



Fifth Session - Thirty-Sixth Legislature

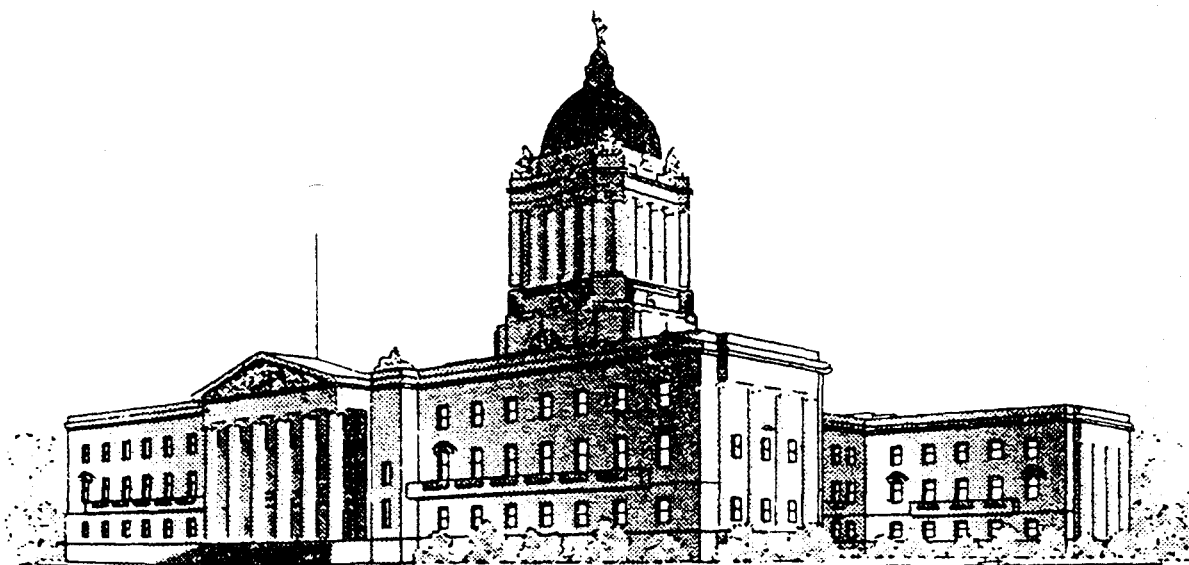
of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

*Published under the  
authority of  
The Honourable Louise M. Dacquay  
Speaker*



**Vol. XLIX No. 53B - 1:30 p.m., Wednesday, June 30, 1999**

ISSN 0542-5492

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

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LAMOUREUX, Kevin	Inkster	Lib.
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<i>Vacant</i>	St. Boniface	

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Wednesday, June 30, 1999**

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

**ROUTINE PROCEEDINGS**

**PRESENTING REPORTS BY  
STANDING AND SPECIAL COMMITTEES**

**Committee of Supply**

**Mr. Marcel Laurendeau (Chairperson):** Madam Speaker, the Committee of Supply has considered certain resolutions, directs me to report progress and asks leave to sit again.

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

**Motion agreed to.**

**Standing Committee on Law Amendments  
Third Report**

**Mr. Peter Dyck (Chairperson of the Standing Committee on Law Amendments):** Madam Speaker, I beg to present the Third Report of the Committee on Law Amendments.

**An Honourable Member:** Dispense.

**Madam Speaker:** Dispense.

*Your Standing Committee on Law Amendments presents the following as its Third Report.*

*Your committee met on Tuesday, June 29, 1999, at 10 a.m. in Room 255 of the Legislative Building to consider bills referred.*

*Your committee heard representation on bills as follows:*

*Bill 7—The Public Schools Amendment Act; Loi modifiant la Loi sur les écoles publiques*

*Doug McGiffin—MAST*

*Bill 8—The Ozone Depleting Substances Amendment Act; Loi modifiant la Loi sur les substances appauvrissant la couche d'ozone*

*Mark Miller—Manitoba Ozone Protection Industry Association*

*Your committee has considered:*

*Bill 3—The Fatality Inquiries Amendment Act; Loi modifiant la Loi sur les enquêtes médico-légales*

*Bill 5—The Highway Traffic Amendment, Off-Road Vehicles Amendment and Consequential Amendments Act; Loi modifiant le Code de la route et la Loi sur les véhicules à caractère non routier et modifications corrélatives*

*Bill 6—The Highway Traffic Amendment Act; Loi modifiant le Code de la route*

*Bill 8—The Ozone Depleting Substances Amendment Act; Loi modifiant la Loi sur les substances appauvrissant la couche d'ozone*

*Bill 9—The Securities Amendment and Commodity Futures and Consequential Amendments Amendment Act; Loi modifiant la Loi sur les valeurs mobilières et la Loi sur les contrats à terme de marchandises et apportant des modifications corrélatives*

*Bill 13—The University of Manitoba Amendment Act; Loi modifiant la Loi sur l'Université du Manitoba*

*Bill 15—The Cemeteries Amendment Act; Loi modifiant la Loi sur les cimetières*

*Bill 16—The Court of Queen's Bench Small Claims Practices Amendment and Parental Responsibility Amendment Act; Loi modifiant la Loi sur le recouvrement des petites créances à la Cour du Banc de la Reine et la Loi sur la responsabilité parentale*

*Bill 19—The Agricultural Credit Corporation Act; Loi sur la Société du crédit agricole*

*And has agreed to report the same without amendment.*

*Your committee has also considered:*

*Bill 7—The Public Schools Amendment Act; Loi modifiant la Loi sur les écoles publiques*

*and had agreed to report the same with the following amendment:*

**MOTION:**

*THAT the proposed section 74, as set out in section 3 of the Bill, be struck out and the following substituted:*

**Approval to acquire property**

**74(1)** *Subject to the regulations, a school board shall not do any of the following without the approval of either the minister or the finance board:*

*(a) purchase, lease or otherwise acquire a building or part of a building to be used for instructional purposes;*

*(b) erect, enlarge or remodel a building or part of a building to be used for instructional purposes;*

*(c) enter into a contract for any purpose described in clause (a) or (b).*

**Regulations**

**74(2)** *The minister may make regulations respecting approvals, including regulations governing the circumstances under which an approval must be obtained and procedures for the finance board to follow in the approval process.*

**Mr. Dyck:** Madam Speaker, I move, seconded by the honourable member for Sturgeon Creek (Mr. McAlpine), that the report of the committee be received.

**Motion agreed to.**

**TABLING OF REPORTS**

**Hon. Mervin Tweed (Minister of Industry, Trade and Tourism):** Madam Speaker, I am

pleased to table the 1998-99 Annual Report of the Manitoba Horse Racing Commission.

\* (1335)

**INTRODUCTION OF BILLS**

**Bill 43—The Highway Traffic Amendment and Summary Convictions Amendment Act**

**Hon. Vic Toews (Minister of Justice and Attorney General):** Madam Speaker, I move, seconded by the Minister of Finance (Mr. Gilleshammer), that leave be given to introduce Bill 43, The Highway Traffic Amendment and Summary Convictions Amendment Act (Loi modifiant le Code de la route et la Loi sur les poursuites sommaires), and that the same be now received and read a first time.

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

**Motion agreed to.**

**Bill 39—The Medical Amendment Act**

**Hon. Darren Praznik (Minister of Highways and Transportation):** Madam Speaker, on behalf of the Minister of Health (Mr. Stefanson), I would move, seconded by the honourable Minister of Education (Mr. McCrae), that leave be given to introduce Bill 39, The Medical Amendment Act; Loi modifiant la Loi médicale, and that the same be now received and read a first time.

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

**Motion agreed to.**

**Bill 40—The Employment and Income Assistance Amendment Act**

**Hon. Bonnie Mitchelson (Minister of Family Services):** Madam Speaker, I move, seconded by the Minister of Education and Training (Mr.

McCrae), that leave be given to introduce Bill 40, The Employment and Income Assistance Amendment Act (Loi modifiant la Loi sur l'aide à l'emploi et au revenu), and that the same be now received and read a first time.

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

**Motion agreed to.**

## ORAL QUESTION PERIOD

### Flooding Compensation for Farmers

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, there was a resolution before a town hall meeting, a large meeting in Melita last evening, dealing with a number of components to treat people in southwestern and the central part of Manitoba on an equitable basis to the victims of the Red River flood in 1997. Part of those resolutions deal with the per-acreage issues that are now, as I understand it, before the federal Minister of Agriculture and the ministers of Agriculture from Saskatchewan and Manitoba who are meeting as we speak in Ottawa with the federal minister. The second component is dealing with the issue of federal disaster assistance programs and other programs that could flow from that.

My first question is dealing with the per-acreage treatment. Has the Premier discussed this issue with the Prime Minister to make him aware directly of the shortfall from his federal Minister of Agriculture's announcements and the shortfall that is needed to be made up in this meeting this afternoon with the ministers of Agriculture?

**Hon. Gary Filmon (Premier):** Madam Speaker, I thank my honourable colleague for that question. As the member will know, last week both Premier Romanow and I wrote to the Prime Minister. I had contacted Premier Romanow, who was out in Maple Creek at the time, and suggested that we have a joint effort. We both wrote letters and then there followed a series of telephone calls from my senior staff to

the Prime Minister's office, from Premier Romanow's senior staff to the Prime Minister's office, and many different opportunities to try and put together a meeting. Although I have not received a letter from the Prime Minister, I have a copy of the letter that he sent to Premier Romanow in which he said that his first preference was to have Agriculture ministers Upshall, Enns and Vanclief get together to try and further refine the federal response to our requests.

As the member opposite knows, I put out a very lengthy list of all the things that have been asked of the federal government over the last number of days and weeks, which amount to the same application of programs as was available in the 1997 flood of the Red River. The problem with the difference of approach and treatment is that this is all being confined within the realm of the responsibilities of the federal Minister of Agriculture, Mr. Vanclief, whereas many of the programs that were put together in 1997 came from Western Diversification, came from PFRA, came from Disaster Financial Assistance, which comes under the Minister of National Defence.

So we have been trying to get all of that onto the table of the Prime Minister through a direct meeting that has thus far been turned down, but certainly it has been fed into the Prime Minister's office through both Manitoba and Saskatchewan. My discussion with Premier Romanow about an hour ago was to the effect that they wanted to be in lock step with us in utilizing that as the model, so we are giving them all of the information on the '97 programs. We hope that either through a direct meeting face to face with the Prime Minister—and if we do not get satisfaction out of today's meeting with Mr. Vanclief, we will certainly pursue that—or through the ongoing discussions that are taking place through staff meetings, we will get all of these things in front of the decision makers in the cabinet of the federal government.

\* (1340)

### Compensation for Business Owners

**Mr. Gary Doer (Leader of the Opposition):** We have been asking on a repeated basis. On June 10 the government wrote the federal

minister responsible for the disaster assistance program, Mr. Eggleton, and asked that Manitoba be considered for those purposes. Many of these programs that the Premier indicated, the JERI program, the other programs that were announced, were partially through the disaster assistance program, partly through Western Diversification, programs that were beyond the scope and authority of the federal Minister of Agriculture.

