some time a long time ago doesn't assist us when we should be comparing to the percentage where we are at right now.

**MR. RANSOM:** Mr. Chairman, the Minister said that the province would receive in 1982-83 approximately \$40 million less than would have been the case otherwise. Can he advise then how much we would have

received under the old system in 1982-83?

**MR. SCHROEDER:** I'll get that number for the member. I think that should be just a matter of a few minutes.

**MR. RANSOM:** Mr. Chairman, the Minister said that under the new system Manitoba might receive even less if their economy was to shoot ahead, relative to the rest of Canada.

It's interesting that the recent Conference Board projections show that indeed Manitoba may well be benefiting from the base that was established over the last four years and is predicted to be the second highest in growth for the country in this coming year. That sort of change if that came about, would that have a significant effect on the amount of money that might come to the province? When would the impact of that be felt?

**MR. SCHROEDER:** Mr. Chairman, there's no doubt that if those figures were borne out that by next year there would be some impact. The impact, as I understand it, would not come this year.

I should caution the member that the Conference Board has quite frequently been wrong in forecasting in the past. I certainly hope that they're pessimistic and that we do even better but if the member is taking credit for the position where we're in, then I hope he takes all of the credit and says, yes, the position where the economy is at right now, it is the Tories fault. We are second highest in growth rate in 1982-83 for all of Canada and mind you, we also have some problems with bankruptcies. I hope he takes the good with the bad and maybe we will credit this year then to the Conservatives.

**MR. RANSOM:** Mr. Chairman, we always said that there was a better future ahead, it's just unfortunate that the forward progress seems to be facing some problems now for some impediments for the next few years.

The Minister said that Manitoba was treated worse than any other province; that Manitoba's situation has been made more difficult than any other. Can the Minister speculate as to any reason why Manitoba might have been singled out for that kind of treatment?

**MR. SCHROEDER:** Well, Mr. Chairman, there were many possibilities for the Federal Government. Their priority, as was spelled out pretty clearly shortly after they took office, was to cut back on funding to the provinces and use that money themselves because they felt they could better deliver programming; they felt they weren't getting the kind of political impact from their programming that they ought to be getting; they felt that the National Government was not involved in the economy in the way that it had been in the past and maybe that was damaging to the country, so they looked at ways of cutting back.

There was another problem they had and this was prior to our taking office. Practically every government — I know of no government that was excluded — practically every government in the country told Ottawa, at least that is what Mr. MacEachen has told me, every government was on their back to make sure

that Ontario didn't receive equalization payments.

Under the old formula, Ontario would have qualified for equalization in the last year. So what Ottawa did was pass a Statute to change the rules with respect to equalization and it was approved by Ontario, which at the time didn't want to be a recipient of equalization, passed a Statute basically saying, Ontario can't qualify — I don't know the technicalities — but that was the sole purpose of the Statute.

Ontario, by last fall and the wintertime was saying, well maybe we should take another look at this. You're cutting back on our EPF payments and maybe we should look at equalization and Mr. MacEachen was looking at saving money, rather than spending more and it is clear to me that he then told his staff to go and find a formula that would exclude Ontario and a formula which would cut back on payments from where they would have been with the existing formula.

So he discovered, first of all the Ontario standard. The ideal way of eliminating Ontario was to say, well Ontario is providing fine services and therefore, if everyone else is brought up to the fiscal capacity of Ontario, to provide services to their people, then there should be no complaint.

We took the position that we couldn't accept that, we didn't like that formula — I can't say we couldn't accept, we probably would have had to accept because it's not a matter of negotiation in the end I suppose, the Federal Government passes legislation in Parliament — but we didn't like that formula for a number of reasons, one of which was the fact that it excluded resource revenue, not by definition but by implication.

What happened was last summer we had the Brough Commission going up and down the country listening to Canadians' views on fiscal arrangements and it reported to the Federal Government that resource revenue should be included. So by using Ontario as the base, Ontario being a province with very little percentage-wise of resource revenue for all practical purposes, we eliminated resource revenue from calculations and therefore that was a problem with Ontario.

Ontario also, as a standard, would have created greater instability because any move upward or downward in the Ontario economy would be whiplashed, in terms of equalization payments to the provinces.

One of the Finance Ministers had done a calculation showing that if there was a liquor strike in Ontario for a period of a few months, cutting back government revenues just from that one source for a period of time, that there would be just millions of dollars in decreases of equalization payments to the recipient provinces because of the change in revenue to Ontario.

We also didn't like that formula because it was our position that we felt it was wrong to exclude one province from payment and finally we took the position that the only really fair way of equalizing was to equalize up to the average of all 10 provinces. What better way of truly equalizing than to look at the capacities of all 10 provinces and average it out. That was what had been done in the past with some items excluded and with some items not calculated at full value. But the old formula was certainly preferable for Manitoba to the new one. You could get 10 different formulas.

Quebec came up with a formula that would have cut down on payments and would have put Manitoba in a position where we would have received as much, or close to as much, as we would have under the old system. There were other proposals.

Saskatchewan had one that would have calculated the revenues of all provinces and geared down resource revenue because that would have been beneficial to Saskatchewan. It wouldn't have been beneficial to Manitoba. We of course didn't support that one but we did look at the way it worked and did say that if it was tuned up a little bit, if we boosted resource revenue a little bit, then that one would have been acceptable to us.

It was a matter of the Federal Government finding a level that was satisfactory to them in terms of total dollars. They then tuned it up in terms of Manitoba. We were basically the province that got the transitional adjustments. The other provinces, as far as I know, didn't receive any of those and the only other province that was seriously hit in terms of where they would have been under the old formula, was Quebec.

The Maritimes, one of the provinces in fact receives more under the new system than they would have under the old and the other three are fairly close — I don't have the exact numbers — but there's really not the kind of difference there and I notice in the public statements coming out of the Maritimes now, what they are referring to is EPF, they're not criticizing equalization. It's basically Manitoba and Quebec that got hit and one can only speculate on the reasons.

**MR. RANSOM:** Mr. Chairman, it had been suggested by some of the Minister's colleagues at least, I won't say that the Minister suggested it but it certainly had been suggested by some of his colleagues, that part of the reason for the adverse treatment of Manitoba under the new formula arose because of the previous government's opposition to the constitutional package, for instance, that the Federal Government had put forward.

**A MEMBER:** That's right, I remember that.

**MR. RANSOM:** And as you would be aware, Mr. Chairman, our Premier at the time, because he was Chairman of the Provincial Premiers, was of course taking a very up-front high profile position with respect to the Constitution and was putting forward the position of seven other provinces.

Any suggestion that Manitoba should have been punished in some way by the Federal Government for the actions taken either by our government, or our Premier in representing seven other governments, would be extremely distasteful. I ask the Minister if he can tell us now whether he has any indication that indeed that was the reason for Manitoba being treated the way it has been treated.

**MR. SCHROEDER:** Well, Mr. Chairman, I think what we would do in attempting to answer that is to speculate. I would say though that when the numbers came up sometime in early November or before that when the Federal Government was trying to cut back on its spending, when those numbers came up and Quebec and Manitoba happened to be the losers, I don't

think there was a great deal of crying or gnashing of teeth by the Federal Minister of Finance. That's not to say that I believe it was set up deliberately to hit Manitoba.

I would be as concerned as the member opposite if we had a Federal Government that deliberately set up a program that would hit a province because its Premier happened to take a stand against a particular federal program; a stand which was similar to the stand taken by the Premier of Newfoundland who didn't fare as badly in the equalization stakes.

So I wouldn't want to speculate that the Federal Government told the numbers crunchers to find a formula which hits Manitoba and Quebec but I also wouldn't want to say that they weren't secretly a little bit happy when the numbers came up the way they did.

**MR. RANSOM:** Mr. Chairman, I can understand that the Minister wouldn't want to speculate on such an item but I would point out to him that his leader has speculated upon that; has publicly speculated on it and I can show it to the Minister in print where the treatment that Manitoba received was attributed through speculation to the position that Manitoba had taken, especially with respect to the constitutional debate.

I agree with the Minister that it's not right to speculate in that way. I think it would be reprehensible for the Federal Government to act in that way. I think it would put the present government in an impossible position to deal with the Federal Government if they knew that if somehow they disagreed with the Federal Government that they should be punished for it.

So I wonder if the Minister then would undertake to advise his colleagues that indeed he doesn't think that it's wise to speculate about that and that he thinks there may be other reasons for Manitoba having been cut back. It might prevent further acrimonious debate over this subject which I know, Mr. Chairman, that you would like to see avoided.

**MR. SCHROEDER:** Well, Mr. Chairman, we all would like to avoid debate. I suppose no politician is completely free of a desire occasionally to do some speculating. I wouldn't want to go around telling my colleagues not to do their own speculating when one could speculate as to what would have happened in terms of transitional adjustments and those sorts of things had the election not changed governments, we don't know that.

But I certainly have not ever suggested that the numbers as they came up on November 12, 1981 were set up because of Manitoba's position on the Constitution.

**MR. RANSOM:** Mr. Chairman, would the Minister advise us how municipal revenues for instance are handled within the new equalization formula and what his position is with respect to, I believe, Alberta and Saskatchewan, perhaps, B.C.'s position of the Capital nature of resource revenues, as to whether or not revenues from depleting resources should be considered in the same category with some other sort of income, such as, manufacturing income, for instance. What his position is with respect to that? Do

any of the provinces agree with the formula that is being put forward by the Federal Government? Is any province going to say, we are happy with this and we stand behind the Federal Government?

**MR. SCHROEDER:** That is on the equalization formula? Obviously, no province is happy with the EPF proposal. With equalization, yes. My understanding is that there are four provinces who are quite happy with the new proposal and, of course, it doesn't take that much money to make them happy in terms of the dollars that the Federal Government has although PEI, for instance, is going to have percapita payments of something like \$1,500 at the end of the period and Manitoba's payments will be somewhere around \$500.00. PEI's population is such that you can put a lot more money in there per head without costing you as much as it would cost you in a province like Quebec, for instance, and the same applies to the other smaller provinces involved.

With respect to depletion allowances or that sort of thing, of course, Saskatchewan was making that argument and Alberta I think liked that argument; I have some difficulty with it. I preferred the approach of the Maritimes - I'd better not put words in their mouths - but my understanding of that approach was that they saw a difference between old resources and new resources. That is, if you had a potash mine with Capital cost of \$65 million, as Saskatchewan has, and a potash mine that New Brunswick might build for a billion dollars that there should be a different calculation as to what should come off the revenue in New Brunswick than in Saskatchewan. Saskatchewan made representation saying that it was really too bad, that it would be very difficult for New Brunswick to get in if there wasn't a change in the formula, but the change proposed by Saskatchewan was one that would be of just tremendous benefit to Saskatchewan, would practically ignore the fact of the cost of their production, it didn't take that into account at all.

So, I think you have to look to some extent at old mines versus new mines; you have to look at total costs; and you have to look at what the real benefit is that the province is getting out of the particular resource that we are referring to.

In terms of the municipalities, my understanding is that municipal revenue is now completely included in the formula but, of course, the formula only applies to an average of five provinces and excludes the Province of Alberta.

**MR. RANSOM:** Mr. Chairman, I suppose we could go on all afternoon on this item and that's not what I intend to do because I have a number of other specific questions. Perhaps when the dust settles on this question the Minister might agree to provide a briefing, have the staff give me a briefing as to where the thing finally ended up, so that we have some understanding of how it works.

Some specific questions, Mr. Chairman. I had asked the Minister in the House a question concerning the percentage of post-secondary education funding that's borne by the province and I could similarly ask what percentage of health care would be borne by the province, or conversely, by the Federal Government. Can the Minister give me any informa-

tion on that?

**MR. SCHROEDER:** Mr. Chairman, I'm . . .

**MR. RANSOM:** Looking for divine guidance.

**MR. SCHROEDER:** Yes, I am. I'm hoping that there is somebody up there who can help me and I am sure they can in a few minutes.

While I am up though I do have a couple of other answers. First of all, there is a question from the Member for Turtle Mountain regarding Independent Gas Retail Dealers Association. I should like to advise that additional meetings have been held with representatives from the association and considerable progress has been made in alleviating their problems relative to provincial gasoline taxes. A system has been worked out for those independent members who are either Tempo or Federated Retail Service dealers and their supplier to receive the Retail Dealer Allowance as provided for in the Act on a timely basis. This system provides for tax relief on normal evaporation, spillage, etc. at the time of purchase. The allowance refers only to the gasoline tax portion of product normally lost and has been granted by the majority of oil companies for many years to their service station operators.

In addition, we have offered to conduct a joint study with the independent Retail Dealers Association to investigate the level of normal gasoline losses suffered by retail service stations with a view to altering, if necessary, the present Retail Dealer Allowance. As yet, we have not received response to this offer from the association and that was made, I believe, a month ago or so.

In addition to this general problem of gasoline tax on normal loss experience, we are always prepared to investigate claims from retail dealers whose losses may exceed the norm and, in this regard, we have recently refunded some \$8,000.00.

**MR. RANSOM:** Mr. Chairman, there have been some substantial allegations over approximately two and three years ago, especially about the time of the federal election in 1979, that the province had been diverting health care funds and education funds to other purposes, such as, the construction of highways. I am sure that since the Minister has been in this job now for going on six months that he will have had an opportunity to look have looked at this question and I wonder now if he could advise us what evidence he has found as to the diversion of funds from health care and education into such things as highways.

**MR. SCHROEDER:** Mr. Chairman, I can't say I have found any evidence. I have been looking forward rather than back. It has been a busy time. The member has seen the Estimates for spending for next year, I believe, for Health. We are looking at and, of course, there are some other components in it, but we are looking at over \$900 million and certainly our total EPF payments are no more than approximately half of that and that includes our payments for education. So, there is no danger of us being in a position where less than half of Health costs are coming from the provincial pocket for the coming year.

The member, I'm sure, also would recollect that the statistics used were generated in Ottawa and one would assume that sometimes, until one looks a little closer maybe, that the Federal Government should have correct statistics sometimes. I'm beginning to wonder whether all of their statistics are accurate. Maybe we should look at those statistics; maybe they weren't completely accurate and I trust that the honourable member didn't, in fact, divert funds from Health to Highways.

**MR. RANSOM:** Indeed, Mr. Chairman, the statistics were generated in Ottawa, but they were tabled in this House by the NDP Opposition; at the time it was the bases for their position. Of course, I wouldn't want to be looking back on this purely from any political point of view. I would look back to it, Mr. Chairman, because I'm sure that if there were allegations of funds being diverted that, of course, would reflect on the money that the province was then able to get by way of a new formula and the Minister would have had that proposition put to him, I'm sure. So, I would be interested in knowing, did the Federal Government, in his negotiations, charge that Manitoba had been diverting funds and if so, what was the Minister's response?