Have you had a response from the federal minister responsible for the federal disaster assistance program? How soon are we able to announce programs for businesses that were also part of the resolution last evening, a business proposal, as I understand it, under infrastructure of the JERI program, a 50-50 provincial-federal announcement? How close are we to an announcement on those vital areas that again were identified as part of the concern in southwest Manitoba?

**Hon. Gary Filmon (Premier):** I am told by the minister responsible for the Manitoba Emergency Management Organization that at this point we have not yet heard back from the federal government on that. I announced on Monday night in Brandon that we would undertake consultations with the business community first in southwest Manitoba before we refined our proposal on business support with the federal government. The reason is that the JERI program of the Red River Valley resulted in advances being made and then clawed back. We do not want to encounter that again, and so to ask for exactly the same program would be to ask for exactly the same problems.

So we would rather face them with a better proposal, which we would like to first get through consultation with Chambers of Commerce and business representatives in south Westman in the next little while. I expect that Rural Development will be responsible for that consultation, will put that together in the next week or so. That is our circumstance that we want to pursue as quickly as possible with the Prime Minister and the entire federal government.

The member is correct. I have made the same analogy about all of the different

departments. I point out that people asked yesterday, well, how can you expect the federal government to come in on this when you unilaterally announce these things. The member probably knows full well that in the course of the federal election campaign of 1997, the JERI program was announced without any consultation with us, and ultimately we were asked to pay 50 percent of it even though the federal departments were running ads saying phone this number and you will qualify for an immediate \$5,000 advance, and so on and so forth. We assumed that that was a 100 percent federal program because it was being totally run by and publicized by the federal government, and ultimately we, the provincial government, paid 50 percent of it because that was a condition that the federal government put on it eventually. So that is how we are operating.

#### **Meeting Request—Prime Minister**

**Mr. Gary Doer (Leader of the Opposition):** There was a lot of anger at the meeting last night towards all politicians, I might say, in terms of short-term and long-term programs for agriculture and particularly to the federal government in terms of the lack of response, lack of predictability and a lack of a tangible program.

It is interesting to note that the Prime Minister visited Manitoba when the election was called in 1997 and met with all the municipal officials affected—I believe it was at the air force base, the headquarters in Winnipeg—to listen to people directly. The Prime Minister has not visited here on this to deal with people directly affected by this flood. I believe in the ice storm a few years ago he visited the affected region, the Red River Valley situation; he visited with municipal officials. Given the fact we cannot get a meeting with the Prime Minister, I would have loved to have seen the Prime Minister meet with those people last evening. Is it not possible to get a meeting directly with the Prime Minister with the victims of this flooding in the area, the businesses, the farmers, the producers, and the community members? Would that be an action that the Premier will be pursuing?

**Hon. Gary Filmon (Premier):** As the member knows, my initial request to the Prime Minister was that he meet with representatives of farm,

business and municipal leadership, and that the fallback position was that we had to get the urgency of the situation before him. Premier Romanow and I could fly and meet him anywhere, anytime kind of thing. Obviously that is still our first position, that we would like him to hear from the people most affected first and foremost.

I just would also add to my answer that I have been handed a response from the Prime Minister, which apparently just arrived in my office moments ago, in which he essentially says what he said to Premier Romanow in his letter yesterday, which is that his desire is to have the ministers Vanclief, Enns and Upshall meet first, and also that Minister Eggleton is reviewing on an urgent basis our government's request for financial assistance under the Disaster Financial Assistance arrangements, and he is confident that Minister Vanclief will work closely with producers, producer groups and Minister Enns to find appropriate ways to ensure that all agricultural producers are treated fairly and equitably and that both ministers, Vanclief and Eggleton, have copies of the correspondence.

So it appears as though we have to do this step by step, but I can assure the member opposite that, as I did the Premier of Saskatchewan, this is not something that can be left for any length of time, that if we do not get satisfaction out of today's meeting, then we will have to pursue it vigorously with the Prime Minister early next week at the very latest.

\* (1345)

**Norman Guimond**  
**Bail Justification**

**Mr. Gord Mackintosh (St. Johns):** To the Minister of Justice. After a year and a half, Guimond and Lamirande were finally sentenced this morning for their role in the tragic killing of Jeff Giles. While no one can say that this tragedy would have been avoided if Guimond was not released on bail four days before this tragedy, we can say with certainty that it would have reduced the risk. My question to the minister is: would the Minister of Justice, who refused to answer this question earlier, now tell us why Guimond, a textbook case of someone

who, in our opinion, would be denied bail, with extensive criminal record, including failing to comply with conditions, person on probation, a known gang member, facing weapons charge, got bail that Christmas Day?

**Hon. Vic Toews (Minister of Justice and Attorney General):** I do not want to get into the details of this particular case. I learned this morning that, in fact, there was a sentencing that has occurred. The sentence, as I understand it, in respect of the two individuals that have been mentioned was a sentence of life imprisonment. There is, of course, a potential of an appeal, and I think that before I know what the status of that issue is, I do not think it is appropriate for me to comment on that issue. I know that the member in past situations has jeopardized trials by citing information that he knew to be subject to court proceedings. I think it is very important that I not say anything that may well jeopardize the good work of the various people in the justice system.

**Mr. Mackintosh:** Would this minister, with this silly attempt at intimidating me into abdicating my role in the parliamentary system, Madam Speaker, answer this question which does not go to the guilt or innocence of anyone? The trial and sentencing is completed now. There is no appeal pending. Would he now answer police sources who say that Mr. Guimond was released pursuant to guidelines issued by the Justice department?

**Mr. Toews:** As I have indicated, it would be inappropriate for me to comment on this particular issue. The reason I express concern is I know that this member, while there was an issue before the court, stood before TV cameras and released a criminal record of an individual who was facing charges and had not yet been dealt with by the courts. The member as a lawyer knows that was inappropriate. He had no concern about jeopardizing a trial in that situation, and I do not want to go down that same road.

**Mr. Mackintosh:** Would this minister, who is jeopardizing justice in this province, please assure not just the people affected by this tragedy but all Manitobans that what appears to be a very serious glitch was not due to the

unavailability of a Crown attorney or magistrate or staff or space? Would he please tell Manitobans and assure us and finally begin the probe to explain why Mr. Guimond was released that Christmas Day?

**Mr. Toews:** Without getting into the details of any particular case, what I do want to say is that there are various components of our justice system, each of which exercises an independent role. In some situations police exercise responsibilities; in others, my Crown attorneys and my department exercise responsibilities; in other situations, judicial officers, judges, exercise those responsibilities. So I want to be very careful before I point fingers at any one particular element of the justice system. I want to ensure that a particular matter is dealt with fully by the courts. I do not want to generate any controversy in that respect.

It may not mean anything to the member for St. Johns that he may well jeopardize trials by some of the irresponsible comments that he has been making; I believe that I do not want to be a party to that.

\*(1350)

### **Domestic Violence Legislation Proclamation**

**Mr. Gord Mackintosh (St. Johns):** On a new question to this Minister of Justice, who does not appear willing to live up to his legal and constitutional responsibilities to administer justice in this province, it was one year ago exactly that this Legislature passed The Domestic Violence and Stalking Prevention, Protection and Compensation Act—one year ago.

My question to the minister is this: why has the minister not put that legislation into force? Why is he waiting for the eve of an election to have another press conference to announce this legislation?

**Hon. Vic Toews (Minister of Justice and Attorney General):** I fail to understand where the member's question is coming from. He says this legislation has been passed and that I am going to be releasing some kind of a news release in respect of on the eve of an election.

People know that the legislation has been passed, and I believe that staff are working diligently to ensure that not only the regulatory aspects of this legislation are firmly in place but also the training of judicial officers and peace officers have been met in order to ensure that this very important and in many respects unique legislation is successful in its application. It is not an unusual thing that legislation is passed and then the administrative issues in respect of training and regulations are followed up, and I anticipate that occurring in this situation as well.

**Mr. Mackintosh:** Would this minister, who knows that this legislation is the fourth of its kind in Canada—regulations have been enforced for years in Saskatchewan—not admit to Manitobans it does not take one year to put together regulations and training? This government is simply using the safety of Manitobans—

**Madam Speaker:** Order, please. The question has been put.

**Mr. Toews:** It was the former Attorney General, the member for Fort Garry (Mrs. Vodrey), who was instrumental in convincing the federal government to increase—

**Madam Speaker:** Order, please. I am experiencing difficulty hearing the minister's response.

**Mr. Toews:** —protection to people being stalked under the criminal law. This government moved very quickly to follow up on recommendations made to the government in respect of a civil process, and I am advised by staff in my department that this process is moving forward in a timely fashion.

I am concerned not simply in passing laws, but I want those laws to be effective, and that means that I have to be satisfied that the people of Manitoba will benefit from the administrative and regulatory issues necessary. So we do not take a back seat in terms of the safety issues. We have been proactive, the former Attorneys General have been proactive, and I am proud to continue on with that work.

**Mr. Mackintosh:** Will the minister admit that this legislation, recommended two years ago by the Lavoie inquiry, has not been put into force



because this government insists on putting its political interests ahead of the safety of Manitobans, particularly its women and children?

**Mr. Toews:** Madam Speaker, what I would like to demonstrate is by simply pointing the member to the Lavoie inquiry that was conducted by Mr. Justice Schulman—in fact, in a very, very complicated report that came out, numerous recommendations, a community implementation group headed by Dr. Jane Ursel ensured that the recommendations were implemented in a timely fashion and indeed there was money there to put the appropriate resources in place to protect women and other vulnerable people in our society. For him to suggest that is simply to ignore the facts, and it also speaks very poorly of what he thinks about members in the community working together with the government in order to implement very important programs.

\* (1355)

### **Video Games Rating System**

**Ms. Diane McGifford (Osborne):** Madam Speaker, today marks one year since this House passed The Domestic Violence Act, and while this government waits for an election to proclaim the act, the lives and well-being of Manitoba women are being compromised. This same inaction is reflected in the Minister of Culture's attitudes towards video game classification. I would like to ask her today if, out of respect for the safety of Manitoba women, she will reconsider her decision not to classify video games, many of which take as their central discourse pornography and violence against women. Are you for zero tolerance or are you not?

**Hon. Rosemary Vodrey (Minister of Culture, Heritage and Citizenship):** Madam Speaker, I am for zero tolerance as this government is. I am also for personal responsibility rather than dependency. I am for partnership rather than control. The difference on this side is clearly different from those on the other side. This government has made a decision to work with the people of Manitoba—

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

**Madam Speaker:** Order, please.

**Mrs. Vodrey:** Madam Speaker, it is because this government is concerned about the content of some of the video games, which are currently now available, that this government is providing a tool and making sure that parents know that that tool is available so that they can scrutinize and screen the kinds of video games that their children see.

The games then do have a classification. The classification is on the front of the video game and on the back is a descriptor of what is in the game so that people can make that decision, they can take some responsibility into their own hands and parents can take responsibility. This is a partnership.

### **Rating System—Consultations**

**Ms. Diane McGifford (Osborne):** Madam Speaker, I would like to ask this minister, who is clearly choosing to ignore video violence, how many women's groups and women's agencies who provide services to domestic violence she consulted with before deciding not to classify video games.