**MR. SCHROEDER:** No, Mr. Chairman. There was no discussion with the Federal Government with respect to Manitoba diverting funds.

**MR. RANSOM:** Mr. Chairman, some years ago - I think as far back as 1967 - the Federal Government gave up tax points to the Provincial Government to allow room at that time for the provinces to raise more money to deal with, I believe, Health Care and Education. Does the Minister consider that those tax points are provincial revenue or federal revenue?

**MR. SCHROEDER:** Mr. Chairman, we are the people who are taxing them. Certainly, we would say that if we are catching the blame for collecting the money then probably it should be our money.

**MR. RANSOM:** Mr. Chairman, the Minister has obviously been won over by sanity and reason in so many areas. I'm pleased to see that it has affected him that way, that moving from this side of the House to the other seemingly has brought such an understanding of facts and such common sense. I know that it has not affected the Opposition conversely by moving from that side to this side. Our positions still seem to be consistent.

But I'm happy to have that information from the Minister because so often I think government is reacting to allegations that are made and so much time is spent in trying to refute allegations that sometimes are made in all honesty and other times I think they're made maliciously. So it gives me some satisfaction at least at this point to hear from the Minister that, indeed, the allegations that had been made about diversion and such were unfounded to the best of the Minister's knowledge now and that certain revenues that had been argued as being revenues of the Federal Government previously, argued by the New Democrats in Opposition, are now acknowledged as, in fact,

being the revenue of the province.

I'd like to move away from that area a bit, Mr. Chairman, and ask the Minister, if he simply can provide me with the information later on as to the percentages that would be fine, I don't necessarily need it today - the percentages on the provincial share of post-secondary education and health care. I don't need at the moment, necessarily.

This is the area that deals with research in the department and I know that the Minister of Finance is certainly one of the foremost Ministers in Cabinet in terms of determining the economic direction that his government is going to take. He has to make decisions concerning taxation and expenditure. So I would ask the Minister if he could make any estimate, for instance, of the impact upon the provincial economy of such programs as Main Street Manitoba, where \$1.5 million is spent on this program and the Critical Home Repair Program which has been expanded by some \$3 million, I believe. Can the Minister advise the House what impact those kinds of programs will have on the economy of Manitoba?

**MR. SCHROEDER:** Well, they will add a certain amount of jobs, not very many. The impact, of course, is relative to the size of the expenditure. One of the real advantages of that Critical Home Repair Program is that it is significantly labour-intensive and you can just talk in terms of the dollars. Three million dollars isn't going to produce as much as \$10 million in it. It's labour-intensive and you can pull it back very easily as well when times get better. It's not like building some facility that once you have it built you have to fill it up with staff and have a continuing operating expense forever and a day from then on. It has that advantage. You can put the shot in, you do generally gear it toward helping those who are in need because you usually have some form of income-related program, that is, the homeowner must meet some income requirements, so you are generally helping those in greatest need. You're approving your housing stock. So, I do think that it is an excellent example of the type of program that should be used at a time of downturn and I would say that Main Street Manitoba would be a similar type of program because it can be pulled back any time. Obviously, \$1.5 million spread across the province isn't going to have any great impact in any one particular area.

**MR. RANSOM:** Mr. Chairman, I didn't intend to debate the merits of these programs at all, I'm just trying to determine whether the Minister of Finance thinks the programs have, for instance, a measurable economic impact on the province.

**MR. SCHROEDER:** That's very difficult to answer. I suppose in macroeconomic terms, you might have some difficulty in calculating the percentage decrease in unemployment, but in microeconomic terms, it makes a great deal of difference to the individual who is working on the project as opposed to being unemployed.

**MR. RANSOM:** Mr. Chairman, can the Minister advise how much capital investment it would take in the province to bring about, say, a 1-percent increase in

the economic growth of the province? Does the Minister have that kind of understanding of what would happen in the economy?

**MR. SCHROEDER:** As I indicated previously, we're in the process of setting up an econometric model and we hope to be able to get information like that. I don't have a scale with me that says if I spend \$3 million I'm going to produce 1,400 jobs, or if we have \$600 million of investment in a plant, that that is going to boost the economy by 2 percent or 5 percent, or whatever, but we do hope to improve our information gathering facilities over the years.

**MR. RANSOM:** Mr. Chairman, that certainly demonstrates some of the difficulty that the province faces and the Minister faces, when one isn't able to make some kind of an estimate of the impact of investment of a given magnitude. I agree that a program such as Main Street Manitoba; or the Critical Home Repair Program; or ManOil; or the 2 million that's going in Trout Lake; it's very difficult to even measure the impact on the economy.

But I question the fact that those programs are being put forward as the economic initiatives of this government that are somehow going to turn the economy around when, to the best of my knowledge and I gather from the answers of the Minister to the best of his knowledge, is that they won't even show up in terms of the economic indicators that we all debate so strongly in this House and find, by the way, that they change after we've debated them.

I am pleased to see that the Minister is going to try and carry through with the development of an econometric model. I guess there is the danger that we're going to simply end up with one more system that will generate a set of figures, that will be compared to the figures that are being generated by others, but I think the province at least has to be in the position of having some understanding on its own terms of what is happening, because the province is always put in the position of reacting to figures that some other agency is putting out, whether it's StatsCan or the Conference Board or whatever. So I'm pleased at least that the Minister is trying to proceed with that, Mr. Chairman.

Just one last question in this area. Could the Minister advise how, in general terms, how his approach of co-operative federalism is working with the Federal Government at a time that the Prime Minister says that it's dead?

**MR. SCHROEDER:** Mr. Chairman, I understand it revived again somewhere in the Maritimes a week or two ago, so we're back to looking forward to co-operative federalism. We on this side, never believed that it really had died. Sometimes people say things in anger that they don't really mean and when they later on completely explain what they were getting at. I believe his explanation was that although he said that, that it was because the provinces didn't want to co-operate and not because he didn't want to co-operate with the provinces, so we're still in a co-operative mood.

I should just comment on the previous statement about what happens with a certain dollar investment,

capital investment, what does that do to the economy?

The member is well aware that the economy and economics is not like measuring a cup of water. You can't say you pour an ounce out and you have 7 ounces left — I can't convert that into metric just offhand — but it is an art and not a science. But doing nothing is also a statement about what you believe about the economy so if you make no capital investment at all, what you're saying is that it's better not to make any capital investment than making a capital investment.

I would say that there is at least as much of an onus on those who argue for that position to demonstrate that it does something for the economy, than there is for those of us who argue on the other side, to suggest that making capital investments does something for the economy. I believe that empirical evidence is there; that if you don't invest, you don't get a return. I believe that if we don't invest in our economy that we won't improve it; we won't strengthen it; in the long run we will be worse off and it's not a measurable type of response. I think it's just general directions that we look to go in.

**MR. CHAIRMAN:** 5.(a)(2) Other Expenditures—pass; (a)—pass; 5.(b) Manitoba Tax Assistance Office: 5.(b)(1) Salaries—pass; 5.(b)(2) Other Expenditures—pass; (b)—pass.

This completes the items to be considered under Resolution 64.