**Hon. Rosemary Vodrey (Minister of Culture, Heritage and Citizenship):** Madam Speaker, it is because this government considers the content of some of those video games worth a warning that we have, in fact, adopted a classification system which is, in fact, international in its nature and which will provide information to women, to children, and to all other people who will need it in terms of making their decisions.

There is not a jurisdiction, there is not another province in this country who classifies. The member has referenced countries such as Great Britain, who do not have a localized system, which she is in fact asking for here. We are looking for a system that works, not a politically expedient statement that the member across the way is trying to make again, and again forcing her position of control versus position of partnership and personal responsibility.

**Ms. McGifford:** Madam Speaker, I would like to ask this minister, this self-styled promoter of partnerships with community, how many

women's groups and women's agencies providing services for domestic violence she consulted with before she made the decision not to classify video games which feature violence against women and pornography. How many groups? That is the question.

**Mrs. Vodrey:** Madam Speaker, the important point here is that the games are classified. There is a classification system and people can look at that game, and they can know what the content is within that video game.

But, on a broader sense, this government is absolutely taking second place to no one about our position of commitment in terms of the protection of women and the safety of women. It is this government that put into place the zero tolerance. It is this government that has dealt with stalking. It is this government that set up the Family Violence Court. This government continues to work in partnership, which the member has clearly rejected through her question, for the protection of vulnerable people in this province.

### **Flooding All-Party Resolution**

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker—

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

**Madam Speaker:** Order, please. I would like to remind all honourable members, this is not a time for debate. This is Question Period.

The honourable member for Inkster, to pose his question.

\* (1400)

**Mr. Lamoureux:** Yes, thank you, Madam Speaker.

Last night, the Westman coalition, consisting of a number of organizations, had a rally to express concerns. What they were hoping to see was support for a resolution that they put together, and I bring it up because in that resolution there are a number of issues that were raised, such as the potential for our banking

industry in the province of Manitoba to also participate in providing relief.

My question for the Premier is: is the Premier prepared to work with the three political parties inside this Chamber in trying to get a resolution that would address the concerns that the farmers and others expressed last night?

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

**Madam Speaker:** Order, please.

**Hon. Gary Filmon (Premier):** Madam Speaker, the member for Wellington (Ms. Barrett) is admonishing me to be charitable to the member for Inkster. I do not know how I can best respond to that other than to say I find it passing strange, as a former colleague of mine used to say, that the member opposite, whose party denied the opportunity to have an all-party resolution be passed in this House to call attention to the seriousness of this issue to a prime player who has thus far been reluctant to get in the game, that is the federal Liberal government, in Manitoba. He and his party denied the opportunity for that to be discussed in this House so that we could have that kind of all-party consensus that he is now talking about. The hopes of all those thousands of western Manitobans, southwestern Manitobans were absolutely dashed by the actions of his Leader and his party.

I can say this, that I will welcome any support that he and his party now want to give the rest of the members of this House in ensuring that Ottawa plays its principal role in addressing this economic crisis as they did in the flood of 1997 on the Red River, as they did in the case of the Saguenay floods in Quebec and in the ice storm in Quebec and Ontario. I would ask him to just simply set aside any partisan interest and just get on board with urging the federal government to take their responsibility seriously. We have a full list of issues that have to be addressed that were part of the 1997 flood response, and all he needs to do is sign on with us to say: Ottawa, it is time you stepped up to the plate and took your responsibility.

**Mr. Lamoureux:** Madam Speaker, I look to the Premier to attempt to show some leadership on this particular issue, and I ask the Premier to

acknowledge the differences in the resolution that the farmers have put forward that obviously the Premier did not consult prior. Will he acknowledge the differences and work with the parties inside this Chamber in order to do as the farmers would like in terms of addressing the issues which they would like this Chamber to deal with?

Will the Premier in fact make a commitment to meet with members of the—

**Madam Speaker:** Order, please. The question has been put.

**Mr. Filmon:** Madam Speaker, the member has been in this Legislature since 1988. He knows the rules, he knows the procedures and he knows how things get done here. One of the ways in which things get done is by putting forth a resolution that allows people to discuss and debate. If there is a concern that the resolution is incomplete, that it fails to address a number of issues, then the mechanism is of course that you amend it, and you add those things that you believe ought to be part of the resolution.

So, if he believes that references ought to be made to bankers and others, we would have probably gone along with that. I know that the Minister of Agriculture (Mr. Enns) and I have already met with some of the senior bankers in the province to ensure that they knew that we, through Manitoba Agricultural Credit Corporation, were doing certain things to allow for forgoing of interest and capital payments for periods of time and other measures of flexibility to address what we perceive to be a crisis. One of the issues that will be discussed—we just talked about it earlier this Question Period, about addressing the needs of business—will be small business loans or support programs that may involve the banks. There are many of these things that can be done, but the first thing is that you allow the resolution to at least be introduced so that that kind of discussion can take place. The member opposite and his party would not allow that to happen.

#### **Education System Standards Testing Breach**

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, on a new area, my question is for the

Minister of Education. In regard to the report that the minister has, and we have been calling for the government to table that report, my question to the Minister of Education is: can he indicate if the report is about Mr. O'Leary, or has the school division focused its actions on the teacher in question?

**Hon. James McCrae (Minister of Education and Training):** Madam Speaker, I am mindful of suggestions that, by dealing with aspects of the report without actually making it public, I might indeed be accused of cherry picking by people in the media, but I am not the only one being singled out for comment. Frances Russell says that the—

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

**Madam Speaker:** Order, please. The honourable Minister of Education and Training, to quickly complete his response.

**Mr. McCrae:** Well, Madam Speaker, I really only just got going, but in making reference to the matter raised by the honourable member, Frances Russell made note of the release of the code of ethics by the New Democratic Party, but she observes that the code's release only served to highlight the fact Mr. Doer dropped the ethics ball on the very first pass. What is really at issue here is the failure of that gentleman to lead.

#### **Point of Order**

**Mr. Lamoureux:** Beauchesne's—

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

**Madam Speaker:** Order, please. I cannot hear. The honourable member for Inkster was recognized on a point of order.

**Mr. Lamoureux:** The Minister of Education, the former government House leader, is very much aware of the rule that says that when you answer a question, it should be somewhat relevant to the question that has been posed. The Minister of Education is being completely irrelevant to the question that I posed. In case the minister missed the question, it was: where was the focus of the report? Was it on the principal or was it on the teacher that was demoted?

**Mr. McCrae:** Yes, I believe, Madam Speaker, the honourable member rose to raise a point of order somewhat prematurely, because I was just getting into that part of my answer. In order to avoid the necessity for you to study this issue and make a ruling, I am quite happy to move right to the point raised by the honourable member.

**Madam Speaker:** Order, please. It is very difficult to rule on a point of order when the honourable Minister of Education and Training is trying to come to his own defence and explain why he was not complying with the rules of the House. However, very quickly, I will ignore the point of order raised by the honourable member for Inkster because I see him nodding his head in consent to the commitment made by the honourable Minister of Education and Training. Very quickly.

\* \* \*

**Mr. McCrae:** Madam Speaker, in a genuine attempt to be as open as I can with this report that was prepared by the Seven Oaks School Division, I am having Freedom of Information people look at it and lawyers look at it to decipher just what it is we are able properly and legally to release without imposing on perhaps innocent third parties, the whole issue of defamation and all of the rest of it. So we are attempting to be as open as we can to release as much of that report as we possibly can.

#### **Education System Funding—Property Taxes**

**Ms. MaryAnn Mihychuk (St. James):** Madam Speaker, today Winnipeggers are paying their property tax bills. They know, on average, that their property taxes have risen by 65 percent more in those school divisions than when this government was elected.

Will the Minister of Education admit now that his government's cut of \$482 per pupil in the Education budget has driven up school taxes across the province of Manitoba?

**Hon. James McCrae (Minister of Education and Training):** Madam Speaker, I remind the honourable member, just short weeks ago she

stood to her feet and supported a budget that brought 2.6 percent more to the education coffers here in Manitoba. So the honourable member cannot have it both ways. She cannot pretend to support what goes on, the leadership of this government, and on the other hand complain about it. The fact is that the commitment to education today is greater than it ever was prior to the time when this government took office.

In the bad old NDP days, commitment to education was 17.7 percent of budget; today it is 19.9 percent, and that is significant.

\* (1410)

#### **Property Taxes Increase**

**Ms. MaryAnn Mihychuk (St. James):** Madam Speaker, maybe I can get a straight answer from the Minister of Finance.

**Madam Speaker:** Order, please. The honourable member was recognized for a supplementary question.

**Ms. Mihychuk:** Will the Minister of Finance admit today to Manitobans, because of the government's clawbacks to property tax credits and the escalation of school property taxes—is equivalent to 10 points of personal income tax?

**Hon. Harold Gillehammer (Minister of Finance):** Madam Speaker, this is my first opportunity to answer a question. I would like to thank the member for voting for the budget and having a good understanding of the fiscal policies of this government.

One of the real difficulties in budgeting is the fact that we still have a tremendous debt in this province that was put on this province by the NDP government during the 1980s. We are working our way through that to the point where we are—

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

**Madam Speaker:** Order, please. The honourable Minister of Finance, to complete his response.

**Mr. Gilleshammer:** Thank you, Madam Speaker. I was trying to make the point that one of the real difficulties in budgeting is to pay a great deal of money each and every year on the debt that was accumulated during the 1980s. We are working our way through that with our balanced budget legislation. We now have surpluses. We are paying down the debt. We are pleased that we were able to contribute a significant increase to the Department of Education in this last budget, and we look forward to that as we move forward with future budgets.

**Ms. Mihychuk:** Madam Speaker, it is really simple arithmetic. Will he admit that his government's policies have meant an average Winnipegger is paying over 65 percent more on their property tax bills today than they did when this government got elected?

**Hon. James McCrae (Minister of Education and Training):** Assuming, by standing to her feet and supporting the budget of my colleague the Minister of Finance (Mr. Gilleshammer), the honourable member is also supportive of a Lower Tax Commission to look at the tax situation here in Manitoba and the burden of property taxes and property taxation respecting the funding for our schools, I assume the honourable member already supports all of that, and for what reason she raises the question, I am not sure, because her position is clear. It is exactly the same as ours. We appreciate the support.

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

## MEMBERS' STATEMENTS

### Manitoba Science and Technology Fund

**Mr. Ben Sveinson (La Verendrye):** Madam Speaker, I am proud to rise in the House today and speak of a recent initiative of my government that demonstrates our commitment to fostering economic growth and development in this province. My honourable colleague the Minister of Industry, Trade and Tourism (Mr. Tweed), along with the president of the Manitoba Crocus Fund, Mr. Sherman Kreiner, announced yesterday the launch of a new

venture capital fund to support companies in the technology sector.

This new fund represents a partnership between the Crocus Investment Fund, the provincial government and the Workers Compensation Board. Other contributors include medical researcher Dr. Albert Friesen and other sources in Ontario and Quebec.

This Manitoba Science and Technology Fund will invest in small- to medium-sized businesses involved in early stage commercialization and/or product development in areas such as biotechnology, therapeutic products, medical devices, diagnostic products, health care services and information and communications technology. These sectors are at the leading edge of our economy, and they provide numerous opportunities for economic growth and prosperity. The leverage provided through this fund will be of invaluable assistance to companies as they seek out new opportunities.

The Manitoba Science and Technology Fund will dismantle one of the barriers faced by businesses looking towards growth and expansion, a lack of venture capital. The creation of this fund will also help us create exciting high-tech jobs which will provide employment for our young people and keep them here in Manitoba. This is the latest example of my government working to make Manitoba the best place to live, work, invest and raise a family. Thank you, Madam Speaker.

### Kelvin High School Graduation

**Mr. Tim Sale (Crescentwood):** I rise today to pay tribute to all of the thousands of high school graduates in this province whose graduations many members, both on this side and the other side of the House, have attended in the last few days of June. Our public school system is indeed a remarkable institution in the accomplishments of its students and its staff, and I think it is the foundation of our democratic society.

I want to particularly, though, pay tribute to the students of Kelvin High School whose graduation was today. We saw, for example, four students whose averages were over 97

percent, just a phenomenal performance on the International Baccalaureate examinations. We saw students who had already committed to give up a year to serve in Third World countries as volunteers in either the Mennonite Central Committee volunteer program or a CIDA volunteer program and who were already committing that time as part of their post-high school careers.

I want to particularly pay tribute to a young woman, Jennifer Neufeld, who I was privileged to award a prize to today, who has indicated that she will be studying a double honours program at the University of Winnipeg but that she is committing at least one year of her time to a volunteer service project overseas, and she was not alone in that graduating class.

Kelvin is truly a remarkable school, Madam Speaker, among many, many remarkable schools in our province. It shines as a lighthouse, and I want to pay tribute to it today. Thank you.

\* (1420)

#### **John Buhler**

**Mr. Peter Dyck (Pembina):** Today I would like to take a few moments and speak about the exceptional kindness and generosity of a fellow Manitoban originally from Morden and in the Pembina constituency.

Yesterday Mr. John Buhler announced a personal donation of \$3.5 million to the Foundations for Health Research, the largest private donation to health research ever made in Manitoba. The foundation is a joint project of the Health Sciences Centre and Children's Hospital Foundation.

In honour and appreciation of Mr. Buhler's exceptional generosity, a research facility at the Health Sciences Centre will be renamed the John Buhler Research Centre. The centre will house researchers from various disciplines and will make significant contributions to furthering medical research in this province. It should also be noted that this extraordinary gift is not the first one Mr. Buhler has made to the Manitoba medical community. Last year he gave \$200,000 to the Health Sciences Centre Women's Hospital that allowed them to purchase high-tech equip-

ment for their laser surgery suite. Mr. Buhler has been quoted as saying that he wants to ensure his money goes to a good cause. I personally can think of few nobler causes than medical research that brings immediate benefits to the quality of life of individual Manitobans and helps ease the suffering of many. Yet Mr. Buhler's act of kindness is also noteworthy because it sets a fine example for members of our corporate community to emulate.

I am sure all of my honourable colleagues will be pleased to join me in thanking Mr. Buhler for this generous commitment to the people of this province.

#### **Property Taxes**

**Ms. Diane McGifford (Osborne):** Madam Speaker, today residents of Winnipeg are paying their property tax. Manitobans, we hear, are now calling it the GFT or the Gary Filmon tax, and no wonder. It was this Premier (Mr. Filmon) who cut our property tax credit in 1993 from \$325 to \$250 per year. It was this Premier who cut the seniors' property tax credit in that same year. It was the Premier's 1993 briefing note that alerted him to the fact that these property tax credit changes amounted to increasing Manitoba property taxes by over \$50 million per year or over a quarter of a billion dollars accumulated from 1993 to today.

It is no wonder that Manitobans are using the expression "GFT" because it was this Premier who cut education funding by over \$480 per pupil since his government was elected and not only compromised education but overburdened Manitoba taxpayers. It was this Premier's cuts to education that are directly responsible for the continued escalation of school taxes. An average Winnipeg homeowner is paying over 65 percent more in school taxes since this government was elected. Residents of Brandon, the Education minister's hometown, saw their bills increased by 9 percent this year and 14 percent last year. I am really surprised that the minister has not represented his community more diligently. The Gary Filmon tax—

**Madam Speaker:** Order, please. I believe I heard the reference to a specific member of this

House earlier on, and I ignored it, hoping the honourable member for Osborne would not repeat it. I would remind the honourable member that all members in this House are to be referred to with their constituency title.

### Point of Order

**Mr. Steve Ashton (Opposition House Leader):** Madam Speaker, I certainly acknowledge your ruling, but on a point of order, I do indicate there is some difficulty. I think the last election the Conservative Party was about this big, about half an inch on the billboards; the rest was the Filmon Team. I realize that a lot of them are in some difficulty now, but the Conservative Party has called itself the Filmon Team. I hope the ruling would not extend to that. We are quite happy to remind people about the Filmon Team, especially since most of them are going to be in some real difficulty very soon.

**Madam Speaker:** The honourable member for Thompson did not have a point of order. It is clearly a dispute over the facts.

**Ms. McGifford:** On the same point of order, I was not naming the member; I was naming a tax.

**Madam Speaker:** Order, please. The honourable member for Osborne is clearly out of order. I have previously ruled on the point of order.

\* \* \*

**Madam Speaker:** I recognize the honourable member for Osborne to continue her member's statement.

**Ms. McGifford:** Madam Speaker, the GFT exists in the North, too. Residents of Thompson are paying 15 percent more in school taxes than two years ago, and how about Neepawa? Provincial cuts to education have caused Neepawa school taxes to increase by 8 percent this year on top of an 11 percent increase last year. Average Manitobans are feeling the pinch of the GFT. No wonder Manitobans cannot believe this Premier when he says that the government has not raised taxes.

### Health Care System—Waiting Lists

**Mr. Gerard Jennissen (Flin Flon):** Lately our constituency office has been getting a number

of calls regarding the long waiting lists in the Manitoba health care system. Last Friday, June 25, a 20-year-old young man from Flin Flon experienced a seizure, which was quite unnerving.

The doctors at the Flin Flon General Hospital felt that he needed an EEG and a CAT scan as soon as possible. The earliest date he could get an appointment was July 23. In other words, he is expected to wait almost an entire month. Meanwhile, he and his parents are living in stress and uncertainty. The questions in their minds, and in my mind too, are: what caused the seizure; will it reoccur; when will we have a clear diagnosis of this young man's condition?

The Minister of Health (Mr. Stefanson) tries to reassure us that the problem of long waiting lists is being addressed. We are not convinced he is doing enough, Madam Speaker. For the sake of this young man and his family and friends and for hundreds and hundreds of other Manitobans, I hope that the minister acts swiftly to shorten the unacceptably long waiting lists in the Manitoba health care system.

Thank you, Madam Speaker.

## ORDERS OF THE DAY

### Committee Changes

**Madam Speaker:** The honourable member for Gimli, with committee changes.

**Mr. Edward Helwer (Gimli):** I move, seconded by the member for Charleswood (Mrs. Driedger), that the composition of the Standing Committee on Law Amendments be amended as follows: the member for Morris (Mr. Pitura) for the member for Pembina (Mr. Dyck); the member for Gimli (Mr. Helwer) for the member for Brandon West (Mr. McCrae); the member for Fort Garry (Mrs. Vodrey) for the member for Lac du Bonnet (Mr. Praznik); the member for Portage la Prairie (Mr. Faurichou), for the member for Rossmere (Mr. Toews); and the member for Kirkfield Park (Mr. Stefanson) for the member for Lakeside (Mr. Enns).

I move, seconded by the member for Pembina (Mr. Dyck), that the composition of the

Standing Committee on Municipal Affairs be amended as follows: the member for Roblin-Russell (Mr. Derkach) for the member for River Heights (Mr. Radcliffe).

I move, seconded by member for Charleswood (Mrs. Driedger), that the composition of the Standing Committee on Public Accounts be amended as follows: the member for Minnedosa (Mr. Gilleshammer) for the member for Kirkfield Park (Mr. Stefanson); the member for Arthur-Virden (Mr. Downey) for the member for La Verendrye (Mr. Sveinson).

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

**Madam Speaker:** Order, please. I recognize it is Thursday, but I would really like to be able to put the motion on the floor and ensure—

**An Honourable Member:** It is Wednesday, Madam Speaker.

\* (1430)

**Madam Speaker:** I apologize. You are right. It is Wednesday, but you are acting in the same manner as most members act on Thursdays. What can I say? I would appreciate your cooperation so I could quickly get these motions moved and ensure that all members can hear who will be on the committee and when.

**Motions agreed to.**

**Mr. George Hickes (Point Douglas):** I move, seconded by the member for Broadway (Mr. Santos), that the composition of the Standing Committee on Law Amendments be amended as follows: Swan River (Ms. Wowchuk) for Thompson (Mr. Ashton); Kildonan (Mr. Chomiak) for Wolseley (Ms. Friesen); Dauphin (Mr. Struthers) for Selkirk (Mr. Dewar) for Monday, July 5, 1999, for 10 a.m.

I mover, seconded by the member for Broadway (Mr. Santos), that the composition of the Standing Committee on Municipal Affairs be amended as follows: Interlake (Mr. C. Evans) for Burrows (Mr. Martindale); Radisson (Ms. Cerilli) for Crescentwood (Mr. Sale) for Monday, July 5, 1999, for 7 p.m.

**Motions agreed to.**

**Hon. Darren Praznik (Government House Leader):** Madam Speaker, if I may indulge the House and ask if we could revert to tablings, I have lottery tablings to do.

**Madam Speaker:** Is there unanimous consent of the House to revert to Routine Proceedings and Tabling of Reports? [agreed]

### TABLING OF REPORTS

**Hon. Darren Praznik (Government House Leader):** Madam Speaker, I would like to table the Second Quarter Report for the period April to September 1998 of the Manitoba Lotteries Corporation as well as the Third Quarter Report for the period April to December 1998 for the Manitoba Lotteries Corporation.

### House Business

**Mr. Praznik:** Madam Speaker, one announcement, I would like to announce that Bill 14, which was to be considered by the Committee on Law Amendments on Monday morning, is now being referred to the committee on Municipal Affairs which will be meeting Monday evening at 7 p.m.

**Madam Speaker:** For the benefit of the members of the House, Bill 14, previously referred to the Standing Committee on Law Amendments, has now been moved to the Standing Committee on Municipal Affairs scheduled for Monday at 7 p.m.

**Mr. Praznik:** Madam Speaker, if I could ask if you could please call for second reading, Bill 28.

### SECOND READINGS

#### Bill 28—The Legislative Assembly Amendment Act (2)

**Hon. Darren Praznik (Government House Leader):** Madam Speaker, I would move, seconded by the honourable Minister of Rural Development (Mr. Derkach), that Bill 28, The Legislative Assembly Amendment Act (2); Loi no 2 modifiant la Loi sur l'Assemblée législative,



be now read a second time and referred to a committee of this House.