THEREFORE BE IT RESOLVED that there be granted to Her Majesty a sum not exceeding \$934,400 for Finance, Federal-Provincial Relations and Research Division for the fiscal year ending the 31st day of March, 1983—pass.

Continuing with Item No. 6, Tax Credit Payments. The Honourable Member for Turtle Mountain.

**MR. RANSOM:** Mr. Chairman, I would very much like an explanation from the Minister as to the figure that is budgeted for Tax Credit Payments.

Last year there was budgeted \$161,700,000; this year we are budgeting \$164,100,000.00. In view of the fact that last year's Budget contained some modifications to the Property Tax Credit and I believe maybe the Cost of Living Tax Credit as well, that would add about \$11 million to the 1982-83 Budget. Why is it that this year's estimate of spending is only \$164 million?

**MR. SCHROEDER:** Mr. Chairman, the member is right. We started off last year at \$161.7 million as an estimate, it was discovered during the year. The Preliminary Actual right now is at \$153.2 million and that's where we expect to be by the end of the year. The 164.1 then, is an increase of approximately \$9 million over actual spending last year.

**MR. RANSOM:** Of the preliminary Estimates, 153.2 million? Then the 11 million has been added to that to get the 164 approximately.

**MR. SCHROEDER:** That's correct - 11.1 million added to it.

**MR. RANSOM:** Mr. Chairman, is there any indication at this point in time how the modification that was

made in the cost-of-living tax credit in the Budget last year having to do with the family income, how that modification is working out in practice now that people have filed their tax returns?

**MR. SCHROEDER:** Mr. Chairman, I am told that it may be somewhat too early to tell, but the complaint level is down dramatically from the year before and we assume that it is working much more satisfactorily.

**MR. RANSOM:** There was a change announced by the Minister a couple of weeks ago having to do with pensioner's tax credits. Will that require a supplementary amount of money?

**MR. DEPUTY CHAIRMAN, Don Scott (Inkster):** The Honourable Minister.

**MR. SCHROEDER:** Yes, Mr. Chairman. There is an additional \$2.9 million coming up.

**MR. DEPUTY CHAIRMAN:** RESOLVED THAT there be granted to Her Majesty a sum not exceeding \$164,100,000 for Finance, Tax Credit Payments—pass.

Public Debt (Statutory) 7.(a)(1). We just move right along, do we not? It's open for discussion.

**MR. RANSOM:** Mr. Chairman, the department makes a number of assumptions every year concerning calculations in this area. Can the Minister provide me with a copy of the assumptions that are made?

**MR. SCHROEDER:** Yes, we will provide the member with a copy of those assumptions.

**MR. RANSOM:** Mr. Chairman, is it possible to get that immediately? Mr. Chairman, if it's not immediately available, then I'll have to proceed with my questions. I believe last year it was simply a single page in the Minister's Estimate Book which could be copied rather quickly.

**MR. SCHROEDER:** Mr. Chairman, I take it the assumptions he wants are for '82-83, how we arrived at the numbers for that year, not last year.

**MR. RANSOM:** Mr. Chairman, last year for instance, in the area of the Public Debt Estimates, there were certain assumptions made on foreign exchange conversions and there were assumptions made as to the average prime rate and the short-term cash for investment earnings on the sinking fund, that sort of thing.

**MR. SCHROEDER:** Mr. Chairman, that information can be made available to the member. We don't have it here at present.

**MR. RANSOM:** Then, Mr. Chairman, I'll ask the Minister some specific questions. The Minister made a loan in Swiss francs a couple of months ago or thereabouts. Can the Minister advise - first of all, I believe, was that a 10-year term on that loan?

**MR. SCHROEDER:** Yes.

**MR. RANSOM:** The indication is it was a 10-year term. How much does the Minister think that the Swiss franc is going to be worth relative to the Canadian dollar 10 years from now?

**MR. SCHROEDER:** I would be surprised if it wasn't worth somewhat more than it is today. I don't pretend to have specific knowledge as to how much and, of course, that's one of the reasons why when we went to borrow, we were looking at the amount of interest that we would be paying over the 10-year period as well. As I recall, Canadian rates at that time were somewhere in the range of 15 or 16 percent and the loan was somewhere in the range of 7 or 8 percent. So long as there wasn't a dramatic decrease immediately in the value of the Canadian dollar and sustained decrease throughout the 10-year period, there would be significant financial benefit to us to borrow in those funds, recognizing that occasionally borrowers do get stung, but recognizing also that this was a refunding of an existing loan.

As I indicated previously, we would prefer to stay in Canada; we would prefer to stay in North America, but we have also got to be sure that sources are available in case of difficulties in the market.

**MR. RANSOM:** How much would the Canadian dollar have to drop, Mr. Chairman, before the effective rate of interest on the loan would equal the 16 percent or whatever the rate was in Canada at the time?

**MR. SCHROEDER:** Mr. Chairman, I don't have the exact numbers. It seems to me that we were in the range of — the Swiss franc was worth about 62 or 63 cents at the time we made the loan — certainly it could rise significantly 20 percent and more with us being still in a position where we would be better off with the Swiss funds as opposed to the Canadian.

Mr. Chairman, while I'm on my feet I do now have some assumptions regarding the Public Debt Estimates, foreign exchange conversions. First of all Canada-U.S., \$1.19; Canada-Swiss, 63 cents; Canada-Deutschemark, 55 cents; Canada-Japanese yen, .0055 cents; Canada-Hong Kong Dollar, .2235 cents; and Canada-Dutch guilder, 50 cents.

Secondly, that we must provide for financing from August '81 to March '83 as follows: 49.

### POINT OF ORDER

**MR. RANSOM:** A point of order, Mr. Chairman. Rather than taking the time to read that into the record if the Minister can have a copy made of it then provide it to us, please.

**MR. SCHROEDER:** Between us we just have two copies. I can certainly give the member one.

**MR. RANSOM:** Thank you. Mr. Chairman, when the last Swiss loan was taken out if my recollection is anywhere near correct, the original value of the loan in terms of Canadian dollars was \$43 million thereabouts; and when the loan was rolled over or renegotiated a few months ago the value in Canadian dollars was \$63 million, in that neighborhood. Then the effective interest rate over that period of time probably

worked out to be somewhat in excess of 16 percent even though at that time the government could have borrowed at about 9 percent Canadian. The rate of interest I believe on that loan was a little better than 5 percent at face value and it turned out of course not to be a very good deal and there's quite an amount of speculation and gambling involved.

But the specific question is, how does that show on the books? Does that now show on the books as a debt of \$63 million and does the \$20 million show up as an expenditure of the year?

**MR. SCHROEDER:** Yes, Mr. Chairman, it now does show as the amount that we received which would be \$63 million, approximately — I'm not sure — it was somewhere between \$61 and \$63 million.

Yes, there were times when international borrowings were more expensive than Canadian borrowings. I should point out that that was done at a time when the difference wasn't as significant as it is now in terms of interest rates. The interest rates are really significantly different now between Switzerland and Canada, number one.

Number two, we were also winners occasionally. I believe the government made a fair amount of money on a Hong Kong loan and may indeed have done not too badly on some of the Swiss loans, and sometimes on the American loans, and sometimes we loose money on the American loans. So as the Member for Turtle Mountain indicated last night, the Canadian government eats up a significant percentage of the funds available within Canada then there isn't enough money for the rest of us and we do have to go outside.