**Motion presented.**

**Mr. Praznik:** This particular piece of legislation is one that was discussed by all House leaders and parties. It allows for amendment from time to time to be made with respect to the MLAs. We no longer have, as members know, a pension plan, but we do have a matching RRSP plan as part of the remuneration package. From time to time, the Government of Canada makes changes in income tax law respecting pensions, payments, et cetera, that require a variety of changes in order to bring our particular plan in line with federal law to ensure that our existing pension plan is not decertified or whatever the correct term is.

I understand we have a number of members of this House who, because of their age, et cetera, there are some issues around recent changes that were made in pension law. Just to clarify, again, it is not just our matching program, it is really our old pension plan that is still in effect in which members are entitled to benefits. That current pension plan must comply with federal law to continue to be registered. From time to time there are changes in federal law. They require us to make appropriate changes in order to maintain the compliance with the existing pension plan. This particular set of amendments to The Legislative Assembly Act allows for that kind of change to accommodate changes in The Income Tax Act to ensure our plan is not deregistered.

So there have been discussions between House leaders. As government House leader, I bring this bill for consideration of the Assembly.

**Mr. Steve Ashton (Opposition House Leader):** Yes, we are in agreement with this bill that really just gives us the ability to bring our practices in line with federal legislation. We believe it is important to get this through, and we are prepared to pass this to committee and deal with it on an expedited basis.

**Mr. Kevin Lamoureux (Inkster):** We, too, do not have problems in terms of the bill passing into committee, but just the one note in terms of

saying that the pension plans that MLAs have here in the province of Manitoba I think are quite just, and it would nice to see other provinces, other jurisdictions emulate in fact the type of pensions that we as MLAs have. I think it is a good way to do it. Having said that, I understand that these are some of the amendments that will just allow us to comply.

**Madam Speaker:** Is the House ready for the question? The question before the House is second reading, Bill 28, The Legislative Assembly Amendment Act (2). Is it the will of the House to adopt the motion?

**Some Honourable Members:** Agreed.

**Madam Speaker:** Agreed and so ordered.

**House Business**

**Mr. Praznik:** Madam Speaker, I would like to announce then that Bill 28 is being referred to the Standing Committee on Law Amendments, which will be sitting Monday next at 10 a.m.

\* (1440)

**Madam Speaker:** To repeat the announcement by the government House leader, Bill 28 will be moved to the Standing Committee on Law Amendments on Monday next at 10 a.m.

**Mr. Praznik:** First of all, I would ask if you could canvass the House to see if there is a willingness to waive private members' hour.

**Madam Speaker:** Is there unanimous consent of the House to waive private members' hour for today? [agreed]

**Mr. Praznik:** Madam Speaker, I would like you to canvass the House to see if there are the requisite agreements to have the Department of Urban Affairs considered in Room 254, the Department of Government Services to be considered in 255 until 4 p.m., after which the Department of Consumer and Corporate Affairs will have their Estimates considered in Room 255 from 4 p.m. to 6 p.m., and for the Department of Justice to be considered in the Chamber until 4 p.m., followed by the Department of Finance.

**Madam Speaker:** Order, please. There are three separate unanimous consents required. First of all, is there unanimous consent of the House for the Estimates of the Department of Urban Affairs and Housing to be considered in Room 254? [agreed]

Is there unanimous consent of the House for the Estimates of the Department of Justice to be considered in the Chamber until 4 p.m. and then followed by the Estimates of the Department of Finance in the Chamber from 4 p.m. to 6 p.m.? [agreed]

Is there unanimous consent of the House for the Estimates of the Department of Government Services to be considered in Room 255 until 4 p.m. and then followed by the Estimates of the Department of Consumer and Corporate Affairs from 4 p.m. to 6 p.m.? [agreed]

**Mr. Praznik:** Madam Speaker, before I move the motion to go into Estimates, I just want to wish all members of the Assembly a fine Canada Day back home in their constituencies.

I would move, seconded by the Minister of Rural Development (Mr. Derkach), that Madam Speaker do now leave the Chair and that this House resolve itself into a committee to consider of the Supply to be granted to Her Most Gracious Majesty.

**Motion agreed to.**

## COMMITTEE OF SUPPLY (Concurrent Sections)

### URBAN AFFAIRS

**Mr. Chairperson (Gerry McAlpine):** Order, please. This afternoon, in Room 254, this section of the Committee of Supply is dealing with the Department of Urban Affairs. Does the honourable Minister of Urban Affairs have an opening statement?

**Hon. Jack Reimer (Minister of Urban Affairs):** Yes. Thank you very much, Mr. Chairperson. It is my pleasure to introduce the Department of Urban Affairs Estimates for 1999-2000. This is the fifth time I have had the

honour of presenting the Urban Affairs budget to the Legislature.

In June 1995, when I introduced my first departmental Estimates as Minister of Urban Affairs, I indicated to develop my desire to develop a positive working relationship with my colleagues in the City of Winnipeg and the Capital Region. Good relations with Winnipeg and its neighbours have continued to be a personal, as well as, government priority throughout my tenure as Minister of Urban Affairs. I am pleased to report significant success in this area. Relations with the city and the other Capital Region communities have been strengthened through informal meetings with municipal elected officials and through forums such as the Capital Region Committee and regular meetings of the Urban Affairs Committee of Cabinet with the city's Intergovernmental Affairs committee. I and other members of the cabinet, including the premier, continue to make ourselves available to meet individually and collectively with the city and the Capital Region representatives to discuss urban and regional issues. With respect to the Capital Region, I will be returning to this matter later in my speech.

This past October, a new mayor and council were elected by the citizens of Winnipeg. I have met with Mayor Murray several times, and we are already developing an excellent rapport. I look forward to working with the mayor and the rest of council on issues of mutual concern for the benefit of the citizens of Winnipeg and Manitoba. Ongoing commitment and action, however, will be required to maintain the positive relationships we have developed with Winnipeg. This commitment is reflected in a number of initiatives being undertaken by my department or involving our active participation. A case in point is the Partners in Public Service project with the City of Winnipeg which was initiated by our government. Through the Partners initiative, the province and the city are working together to identify ways to provide better services to the public at comparable or less cost. This collaborative approach to eliminating service overlaps and achieved program efficiencies contrasts sharply with the top-down realignment of service responsibilities occurring in other jurisdictions like Ontario.

A number of service areas are currently being reviewed by the city and the province under the Partners in Public Service framework. This analysis should be completed shortly. We anticipate making a number of specific announcements of joint service improvements in 1999-2000. One of the most important ongoing initiatives of Urban Affairs and the provincial government is to provide Winnipeg with strong sustainable funding support. This government has not offloaded reductions in federal transfer payments onto municipal governments unlike other provincial governments which have been reducing or eliminating support grants to municipalities. In fact, since our government was elected in office in 1988, direct provincial funding to the City of Winnipeg, excluding social assistance grants, has increased by 65 percent.

\* (1450)

In the June 1998 report, the city's own Committee on Tax Reform confirmed the strong financial support Winnipeg receives from the government of Manitoba. The report states, and I quote: All fair analyses to date show that no major Canadian city does better than Winnipeg with respect to cash transfers from the province. I repeat, this was the report that was commissioned by the City of Winnipeg called the Committee on Tax Reform.

It is time to lay a rest the myth that the City of Winnipeg is being shortchanged by the province. The province's strong and growing financial support demonstrates our government's commitment to Winnipeg and the well-being of its citizens. Through our funding we are making a major contribution to the city's efforts to reduce municipal taxes while protecting core services.

In 1999-2000, the city can look forward to receiving a \$4.3-million increase to \$94.4 million in combined Urban Affairs operating, municipal tax sharing, and policing grant payments, a rise of 5 percent over last year's budgeted funding. The 1999-2000 grants will be subject to a \$23.5-million adjustment to reflect a cost-neutral transfer of the city's social assistance and public health nursing services to the

province and the Winnipeg Community and Long Term Care Authority respectively.

Cost neutrality as achieved by this adjustment to grants means that neither the city's nor the province's financial position is impacted by the transfer of these city programs. As a result, the consolidation of services is accomplished in a way that is financially fair to both parties and does not affect taxpayers.

With respect to capital funding, Winnipeg is the only city in Canada which benefits from a long-term financial framework for provincial support to municipal infrastructure renewal and enhancement. The third capital projects allocation or, as it is referred to, UCPA 3, now in year three of a six-year term, is providing Winnipeg with a total of \$96 million. There is \$30 million in unconditional funding for capital works which are the city priorities and \$66 million for cost-share capital works which are joint priorities of the province and the city. Some notable cost-sharing projects recently approved under UCPA 3 include regional street renewal, the purchase of new low-floor buses to replace aging transit vehicles, and upgrading the Portage Avenue streetscaping in downtown Winnipeg.

With respect to UCPA funding in 1999-2000, the Urban Affairs budget includes \$18.6 million to cash flow against UCPA commitments, an increase of \$100,000 over the budgeted 1998-1999 allocation.

I am also pleased to advise that the province is continuing for a second year its special support for the city of Winnipeg residential street repairs. The Urban Affairs includes a \$5-million allocation for the renewal of Winnipeg's residential street system. The province's contribution will greatly enhance the number of neighbourhood streets that the city can repair in 1999, while at the same time stimulating the creation of significant construction employment.

The Winnipeg Development Agreement is another major initiative which supports positive and collaborative relations with the City of Winnipeg as well as the federal government. This five-year partnership agreement of Canada, Manitoba and Winnipeg is investing \$75 million in programs and projects which support the

sustainable economic development of Winnipeg in the areas of community development and security, labour force development, and strategic and sectorial investments.

Urban Affairs co-ordinates the province's involvement in the Winnipeg Development Agreement and delivers several WDA programs. These programs include the neighbourhood infrastructure. Almost the entire program allocation of \$3 million has now been committed, resulting in renovations or improvements to 47 community centres, 23 athletic fields, 16 park and play areas and four indoor pools and recreation facilities located throughout the city. This upgrading of vital community infrastructure is enhancing the quality of life in the neighbourhoods in which it is located as well as making these neighbourhoods more viable and attractive.

With riverbank development, commitments totalling almost \$1.6 million have been made to 14 projects under this program, which builds on Winnipeg's existing networks of riverbank parkways to enhance the riverbanks as amenities of both residents and tourists.

Recent approvals include the Churchill, North Winnipeg, St. Boniface parkways, Lyndale Drive pathway link and the redevelopment of Pritchard boatyard site. Under the North Main Economic Development segment, this program to enhance the commercial viability of north Main Street is assisting business owners to improve store-fronts on north Main Street between William Avenue and St. John's Avenue. Upgrading includes exterior painting, new signage, awnings, improved lighting and improvements to doors and windows.

To date, 47 storefront grants totalling \$364,312 have been approved. This streetscaping, gateway feature, and the safety and marketing components of the North Main program will commence in 1999-2000. Under Strategic Initiatives, to date this program to support Winnipeg's economic development has provided commitments totalling \$1.2 million.

Under Strategic Initiatives, I also recently announced the details of a joint provincial-City of Winnipeg project to undertake a comprehen-

sive analysis of residential market demand in downtown Winnipeg. This study will help identify strategies for increasing the number of people living downtown. The government of Manitoba has a long-standing commitment to the redevelopment and the revitalization of Winnipeg's downtown. Building upon substantial past investments in the downtown infrastructure, the province has committed \$3 million in 1998-99 to support streetscaping on Portage Avenue.

We also made a commitment to support the city's efforts to develop North Main Street. In addition, my department continues its active involvement in major initiatives supporting downtown renewal, including the downtown task force, the CentrePlan committee, and its working groups on Portage Avenue, urban safety in downtown streets, The Forks North Portage Partnership and the North Main task force.

Recently, the City of Winnipeg announced CentreVenture, a new downtown organization which will serve as a focal point for downtown development. CentreVenture offers many opportunities for businesses and government to work together to strengthen Winnipeg's downtown. We look forward to working with Winnipeg on this exciting initiative and to discussing how Manitoba might become involved.

Another example of our government's commitment to the revitalization in Winnipeg is the Take Back the Streets Initiative announced in the throne speech. Targeted at inner city neighbourhoods, Take Back the Streets will ensure that families who live in inner-city neighbourhoods feel safe in their homes, businesses and streets, and that we can work together to rebuild their communities. Take Back the Streets will provide a framework for co-operative action. The model focuses on rebuilding communities from within by fostering increased independence, personal responsibility and self-reliance among individuals.

We will work with neighbourhood renewal committees which will lead the way in finding solutions to local problems. These solutions will not be found overnight. We recognize that it will take time to turn around Winnipeg's inner city. We believe, however, that the only path to

success is to build a long-term capacity within neighbourhoods to take both curative and preventative action.

As I touched on earlier, the government also continues its efforts to enhance relations in the Capital Region. Through the Capital Region Committee, I and my colleague, the Honourable Len Derkach, Minister of Rural Development, continues to work with the mayors and the reeves of the 16 local governments of the Capital Region on our common goal of building a strong and a prosperous region.

\* (1500)

Last year the provincial government and the Capital Region Committee agreed on a proposal to establish an independent panel to conduct a Capital Region review. The panel, which was appointed in June of 1998, is examining the existing legislative policy and decision-making processes, guiding land use planning and service provisions in the region. The panel will be making recommendations respecting these processes and the implementation of the Capital Region Strategy. Mr. Alan Scarth was appointed earlier this year as the new chair of the five-person panel after the original chair, Mr. Kevin Kavanagh, was forced to withdraw for health reasons. I would like to take this opportunity to thank Mr. Kavanagh at this time for his invaluable contribution to the review and to wish him a speedy recovery.

The Capital Region panel has been holding consultations with the public and the municipalities throughout the region. We anticipate receiving their interim report by early summer. The panel will then solicit comments on the interim report and present the government with its final report, hopefully by December of 1999. We look forward with a great deal of anticipation to the results of the panel's research and its consultations.

Last, but not least, my department has initiated a unique partnership with the City of Winnipeg to undertake a comprehensive redrafting of The City of Winnipeg Act. The redraft has been undertaken by a project team which includes both Urban Affairs and the City of Winnipeg staff. The impetus of this project

was a City Council request that the act be streamlined and condensed. Our agreement to a joint initiative with the city illustrates the willingness of this government to listen to Winnipeg's needs and to work with the city for everyone's mutual benefit.

The redraft project represents a long overdue cleanup of the act which will remove unnecessary prescription and sharing consistency with the most current provincial legislation, eliminate duplication of provisions and make the act easier to read and understand. The project commenced in June of 1998 and should be completed before year-end. In 1999-2000, my department and I will continue to build on the co-operative relations and partnerships we have established with the City of Winnipeg.

Mr. Chairperson, this concludes my opening remarks in the Department of Urban Affairs 1999-2000 Estimates. I look forward to discussing the Estimates with members of the Legislature and my critic.

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

**Ms. Becky Barrett (Wellington):** Just brief opening comments. [interjection] I appreciate the interventions by the member for Arthur-Virden (Mr. Downey). He knows how I appreciate them.

Just a brief comment sort of on a personal note before we get into, and I do not have any overarching comments. I will wait for the questioning that we will get into, but the minister said that this was his fifth presentation of the departmental Estimates and it is my fifth as the critic.

As I was sharing with the minister this afternoon, if the political process plays itself out, as we assume it will, given the Premier's (Mr. Filmon) promise of an election this fall, there is a large likelihood that neither he nor I will necessarily be in the same position next year. There may very well be a new government. Well, there will be a new government whether it is of the same political stripe or a different

political stripe, and there will be potentially critic changes and ministerial changes.

So given this opportunity, I would just like to say it has been a pleasure to work with the minister over these past years. He has always been more than open and willing to give me any assistance that I asked for. His staff, as well, have been most accommodating and helpful to me. I appreciate that and wish the minister well in whatever transpires in the next few months.

**Mr. Chairperson:** We thank the critic the honourable member for Wellington for her opening comments, and we will now proceed. Under Manitoba practice, debate of the minister's salary is traditionally the last item considered for the Estimates of the department, and, accordingly, we shall defer consideration of this item and proceed with the consideration of the next line. Before we do that, I would ask that the minister's staff please join us at the table, and as they come to the table, if the minister would introduce the staff as they come forward.

**Mr. Reimer:** Mr. Chairperson, coming to the table here we have Marianne Farag, with my Policy department; Jon Gunn, in my financial department; Myroslava Pidhirnyj, with my staff; and Harold Dick—[interjection] Pardon me, Andrew Cowan. We had some personnel changes in the staff. That is why I got it mixed. Sorry.

**Mr. Chairperson:** I thank the honourable minister. Item 20.1. Administration (b) Executive Support \$239,800.

**Ms. Barrett:** Mr. Chair, the minister and I agreed prior to Estimates that we would spend some time doing a fairly broad overview discussion rather than getting into the specifics. I suppose the questions I ask might very well fit under this category. If there is any area where it will not fit, I am more than prepared to ask the question under a more specific one.

I have kind of a general question of the minister. In Estimates, in the ministerial opening remarks, there is virtually always a vision of what is going to happen in the next year, this overview of the plan upon which the Estimates are based. I was thinking as a follow-up kind of

to the fact that there may very well be changes taking place of a larger nature in the next few months before the next Estimates process and thinking, well, you know, I do not think it is going to happen, but maybe this minister will still be the Minister of Urban Affairs next year at this time.

I just wondered what the vision is that the minister has beyond what he said in his opening remarks about the role or what he sees happening in the next little while in the Department of Urban Affairs. When you sit back and think about a little longer term, what is your view of the role of Urban Affairs in the government? How do you see it evolving and changing over the next few years?

**Mr. Chairperson:** Before I recognize the honourable minister, it has been suggested that we have a general discussion with regard to the Estimates of the Department of Urban Affairs, and then we will pass line by line at the end. Is that the will of the committee? Agreed? [agreed]

I would remind the committee that when they are addressing or presenting any questions and answers that they do so through the Chair. The honourable minister to respond.

\* (1510)

**Mr. Reimer:** The member is quite right in looking back on the so-called five years that we have been together in the sense of going through regarding the Department of Urban Affairs. The one thing that was not mentioned is that the member for Wellington represents me in my constituency, not the constituency that I live in, but the constituency where I have a business in, and I am akin to getting all her mail and her advertisements and her mailouts and her calendar. It is a very nice calendar. It has her picture on it and it is in my office, believe it or not, where I work. It is a magnetic one, so it can sit on a filing cabinet.

The one thing that is always very comforting is one of the lines the member always has in her brochures is that she is out there working for me. I think that is very commendable that I have a member of the opposition that is working for me on one hand, and on the other hand she is my

critic. It is a wonderful hat that she wears. Being involved as the Minister of Urban Affairs over the last four or four and a half years or so has certainly been an enjoyable and a very rewarding experience. A lot of it has to do, a lot of times you look back at the people that you have around you and the staff and the dedication, and they keep me out of trouble. They are there to help the department and the government in any way that is asked of them, so it makes it very beneficial to be on the receiving end as Minister of Urban Affairs.

I think one of the greatest satisfactions of working with the City of Winnipeg, not only with the former mayor, Mayor Susan Thompson, but even with the new mayor, Mayor Murray, is that you are dealing with people that have a dedication and a vision for what they feel is good not only for Winnipeg but for Manitoba. I think that makes a great difference in working with the elected officials as I do with the City of Winnipeg.

The vision I believe is shared. If you have a strong city, you have a strong Manitoba, and vice versa. If Manitoba is strong, it means that Winnipeg is strong. There are a lot of forces. There are a lot of changes that have come about in the last while, especially with the City of Winnipeg. I think the biggest change that they made when we were able to help them along was the implementation of the Cuff report, which had I believe over 12 or 14 different type of amendments to it that was a very, very significant change in the administration and the direction that the City of Winnipeg was taking.

The Cuff report generated an awful lot of discussion, because I think what that represented, it gives a bit of a turning point in the direction that we as a provincial government want to work with the City of Winnipeg, and that we want to get away from the prescriptive nature because the City of Winnipeg is more or less a creature of the province in a sense because of The City of Winnipeg Act.

I think there has to be a recognition that there are elected officials on Main Street. The mayor himself and herself, who was there before, have a responsibility to their electorate and are accountable to their electorate, and the

ability to make decisions should be with those elected officials. I think that the Cuff report gives that type of latitude or is on the road to give more latitude to the City of Winnipeg in being more accountable, more directional, in the way they feel that they want to take Winnipeg into the millennium. I think that is one of the things that I have found very, very satisfying in the sense of being part of that process, and to try to give this type of direction to the City of Winnipeg and working with council and EPC.

I find that the new council, the new mayor, I think that there is a freshness. There is a new visionary direction that the mayor is bringing to Winnipeg. He has taken to making some bold and strong statements as to implementing tax cuts, being fiscally responsible, working within their budget, working within the parameters of what is expected by the taxpayers. I think those are really causes that he has taken on upon himself. I think he has shown that he is willing to listen to the people and still listen to direction, but at the same time I think the vision and the direction that he wants to take Winnipeg is good for Winnipeg and good for Manitoba.

He has the EPC working with him. The councillors seem to be onside with a lot of the directions that he wants. We will continue to work on the City of Winnipeg in looking at partnerships. We feel that it is very beneficial between the partners of the city and the province and the municipalities, that we can bring in these relationships and looking at the private sector as possibly how they can fit into the mix too.

It is an exciting time in Manitoba and in Winnipeg. Actually we seem to look at the events and the response that we have to a lot of the events that are happening over the last little while, whether it was the Grey Cup or the junior hockey tournament, and now with all the things that are happening these next couple of months with the various folk festivals and naturally the Pan Am Games.

Winnipeg and Manitoba always seem to rise to the occasion, whether it is in a desperate situation like we had with the flood. Now we are having more problems in southwest Manitoba, so there is a response that Manitobans and Winnipeggers always rise to. To be part of

government, to be part of as minister in this particular portfolio, I think that the challenges and the rewards are quite measurable in working with people, that there is a dedication that they want to make this a great city and a great province.