We are looking now at an American deficit that is significant, whatever the numbers are, in terms of its economy and that may put us into a position of having to look elsewhere for some of our capital.

**MR. RANSOM:** I asked the Minister if \$20 million would show up as a cost, as an expenditure to the government in the year that the loan was taken out.

**MR. SCHROEDER:** Yes, it shows up as I understand it under the Energy Rate Stabilization and as a loss, certainly.

**MR. RANSOM:** The \$20 million would show as a loss under the Energy Rate Stabilization?

A couple of other questions then on this item, Mr. Chairman. Can the Minister advise what a 1-cent drop in the value of the Canadian dollar relative to other currencies in which we're borrowing, will have on the capital value of the borrowing and on the annual interest payments, netted out?

**MR. SCHROEDER:** Well, Mr. Chairman, I can get my officials to run that number through. I should say though that in terms of presentation, the Public Debt does show at significantly larger amounts than the actual current value of that debt. That is, if you tried to sell some of that paper on the market you wouldn't get the 100 cents on the dollar or anywhere near it. You might get 75 or 80 cents on most of it because of the interest rates involved. So that's another factor that doesn't indeed show on the books of the province.

**MR. CHAIRMAN, Jerrie T. Storie (Flin Flon):** There are no more comments on Item No. 7, Public Debt.

No.8. Hydro Rates Stabilization —(Interjection)—

**MR. RANSOM:** Are you going to pass No. 7?

**MR. CHAIRMAN:** Pardon me, there are no formal resolutions to be passed.

The Honourable Member for Turtle Mountain.

**MR. RANSOM:** Yes, Mr. Chairman. Can the Minister provide some projections as to what will be the cost of the Hydro Rates Stabilization for '83-84 and '84-85?

**MR. SCHROEDER:** Yes, Mr. Chairman. I understand the figures have been worked out by the department and are available and I will provide them to the member.

**MR. RANSOM:** Mr. Chairman, how much would the government expect to realize in profit, I guess, would be the term to use, on the Swiss loan that was taken out a few months ago and then, under the Hydro rate stabilization scheme is loaned to Hydro then at the going Canadian rate? On that loan, in the upcoming year, how much profit would the government expect to show?

**MR. SCHROEDER:** Mr. Chairman, we would hope to earn between \$4 million and \$5 million on that loan in the current year and, of course, that is on the assumption that there is no change in the value of the dollar as opposed to the Swiss franc. So, that could decrease or hopefully increase; I doubt that it will increase. Of course it was the previous government that decided to shield Hydro from those kinds of fluctuations, we've continued that policy and while it may well be that there are some short-term disadvantages to Hydro in not getting the advantage of that kind of low rate on foreign currency, there's also not the disadvantage to Hydro of not knowing in advance what its long-term debt is going to cost it.

**MR. RANSOM:** Can the Minister give any indication of what the break-even point would be in terms of the value of the Swiss franc against the dollar?

**MR. SCHROEDER:** Mr. Chairman, we do have that information somewhere; I don't have it here. It's somewhere in the range of, I believe, from 82 to 90 cents.

**MR. RANSOM:** Pardon me, would you repeat that?

**MR. SCHROEDER:** The franc was valued at somewhere between 82 and 90 cents. I don't have the exact number; I'll get the exact number for the member.

**MR. RANSOM:** Eighty-two and . . .

**MR. SCHROEDER:** Ninety.

**MR. CHAIRMAN:** The Honourable Member for Rhineland.

**MR. ARNOLD BROWN (Rhineland):** Inotice that last

year 35 million was put into the Rate Stabilization Fund as far as Hydro was concerned and for the Year 1982-83 there's only going to be 6,754,000.00. I wonder why we have the difference in the rates because it was my understanding that it was going to remain fairly constant around the 35 million mark.

**MR. SCHROEDER:** Mr. Chairman, I understand that there are no major loans coming due in this particular year, there will be again in the future. This simply represents interest and some small serial payments.

**MR. BROWN:** Would that 35 million though not remain fairly constant, unless we had paid off a huge portion of our debt in Ida which I know that we have not? It was always my understanding that until such a time as we did pay off a portion of our debt that 35 million was going to be fairly constant unless the rate of exchange changed drastically somewhere.

**MR. SCHROEDER:** Mr. Chairman, it depends entirely on the amount of loans coming due and so, next year, for instance, it will probably be significantly higher than the 35 million.

**MR. CHAIRMAN:** The Honourable Member for LaVerendrye.

**MR. BANMAN:** Mr. Chairman, in light of the fact that there has been a fair amount of talk on reviewing the Stabilization Program, as far as it applies to Manitobans by the Minister of Energy, what affect does the Minister feel this is going to have on the funding that Hydro will be asked for? In other words, the funds that he is looking at providing for the Stabilization Program, does he think that those might not be paid out?

**MR. SCHROEDER:** Mr. Chairman, whether there would be a freeze or no freeze on rates wouldn't have any affect on this fund. This fund deals with rate fluctuations, with exchange fluctuations, and if there was, and I'm not suggesting that there is going to be an end to the freeze, that's something that the member can address with the Minister responsible for that utility, my understanding is that there would be no difference in this particular heading.

**MR. BANMAN:** Is the Minister saying that if the government was contemplating removing the rate freeze that the government would still assume the cost of off-shore borrowing, which was part of the problem that contributed to the increase in rates over the last little while because of the problems we were facing with the exchange rate, but is the Ministers saying that the government is now in a position where, regardless what happens to the rate structure, the government will be assuming the cost of off-shore borrowing to that particular utility?

**MR. SCHROEDER:** Mr. Chairman, that's a question that's not necessarily dependent on changing the freeze. We could, of course, eliminate this particular fund and just put that risk back on Hydro without eliminating the freeze or we could eliminate the freeze without changing this, or we could take this off and take the freeze off, if we so chose. No decisions,



obviously, have been made on any of them. My understanding of current policy is there is no intention to remove the freeze and, therefore, there is no intention to look at this fund.

**MR. BANMAN:** So, just to get this straight, there is a distinct possibility of us continuing to pick up the off-shore borrowing problems that Hydro encountered during the last number of years and be faced with the increased hydro rates on top of that?

**MR. SCHROEDER:** Mr. Chairman, I just finished telling the member, he obviously wasn't listening, that it is the current policy of the government to continue the freeze.

**MR. BANMAN:** Is the Minister saying that as far as he is aware that the government will continue the freeze until the end of the five-year term?

**MR. SCHROEDER:** I have no knowledge of any change in policy.

**MR. CHAIRMAN:** If there are no further comments under No. 8, we'll return to Item No. 1, General Administration, 1.(a) Minister's Salary.

The Honourable Minister.

**MR. SCHROEDER:** Mr. Chairman, before we get into that, the Member for Turtle Mountain asked about equalization in EPF for 1982-83. The total under the old system would have been \$950.9 million; the total under the new system is \$895 million, for a loss of \$55.9 million.

Then there is a provincial income tax increase as arising from the Federal Budget of \$24 million, for a net loss of \$31.9 million. The saving to the Federal Government is \$7 million higher than the \$55.9 million, for a total of \$62.9 million, because of the increased value of the EPF tax transfer, arising from the Federal Government's income tax changes.