I think, as we go into the millennium, the opportunity to build on these relationships, to build on these strengths, that is something that is not only going to help the younger generation and everybody that is coming up in this province, but I think it is going to solidify Manitoba and Winnipeg as a great province and a great city in the future, because we can always look at the economic indicators. The economic indicators are very, very strong for our province as indicated by the newspapers and various securities departments and banking institutes. But I think the other aspect of it, of having a strong social responsibility by government and the elected officials, is something that I think has to be that type of benefit in correlation with an economic growth. I think that that is emerging stronger and stronger here in Manitoba. There is a sense of self-reliance, a sense of accomplishment and a direction that people can identify with.

As we go into the millennium, I think that it is going to be an exciting time for both of us wherever we sit in this House. Just to be part of this government is going to be a challenge, but I think there is still a lot to be done. I look forward to, not only the next session, but the election and as it unfolds, as they say. We will just leave it at that right now.

**Ms. Barrett:** Not a lot of specifics there, but maybe I should not have been expecting a lot of specifics in that kind of a general question.

The minister spoke about how the mayor had a freshness and a vision, but the phrases that the minister used in describing the mayor's vision or his perception of the mayor's vision were in the areas of tax cuts and fiscal responsibility. I am wondering if that is how the minister sees the mayor's vision for the city. How does the minister see the mayor and what he wants to do with the city? Is it that narrow, or is there a broader context there?

\* (1520)

**Mr. Reimer:** No, I did not want to imply that strictly because of what the mayor is talking about economically and the financial aspect of management. That is very, very important actually, the accountability of tax dollars and the direction of where money is going and where it is coming in. That is always very, very important. But I think that the mayor has also shown his willingness to look at the social significance, the social dividend that people should benefit because of a strong economy. Some of the initiatives that the mayor has talked about, I know he is talking about a housing forum that he is advocating. As Minister of Housing, I will be participating in that forum. He has also indicated his willingness to work with the redevelopment of the downtown area for somebody to look at residential components in there. He has shown an innovative way for looking at tax for heritage buildings and revitalizing heritage buildings. I think that there is a balance of social and economic benefits that he has indicated and that I am willing to, as a provincial government champion, for inclusion in whether it is support on a physical basis or support of possibly with some financial commitments. Those are the things that I think I am willing to look at.

As I say, the one thing that the mayor has shown, he has a vision for what he feels is important for Winnipeg. He has put a fair amount of emphasis on economic development by his own statements in regard to trying to get some very, very significant industries relocated here to Winnipeg. He has worked very hard on the trade corridor. Already he has been down to Mexico, I believe, a couple times. He has met with some of the governors and the mayors already for the trade route. He has been over to China. He has been over to, I believe he has travelled—I say recently he has been down in Mexico, so he has put a fair amount of emphasis on getting people and jobs here in Winnipeg, which is very, very commendable. I believe that he has shown a strong positive influence. He wants to make Winnipeg one great city, and he has made that commitment.

**Ms. Barrett:** The minister stated in his opening remarks that he met with the mayor several



times. Is there a regular schedule of meetings between the mayor and the minister?

**Mr. Reimer:** We try to meet about once a month. We cannot say exactly that it is the second Tuesday or something of every month because of the schedules, but we do try to meet at least monthly. I try to meet with EPC, and he is also there at that EPC meeting, too, when he can make it. I feel it is very important that there is a one-on-one meeting just to discuss initiatives or directions that he feels that he may need help with or things that I feel should be discussed. So we try to do that on a regular basis. As I say, it is not always on the same particular week of every month or something like that, but we try to do it as time permits.

**Ms. Barrett:** Did the minister meet with the mayor individually and then as well with the EPC, so there are two separate meetings?

**Mr. Reimer:** Yes. We have done that quite often.

**Ms. Barrett:** Do you find that you are meeting more or less the same amount of time or with the same degree of frequency with this mayor and EPC, as you did with the former mayor and EPC?

**Mr. Reimer:** With Mayor Susan and EPC, things were settling into a routine of familiarity between the two; it was fairly regular on a constant basis. With the new mayor and the new EPC, we took a little while for the adjustment and the familiarity to come in between the two of them, but we have met, I believe it is at least two or three times already. It was started after the new year because there was just too much hectic time between October and December. It started in the new year, and our appointment secretaries try to arrange it between the two of us on a regular basis now.

**Ms. Barrett:** I might just ask a few questions based on what the minister said in his opening statements before I get onto some other specifics. He talked about the Partners in Public Service initiative and stated that there were a number of areas being reviewed. Can you give me a list of those areas that are being reviewed

and any kind of a timetable or progress report on what is happening there?

**Mr. Reimer:** Yes, there have been meetings taking place. It is done on the senior level, and some of the things, the priorities that have been identified are: the permit office consolidation—what we mean, permits that are taken out—to have a consolidation of those offices; accommodation and leasing consolidation, and that is pertaining to Government Services in Winnipeg examining the potential to amalgamate office accommodation and leasing services; the tourist partnering between Manitoba Industry, Trade and Tourism and Tourism Winnipeg to discuss potential sharing of support services; a joint informational service centre which is to consider potential for having a single energy and environmental information centre for Canada, Manitoba and Winnipeg. There is a treasury services partnering, which is the committee to discuss potential for consolidation of treasury divisions. What the city is looking at is a treasury similar to what we have as a Treasury Board set up, and they are looking at our model and seeing whether they can possibly set up that type of system in their marketing. We are also looking at the pavement marking consolidation, potential for consolidating pavement marking between Manitoba, city and the airport authority. [interjection] Yes, street marking.

Some of the other initiatives that are up for discussion are staff training and development, with staff from the Civil Service Commission and City of Winnipeg having met to discuss possible areas of partnership in that, training facilities, sharing of partnerships in that. I believe the City of Winnipeg and the Department of Rural Development are working closely in the area of the city assessment and trying to bring that to a better understanding. I believe that there have also been some overtures regarding fleet vehicles and looking at the opportunity of possibly how the provincial Fleet Vehicles operating—how the City of Winnipeg might either dovetail in with that or look at a model similar to the way we have the fleet vehicles operation within our provincial government. Well, they are looking at business licensing, registration, possible amalgamation of the business offices relating to licensing and

registrations, and that is about it at the present time. They have been very busy actually.

**Ms. Barrett:** It appears as though, from what the minister has given, that there are a couple of areas. In some cases, what is being looked at is an amalgamation or a working together or joint process, and in a couple of other areas, as in the treasury services, it is more what the city is looking at what the province has or the province is looking at what the city has to try and make their own system better and more efficient. Would that be a delineation of the types of activities that are being undertaken?

\* (1530)

**Mr. Reimer:** Yes, more or less, because, as mentioned, the Treasury Board, it would not be a sharing of our facilities with them. But I think that it would be a model sharing that we would possibly transfer to them and a mechanic set-up type of partnership that we would work with the City of Winnipeg.

**Ms. Barrett:** You say that this is being undertaken at the senior level. From the Department of Urban Affairs, who are the people that are involved in that?

**Mr. Reimer:** On the provincial side it would be the deputy minister, Bill Kinnear; and from the Treasury Board, Don Potter; and with the City of Winnipeg it would be Bob Gannon and Gail Stephens.

**Ms. Barrett:** When you said senior level, the minister was not joking. Well, that is interesting, because these are very senior people. Not to denigrate in any way, shape, or form the importance of this kind of thing, but this is pretty detail kinds of things. We are talking about business licensing and permits and this kind of stuff.

Does this committee or this group look more at let us try and figure out what the areas are that can be looked at and then send them off to people in the more line staff in both areas to come back with suggestions? I am trying to get a bit of an idea of the process that is being undertaken here.

**Mr. Reimer:** In referring to the four individuals that I mentioned, the deputy, Mr. Potter from the Treasury Board, Gail Stephens, and Bob Gannon, what they are, they are the top, if you want to call it, of the co-ordinating. They will direct down into the various departments to get feedback to come back to these four people. Actually, the task force comes even one step further than that, up, if you want to call it, to the political level, where there is input from myself, the Minister of Finance (Mr. Gilleshammer), Mayor Murray, Councillor Eadie, and then there is one other MLA, Marcel Laurendeau, that sits on that. I believe that originally there was a city councillor before that. I am trying to remember who was on that before. Anyway, I believe there is one other city councillor that sits on that, too.

**Ms. Barrett:** I do not want to belabour this, because it is important. I think it is not a bad idea at all. I would like to get a sense of the process. Ultimately, the political part of this whole thing, I would hope, would make the decision as to whatever recommendation comes forward from this committee gets put into the political process.

How far along is this group in any of these areas? Is it still fairly early on? I am trying to remember when this was first announced. It has been a few months now. So I am just wondering when we can see some real change here.

**Mr. Reimer:** It was announced in May of 1997. I think that out of that partnership we have seen the amalgamation of the public health inspectors, public health nurses. The City of Winnipeg Act review has actually come out of the partnership as a recommendation. I am trying to think of what else has been worked on at that particular time. The assessment I believe was a strong initiative too. I think those are the most positive ones that have come out of it.

**Ms. Barrett:** With the exception of the assessment working with Rural Development and then sitting on the assessment process, the other two, public health inspectors and nurses, were not referenced by the minister in the first go-around of what is being looked at, maybe because that has happened and this is ongoing still. Any idea when some of these other things will come to fruition, or is this a very long-term process?

**Mr. Reimer:** I think where the direction has been given is to try to get some definitive suggestions for the fall of 1999, and in case it required some sort of legislative change or legislative direction that it could be worked into next year's package for legislative consideration.

**Ms. Barrett:** I thank the minister for that. A couple of other items that came out of his opening statements, I would like to ask about. You have talked about the study for residential market demand in downtown Winnipeg, and I am wondering if he can give me an update on what is happening there, what this situation is. It is certainly a critical area, as the minister knows, being the Minister responsible for Housing.

\* (1540)

**Mr. Reimer:** I am just trying to see whether we can find when the award has been secured by DS -Lea Consultants to do the study. It is ongoing. It was just awarded, I believe, within the last month or so—within the last, maybe, couple of months.

We are just going to try and find out when the closing is on it, but it is not that it is a long-drawn-out affair. We are trying to get a report back, I would think, within the next couple of months or so anyway on this.

**Ms. Barrett:** Could the minister give me any more detail on the scope of what the research project, what the outcome is going to be, what kind of information will be available then once the study is concluded?

**Mr. Reimer:** I have been informed that we do not have the terms of reference with us, but I can get the terms of reference, and I can forward them to the member. I was informed that the proposal will close this fall, but where it will be looking at areas of coverage in the report is in consumer demand for housing, the location and the housing preferences in the area, the supply of housing in the downtown, the depth of the housing downtown, and the housing market in the particular area. We thought we had the terms of reference here, but we do not. We will make those available to the member.

**Ms. Barrett:** This may be in the terms of reference, but can you define "downtown" for me in the context of this study?

**Mr. Reimer:** The terms of reference for the study are the outline as indicated by the CentrePlan and the neighbourhoods that buff up against the CentrePlan boundaries.