**MR. CHAIRMAN:** The Honourable Member for La Verendrye.

**MR. BANMAN:** Mr. Chairman, I believe we're on the Minister's Salary at this time and I'd like to make a few comments with regard to what has happened over the last number of years and some of the statements that have come from members opposite and from the now First Minister, with regard to the financial situation of this particular province with regard to deficits and a number of other things.

One of the things I think that I found very interesting when entering government was to be indeed apprised of the fact that when one combines the current and capital spending estimates for this particular province, we have been showing a deficit on a combined current and capital basis since the year of 1971-72.

I remember the First Minister saying not too long ago that he was proud to have been part of the Schreyer Government, in which they only had one deficit year. However, statistics if one wants to sit down and look at them, indicates very clearly that starting in 1971-72, the trend started and what we had was in that year already, on a combined current and

capital basis over \$16 million worth of a deficit in that particular year.

Now one must remember that in that particular year the spending was only about \$650 million, so if one relates the deficit to the spending which is one way of looking at the overall performance, you have to really say to yourself that things at that particular time, were not as rosey as members opposite would have even had the people of Manitoba believe at that time. But at that time we didn't have the current and capital Estimates combined and as a result the figures very often showed a surplus figure.

One of the things you get used to and possibly we shouldn't in this particular Legislature, is we talk about real growth; about constant dollars and we get caught up in all kinds of things which the average person on the street does not really relate to that much. But I suggest to this Minister of Finance now, if he were to take the last year of the administration that his party was in charge of — the financial affairs of this particular province — that particular year we ended up with a deficit of \$191.3 million.

If you're taking constant dollars and you're talking about real dollars, I suggest to him that if he does some calculation, that his deficit this year in constant dollars will probably be less than it was in 1977-78. I say that because I've done some very rough calculations and I think it comes out to a factor which is higher for that year than it is this year, even with the extraordinary items that we're looking at in this particular year's Budget.

The other thing I'd like to point out is that in a number of the years, '78-79, '79-80, we had deficits in the neighbourhood of, for instance '79-80, of \$44.3 million, whereas on a combined current and capital basis back in '74-75 in those beautiful years, you had a combined deficit of \$52.7 million. Now I'm not even talking about constant or real dollars, the type of jargon that we like to get into in this particular Legislature, but I suggest to the Minister of Finance if he was again to compute or calculate what \$52 million was in '74-75 and what \$44 million was in '79-80, he'd find a very very large difference.

One of the problems that one has when one changes the accounting principles, as we promised to do in the last election, to conform and make our financial picture the same as some of the other provinces, is that if one was talking in crass political terms, it was the wrong thing to do. Because the fact of the matter is, that in every year of the previous administration with the exception of the one year when we took over from the members opposite in 1977, we would have showed a surplus and current account and in some years, for instance in '78-79, '79-80, we would have showed a substantial surplus.

This is taking into consideration even the fact that in two of those years we made some pretty hefty payments to the Hydro Stabilization Program, which I might add, has enabled the Hydro now — even with the rate freeze — to build up a fairly substantial surplus of around \$100 million and if the projections that were given here the other day to the Member for Rhineland are correct, this year should be an average year, which means we're looking at possibly showing a profit this year in Hydro, which means they will of course then add to the surplus.

So for the First Minister and his colleagues to get up in the House and decry the type of deficits that we're talking about, one has to take into consideration what I have just mentioned and the facts are there for all to see. The only problem is that the accounting change was made, which I think was the right move because it accurately now reflects our position.

I don't think that some of the things that were going on before, the purchase of pens and paper clips and other things that were finding their way into capital to try and reduce the operating side of the Budget, was not a proper way of doing it. One has to keep in mind that when you build that new road, when you increase the Capital spending which we did on road construction and a number of other areas. Those are things which will go on for many years to come for people to use.

So, what I want to say here today is that while I am not happy with some of the progress that was made, and particularly in this last year, I think when you look at the expenditures of the previous administration and match them up to the Schreyer years, I would say to this Minister of Finance that he is going to have to really pull up his socks to try and match the type of performance that the previous administration managed to achieve.

This, Mr. Chairman, I might add was without any sales tax increases; this was with a reduction in the personal income tax and a reduction in the corporate tax and doing away with such things as the gift tax and succession duties. This was not achieved by dipping even further into the taxpayers' pockets.

So, I would again say to him that when he is quoting these figures, the Member for Brandon East is the one that always stands up and talks about constant dollars and real growth, even though we have grown 10 percent, the inflation was 11 percent and therefore we were slipping by 1 percent; we listened to that for four years. But if you use those very figures and apply his type of mathematics to the deficit picture for this province, what you will find out is that where the Schreyer Government was headed was into the field of pretty heavy deficits. Looking at 1974-1975, \$52 million and that is in 1974, 1975 dollars; 1975-1976, \$93.6 million, that's in 1975 dollars. 1976-77, we are looking at \$76 million and then of course the year that the government changed, we had a fairly substantial one and we won't go into that, we had \$191 million deficit. Then, three years after that, we saw a fairly dramatic drop.

So I have to say and reiterate what some of my colleagues have said over here. This Minister of Finance has got his work cut out for him if he is going to try and show a budget next week that poses some pretty hefty tax increases and still shows a heavy deficit. I ask him to keep in mind the fact that, even though they like to blame the previous administration for the high deficit, if you are going to factor these things into it you are going to find out that in real terms, in constant terms, it was lower than the previous Schreyer Government accomplished in their term of office.

So, I say to him the previous administration managed to hold the line on taxation. They managed to, in real terms, shave the deficit and what I am saying to this Minister is, if he comes in with an increased deficit

and increased taxation, I am afraid that one of the chants that he has heard across from this side of the House maybe all too often, "poor old Vic" is going to come home to haunt him for many a year.

So, Mr. Chairman, having said that, I look forward to dealing at greater length, after the Budget is brought down, to see exactly what approach this Minister will take with regard to the provincial deficit and also with regard to the tax increases which I am keeping my fingers crossed won't be too big and not too large a burden on the people of Manitoba.

**MR. SCHROEDER:** Mr. Chairman, that debate I think will be going on for a while yet and we will have eight days of it, beginning some time next week. I do have another answer for the Member for Turtle Mountain regarding the Music Building at Brandon.

Last year Cabinet gave approval, in principle, to the construction of a new Music Building.

**A MEMBER:** Is it short?

**MR. SCHROEDER:** Yes, relatively short. I will try to cut it back. The approval was subject to the university raising 4.4 million of the estimated total cost of 6 million. The remaining 1.6 was to come from the province and 1 million of that was shown in the Estimates for 1981-82. Universities Grants Commission withdrew \$936,000 at year end and then asked the Department of Finance to invest this sum on behalf of Brandon University until required for construction at some future date. The department, in fact, questioned the appropriateness of holding these funds in trust for a future commitment and had the Commission later on withdraw the money from trust after it had been deposited.

The department has also had discussions with the Commission regarding their entitlement to these 1981-82 funds. It was informed that approximately 100,000 of the total had already been spent by Brandon University to cover architect's fees, etc. for a Capital project. Subsequently, the balance of \$836,000, not spent or required, has been credited back to that appropriation.

**MR. CHAIRMAN:** The Honourable Member for Rhineland.

**MR. BROWN:** Thank you, Mr. Chairman. My comments are going to be brief. I believe that we want to try to complete the Minister's Estimates by 5:30, so I will curtail my comments to one particular area only and that is the Corporation Capital Tax. In my estimation and in everybody's estimation, I believe, that has to pay this tax, this is the most unfair tax that was ever implemented in Manitoba. Businesses everywhere are hurting. They are laying off people; they are running in the red and yet they are forced to pay a tax on money that they have borrowed when they are having to pay such a high interest rate as it is already.

I just recall one incident, in particular, although there have been many incidents, but this is a firm which is not a very large firm, it is an automobile dealer. He is suffering, as all automobile dealers are. He is operating almost completely on borrowed money and he got hit with \$11,000 tax that he was

supposed to pay on this Corporation Tax which he said was just about going to break him. He was just absolutely furious and it is the most unfair tax that I have ever seen because it taxes money that you have borrowed and you already are paying high interest rates on those borrowings. I hope that the Minister is not going to get into his head that he is going to raise that tax in the Budget. Those are my comments, Mr. Chairman.

**MR. CHAIRMAN:** The Honourable Member for Lakeside.

**MR. ENNS:** Mr. Chairman, I just want to take the advantage of this item on the Estimates on the Minister's Salary to make a very earnest solicitation for support on the part of this Minister of Finance and, indeed, to assure him of our support on this side of the House to help the Minister of Finance and this government in some of the heavy fiscal responsibilities that he has, and that is, namely, not to discard the offer that the Aluminum Company of Canada has made in a Letter of Intent to the people of Manitoba and to the Government of Manitoba with respect to a very sizeable contribution of dollars that he would not have to borrow that would be necessary to resume the construction of the Limestone Hydro-Electric Plant on the Nelson River.

I'm saying very seriously to the Minister now, I would seek his support in around Cabinet tables in his caucus not to allow rhetoric and predetermined positions to delude him from the realization that offer of some \$500 million or \$600 million to pay for an undivided interest of 40 percent of the plant. Mr. Chairman, I, like most Manitobans, am not prepared to sell any part of Manitoba Hydro to any private concern. I am prepared to assure a major employer, a major contributor to the economic well-being of Manitoba an assured supply of a commodity that they have to have if they are to come to Manitoba. That's really what we're talking about. We're not talking about selling Manitoba Hydro to Alcan. We're talking about guaranteeing them 400 megawatts of power for a specified period of time; 30 or 35 years and you may wish to change the terms and conditions. But, I ask this Minister that's \$500 million or \$600 million that he doesn't have to go on the market for. That's \$500 million or \$600 million that he doesn't have to add interest charges and carrying charges onto the backs and burdens of Manitoba ratepayers whether it's through hydro or through general taxation. As Minister of Finance, I would ask him - you know, the election is over and done with, we're away from the hustings. I really want him to don his ministerial Finance Minister's hat and look at those cold-hearted figures in precisely that way and at least assure me.

Mr. Chairman, I'm speaking parochially. I'm speaking for the benefit of my constituency which has been considered as a possible site of that major employer to be located. But, more important in the Estimates of the Minister of Finance, I'm speaking about an opportunity of Manitobans to avail themselves of a very substantial amount of dollars; half-a-billion dollars this Minister of Finance does not have to search elsewhere for. He can regard it in any way he likes - a cushion. God forbid that means that he has more

room to borrow more money elsewhere but, he may have to as debates on his Estimates have indicated and as he himself has indicated.

So, I would ask him in all seriousness to ensure that apart from the finance position and interest in this position, at least carry its full weight in any discussions, in any conclusions, that are being considered in terms of the overall Alcan Project.

Quite aside - you know, every Minister brings his own point of view and interest around the Cabinet table to make these decisions. I'm well aware that the Minister responsible for the Environment has his responsibilities. I'm well aware that the Minister of Labour - happens to be the same Minister - has his concerns in terms of the many, many hundreds, indeed, thousands of jobs that kind of an operation could bring to Manitoba. So, this Minister, indeed, Mr. Chairman, although we're not dealing with the Minister of Labour's Estimates here, has a double interest in taking a very hard look at that proposal and not allowing some of the past election rhetoric to intervene in making the right decision.

I'm now approaching him as Minister of Finance, the Minister responsible for the raising of large sums of money for the operation of this government and the operation of the public affairs of the Province of Manitoba. At least that point of view carries its maximum weight in the final decision making with respect to the Alcan Project. Thank you, Mr. Chairman.

**MR. DEPUTY CHAIRMAN:** The Honourable Member for Turtle Mountain.

**MR. RANSOM:** Thank you, Mr. Chairman, it has been the policy of our government to use outside independent auditors when dealing with Crown corporations of the government. I understand now that the government has completed its review of the question of auditors for Crown corporations and has decided on a change in policy. I wonder if the Minister could just briefly outline what that new policy is?

**MR. SCHROEDER:** Yes, Mr. Chairman, the Member for Turtle Mountain will recall the debate when we were in Opposition. I wasn't a member at the time but, I do recall the newspaper reports. There were some suggestions by the then Opposition that a change from the Provincial Auditor to private auditing firms was something of a problem in that it was costing more money firstly and secondly - as I understand it - there was no tendering practice. It was basically the work was awarded to a specific firm and away it went and then thirdly, after the audit was done, the Provincial Auditor would come through and go over the numbers and actually make the report. So, there was a certain amount of duplication involved and because we had expressed this concern, this was one of the areas that was flagged fairly early on in the life of this government.

We asked the Provincial Auditor for his comments on current procedure and his estimate as to whether the work could be performed at least as efficiently, first of all, and secondly, at similar or lower cost by his organization. He indicated that he believed that in general it could. So, what we did was decide rather than going for all Provincial Auditor or all outside

companies, the first company that came up at that point when we had completed the review — this was after the Liquor Control Commission episode where we had simply had Mr. Ziprick pass it back to the same firm that had it the previous year — first firm that came up was Manfor.

We had an offer from last year's accounting firm to do the work again this year for \$72,000 which was not an unreasonable increase in terms of, I believe it was 10 or 11 percent increase in fees from the previous years. We then went to the Provincial Auditor and said well, how much would it cost if you did the work? He informed us that including overhead, the total cost would be in the range of \$50,000 and therefore, he was appointed.

Now, I would prefer in future to have other companies consulted because in this particular case we just had one accounting firm, a very well-known and capable accounting firm. There's no question about their ability. But, we just had that one quote as opposed to the Provincial Auditor's. The policy isn't completely developed but I would like to see a policy developed where we would have a number of companies requested to supply a bid.

**MR. RANSOM:** Mr. Chairman, it is the customary thing in government, as well as in private sector, that you have auditors, independent auditors, at arm's length from the corporation to conduct the audits, such as, Petro-Canada, for instance, that glorious corporation that we all own. The auditors, for instance, for Petro-Canada are Peat, Marwick, Mitchell & Co. The Federal Government chooses not to do their own auditing in this case and I must say that it gives me some additional feeling of security that I, at least, have had an independent auditor look at the books of Petro-Canada Ltd. and attest to the accuracy of the accounting.

I know, Mr. Chairman, that we would not allow any corporation to do its own auditing. So, it isn't a question then of the questioning the professional standing or stature of individual auditors. If that was the case, of course, and we simply said all auditors operate independently, irrespective of who they work for, then of course, you'd be able to allow Imperial Oil or anyone else to simply put forward their own statements audited by their own people.

So, Mr. Chairman, there is a certain amount of public protection I think that's provided by having independent outside auditors do the work. Now the Minister says one of the things is cost that he's concerned about. Well we have some reason to believe that it isn't just a question of cost that determines this sort of thing within this government because we have seen, by the Minister of Government Services own admission, for instance, where protective and cleaning services, janitorial services were being provided by outside people and the Minister has chosen to end that arrangement, bring them into government at a cost of something like \$1.5 million over a period of a couple of years. So there the government was determined to bring this kind of service into government at a substantially increased cost. Now here the Minister is using the justification of using the Provincial Auditor and expanding the staff of the Provincial Auditor to save a few dollars. If he was going to apply that logic

he would have continued in the Department of Government Services to handle the janitorial and inspection or protective services as they had been handled before.

The Minister also said he was concerned about tendering. Well I wonder then, does that mean that when the Provincial Auditor now is given authority to use an outside auditor that he is going to tender to get the outside auditor? Is that going to be done? Because that's certainly an unusual procedure in dealing with professional services. I don't think that you go out and tender for the services of a lawyer, for instance. The Minister is a lawyer, he knows that sort of professional service is something that you negotiate for, the kind of performance that you expect to get and go on the record of the firm involved, but you don't tender it. So I'd be surprised if the Provincial Auditor was now going to begin to tender for the outside auditors, but I hope that the Minister could tell us just what you'll be doing in that area.

In some of the other areas, Mr. Chairman, we have moved rather quickly through the Estimates. I, in many areas, would have preferred to have a little more time to debate some of the issues, but I know that the Minister of Finance has an important date to keep next week and we wouldn't want to keep him from that. We're taking a bit of pity on him actually by letting him go earlier and especially giving some relief to his hard-pressed staff. I know what a burden it is on the staff to be working on getting the budget prepared and they probably don't need the additional burden of keeping their Minister afloat in the House at the same time, Mr. Chairman.

I would like to compliment the staff, by the way, on the fine work that they did for me while I was Minister and I'm sure that they're doing the same kind of competent work for the present Minister.

I have had an opportunity to look briefly at the supplementary information which the Minister tabled yesterday. From my brief examination of it I think that it is useful. I will attempt to look at it in a little more detail, I might be able to provide some constructive criticism as to how it might be changed, but my general impression is that it's worthwhile and should be expanded into some other departments and should be provided to the House, of course, in advance. I think we could then get on to debating some of the more fundamental issues of policy and philosophy, rather than dealing with details of Estimates.

Mr. Chairman, one of the concerns that I have about this Minister and this government is their approach to the interest rate question, what's required to stimulate the economy, their priorities, I guess. We all recognize that we are in difficult times, that interest rates are something that affect a great many of us directly and a great many more indirectly through a fall in business or through unemployment and through bankruptcy. We all want to see a way out of it, Mr. Chairman, but I fear that what this government is putting forward is essentially a quick-fix type of policy that really has not been thought out and isn't backed up by some kind of in-depth analysis and thinking and is not backed by some body of knowledge that would indicate that it really has a chance to succeed.

The public naturally is going to be attracted to anyone who can tell them, who can offer them the pros-

pect of an easy way out. All we have to do is say, lower the interest rates; let's lower the interest rates; let's let the dollar slide, that'll be to our advantage, we can have unemployment drop and employment rise and we'll have business expansions take place. Mr. Chairman, it's not that simple. And if it was simply a matter of lowering the interest rates and that would get the economy moving again, the people's standards of living would increase as a consequence, I think if that body of knowledge was there to indicate that would happen, we wouldn't have any disagreement about pursuing that policy.

So, Mr. Chairman, I simply would urge that the Minister of Finance at least, I recognize that some of his colleagues and some of his backbench especially, may want to engage in a little rhetorical exchange over economic policies. We really expect a little more from the Minister of Finance. We expect that the Minister of Finance will have examined these questions in detail and that when the Minister of Finance makes a statement to the public, the public has some reason to believe the Minister of Finance knows what he is talking about.

Mr. Chairman, there are a few things that may be in his comments and I'm going to actually give the Minister of Finance the last five minutes or so here, Mr. Chairman. Usually it's customary that the Opposition keeps talking right through, you see, and doesn't let the Minister respond because there's always that danger of allowing him to have the last word, but I'm going to give him that.

I'd like him, if he would, to make a few comments during that time on some really pretty broad issues, but things like wage restraint and indexing and Canadianization through FIRA and even protectionism, in terms of what it means to the economy in the long term, what he thinks it means in terms of the productivity.

I know that it's been put forward, such things as indexing, and specifically indexing by the Province of Quebec as being one of the great difficulties that they have found themselves trapped into now, that they have uncontrollable costs as a consequence of indexing.

So, Mr. Chairman, I'll give the Minister this last few minutes to cover whatever ground he can in that area.

Thank you.

**MR. CHAIRMAN:** The Honourable Minister.

**MR. SCHROEDER:** Thank you very much, Mr. Chairman. I really wasn't expecting to get another opportunity.

Dealing with that last question first, indexing is an area that does cost a great deal of money wherever it is used. It is similarly costing a significant amount with respect to Income Tax revenues. Each year there are changes.

The issue of Canadianization, I suppose that you can also add in the National Energy Policy which is being debated right now in Ottawa and I suppose I have somewhat of a slightly different perspective on it than some of the members opposite. I remember a few years ago, a year ago, there was a great furor about the number of drilling rigs that were leaving the country, and they were leaving, and they went to the United

States but I understand that about 70 or 80 percent of them are standing fairly idle there. It didn't help them much to move. It wasn't only the policy, there were other problems involved.

I believe that in the long run, we should be moving toward greater Canadianization of our industry. I think, not right now, the difficulty with doing it is that we're probably in the short term, losing more money on it than we would be gaining, i.e. we're paying interest costs out which are amounting to more than we would get in dividends as owners of the company. It's something that is happening in the short term that we should recognize it's there. But I believe, as a long-term goal, we would be better off with an economy that we had a greater amount of control over rather than less.

I should comment on the role of the Auditor. I think the member has a good point when he says that an Auditor should be independent but it is my understanding of the function of our Provincial Auditor that he doesn't report to government; he reports to the Legislature. So indeed, when I think of reports that have emanated from that office, they're hardly the kind of reports that an employee does for his boss and the same thing has applied with the Federal Auditor General, Maxwell Henderson, it used to be sort of a best seller when he reported on all of the faux pas of the Federal Government. While I think that point is well taken, I think one should also look at the fact that there isn't total dependence, although it is true that the Auditor hired by the Provincial Auditor is paid by the provincial purse.

The member commented with respect to the change in Government Services and that is, on first blush, contradictory. We're saying here we're saving money, and on the other hand we're doing something that will cost somewhat more money. It is true that that other policy will cost more but I would suggest to you that the total amount of that extra cost is made up in wages.

What we're talking about is paying people what we consider to be fair, i.e. we consider those types of employees to be fairly paid within the Civil Service and yet you have people working side by side who are not in the Civil Service who are at the minimum wage and they're basically doing the same job and they're doing it for us. We felt that in principle, and in some instances we will obviously not go to the Civil Service with those people because of half times and that type of thing.

I had better sit down. I do want to say I thank the members of the Opposition for the speedy manner in which they have gone through these Estimates with me.

**MR. CHAIRMAN:** That concludes the items to be considered under Resolution No. 60.

THEREFORE BE IT RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,150,100 for Finance, General Administration for the fiscal year ending the 31st day of March, 1983—pass.

That completes the Finance Estimates.  
Committee rise