**Ms. Barrett:** What does the government or the minister plan to do with the results of this survey once it has been concluded? When you said, "close this fall," I am assuming what you mean by "close" is the survey. The study itself will be concluded, and then what—I guess, two questions. What will you do with it, and whom will you share it with?

**Mr. Reimer:** I should point out that it is a joint initiative with the City of Winnipeg. We are both involved with the study. I guess the idea is to look at a definitive or more of a concise picture of what housing is and what is needed in the downtown area. It will be set up and it will be used as a policy framework to look in what type of direction, where the emphasis should be, where the soft spots are possibly, where there is need for possibly different type of development or different type of housing, what is the existing housing, what can be utilized better, possibly areas of looking at conversions and those type of analyses that would come out of this study. So it will set up as a policy program for both the city and the province to be aware of where the emphasis should be and in what direction and what type of accommodations and different type of joint initiatives that can come out of this type of analysis. It more or less gives the information, gives the ability to make some policy decisions on it, and hopefully implement some sort of action on what may or may not happen in the downtown area.

**Ms. Barrett:** I should know this, but I am looking in my head and I cannot see the answer to this question. Does the CentrePlan downtown include The Forks?

**Mr. Reimer:** Yes, it does.

**Ms. Barrett:** Briefly under the Capital Region Committee, I know it is making its report on the 15th of July at seven o'clock at the museum, and something I am sure we are all looking forward to. I hope we are not disappointed. I hope there is something really good that comes out of it, because heaven knows we need it. I am

assuming you have not seen the report, but have you looked at or talked about how you are going to go about dealing with the report? I am not saying implementing, I am saying dealing with it because it seems to me there is a huge amount of pent-up demand that is going to happen out of this.

Here we have been putting so much energy and time and effort into this Capital Region strategy and the Capital Region report, and for it to just sit there and for there not to be some plans—I know they would have to be very preliminary in nature, because you do not know what is going to be in the report. You have a very small department, not a lot of staff, and you are more a liaison and facilitative department. So I would suspect there is a potential for a huge demand for energy from the department itself. Has your department taken a look at how you will begin to think about dealing with and implementing the report?

**Mr. Reimer:** The member is right. I have not seen any type of report as to date. I must commend the panel. They have been out there, they have made the rounds, they have been to the municipalities. They have had the public meetings in Winnipeg, Stonewall, Ste Agathe, Elie, Oakbank, Selkirk and Oak Bluff. They have had good participation. I believe that they have had written briefs submitted to them from people who could not make the actual panel meetings, so I believe that they have compiled a fair amount of information to come up with an interim report.

The member is right, the public presentation, if you want to call it, or the revealing of the interim report is in July. July 15 is the date that the chairperson, Mr. Scarth, has indicated that that is when they would have it ready for the public. I am fairly optimistic. I think that it is the best way to look at trying to come to some sort of solution and direction regarding the Capital Region and the City of Winnipeg. I think there is more likelihood of success where you can build upon consensus and co-operation. Between the municipalities and the City of Winnipeg, confrontation only sets up barriers and sets up turf protection in a sense. I think that the municipalities and the Capital Region, in their meetings and in their dedication and since

my becoming Minister of Urban Affairs, I sense that there is a real genuine willingness to come to grips with how we can make this into a very productive region not only economically but socially for all aspects of co-operation between the regions and the City of Winnipeg.

\* (1550)

Participation has always been excellent with any meetings. I have to say that almost any Capital Region meeting we have had, I do not think I am wrong in saying that attendance has almost been a hundred percent. The City of Winnipeg has always had someone at the table, whether it was a senior councillor like Jae Eadie, or prior to that I believe it was Shirley Timm-Rudolph who used to be the representative. The mayor himself has made representation and been at the meetings. The previous mayor, Mayor Susan Thompson, used to come to the meetings, along with the reeves and the mayors of the municipalities around. So with that type of participation, you feel that there is a willingness to come to some sort of understanding and commitment for better working relationships within the Capital Region.

Since the inception of the panel, another positive outcome has been that the Capital Region committee themselves—and when I say that, I mean all 16 municipalities including the City of Winnipeg—have taken it upon themselves, without direction by the province or without even involvement with the province, to get together to discuss mutual concerns and directions in the setting up of a structure on their own volition. This was initiated by the previous mayor, Mayor Susan Thompson, just before she left. She had a meeting in Winnipeg here, I believe it was at the Convention Centre, and she had full participation. This was an initiative on her part to sit down and talk to the mayors and reeves.

Since that time, there was another meeting in La Salle, I believe it was, that the region decided to get together by itself again, and they did, and they had full participation. The mayor of Headingley, Reeve John Curry, hosted the next meeting which was just a couple of months ago or maybe even six weeks ago, I cannot

remember exactly. They had very strong participation with that.

So those are the types of things that breed optimism, you know, that there is a willingness for the city and the municipalities to sit down and talk about mutual problems or concerns and solutions to problems that come up within different municipalities and jurisdictions. It is that type of thing that fosters consensus and cooperation, so that things can happen for the benefit of the taxpayers and for the people of the region.

Prior to that, as I mentioned, it was the province that was the sole initiator of these meetings. In fact, they were at the call of the province in a sense. Now these meetings by the municipalities on their own are taking part strictly on their own volition. I do not feel slighted in any way that we are not invited to these meetings because I think that the municipalities and the city are showing the initiative, that they want to look for sort of a homegrown solution if they can. If there is a willingness for them to come to a consensus on solutions, I would feel that that is a very positive initiative, that these are the things that we can build upon.

The preliminary report, as mentioned, will be coming out I guess within the next two to three weeks. The intent behind that is it is to be used as a mechanism for further discussions in the fall. It will be used as sort of a blueprint for further discussions. There will be more public meetings. That is the intent and the mandate of the panel once the interim report comes out. After that, there would be the initiation of the final report, hopefully by the end of the year, with the idea of looking that if it is possible, it then comes under the review and the direction of government as to how and where and what would be implemented.

So I believe there are some positive initiatives that are going to come out of the Capital Region, and it is only because there is a willingness to co-operate between the mayors and reeves and the city. So it is working out very, very well in a sense.

**Ms. Barrett:** The preliminary report comes out on July 15, I believe, Thursday night. On Friday

morning, what will the Department of Urban Affairs do? The minister said that things are working along very well, that the communities are co-operating in their meetings and that kind of thing, and that is very positive. However, I do know that the hearings that I attended, there still was at that point a great divide. It is still, or was then, a very large challenge, and I think that is why it is so essential to have this report.

But I also think that is why it is so essential that the government play a very positive, proactive role in following up on even the preliminary report, not in the sense of trying to dictate or be Big Brother, to use a phrase that has been bandied about in the House the last few days, but in the sense of being a facilitator and working with the rest of the stakeholders in this process. It just seems to me that the time between July 15 and the end of the year or whenever the final report comes out, there is a lot of potential for work to be done. I am just wondering if the department has any plans to do some work based on what the preliminary report says, or is it basically you are waiting until the public hearings have taken place in the fall and the final report comes out, and then you will decide what you are going to do.

**Mr. Reimer:** I think it is very, very important that government has the ability to get all the input that is available to them in the process, not only through the panel members, which I must compliment. The panel itself I think is composed of some very excellent people who have a dedication and a loyalty to their own expertise in the various endeavours and areas of their profession. I think it is that type of involvement by the panel that I think is going to come out with—well, you know, I can only speculate. I do not know for sure. I would think that the report has a fairly broad reach to it because of the background of the individuals on the panel. I think, with the mandate they were given and the direction of the chairperson, they will come up with hopefully the avenues that can be acted on by government or facilitated by government.

I think the way the process is set up with the interim report, it then sets up a blueprint of further discussion. I would think that the interim report would give some sort of guidance and direction instead of looking at the real broad

parameters of speculative scenarios. It would bring it down to specifics in a sense for further discussion, not necessarily that the specifics may all be finalized, but they would give it an area of discussion that not only the elected officials could then take back to their respective councils and members to discuss. It would also give the public an idea of where they could focus further discussion or direction that they feel that they would like to give to the Capital Region panel and to government as to how the structure should be implemented in the final report.

I guess once the final report is put forth, that then comes before the government to look at and to try to facilitate in a way that would become part of the government's decision at that time. It is hard to speculate as to the way it will surmise, but we are looking at, like I say, the final report some time, hopefully, at the end of the year. We are speculating that by December of 1999, we will have it with the ability to look at it and take it from there.

While I have the mike, I will introduce my deputy who has just come to the table, Mr. Bill Kinnear.

\* (1600)

**Ms. Barrett:** Perhaps I will hold more specific questions to when we get to the Program Support section in the Estimates book, if that is acceptable. The minister said that the other partners, the 16 municipalities and the city were meeting quite regularly without the province in attendance and that the minister did not feel slighted in any way. Is there a report back to the provincial government on what is going on with those meetings? Are they just meeting on their own and you do not get a report back from anybody as to what has happened there?

**Mr. Reimer:** The one time that my department was involved was at the first meeting that they had. One of our senior staff in our department made representation to that group just to give them an overview of what had transpired with some of the new mayors and reeves that were elected, because they came onstream in October of last year with all the municipal elections. That was the only time that we as a provincial government were at the specific meetings; other

than that, they hold them at their call. We are not made privy to their minutes or correspondence or anything. They have indicated though that if they felt that there was something that we should be involved with, they would naturally make overtures to the provincial government for our information or direction. We do not see their minutes or their meetings or anything.

**Ms. Barrett:** Just another question or two maybe on the Capital Region process. That is Mr. Myron Orfield is coming to speak that night. He is from Minneapolis and wrote a book I believe called *Metropolitics*. I am wondering if the government has looked at that book, his suggestions, if the government has any response to issues that were raised or what has happened in the Twin Cities metropolitan area. For example, I think a very interesting idea is the ring communities outside Minneapolis, the more affluent suburbs required to provide affordable housing and low-income housing in order to get any kind of infrastructure grants from the government.

Has the minister thought about an idea like that?

**Mr. Reimer:** I am familiar with the individual only because of what was written in the paper. I know he has written a book. I asked my staff to get me a copy of the book. I guess it is still on its way. I believe that the Capital Region staff have the book and are using it, or of some sort. As I say, I am not familiar with the gentleman's concepts other than what I read in the paper. It would be interesting to read his book.

As I have mentioned, I have asked my staff in my office to get me a copy of the book. I would be interested in reading it and getting a bit of a preview before the gentleman came to town because I think he has been invited, in fact, to speak that evening at the Art Gallery with some of his views.

As was indicated by the member, the mention of the housing is something that they seem to feel has worked down in Minneapolis or in areas around that way. It would be something that we would have to look at. The one thing that I think the member is aware, as

Minister of Housing also, we as a provincial government do not get into housing anymore. We are not into the house building or the residential market as we were back in the '70s and '60s. The only people who are doing residential housing at this particular time are developers or people building their own homes. So we do not have a program for housing per se, whether it is in the rural area or in Winnipeg. That is something that is handled totally by different markets.

**Ms. Barrett:** My understanding of this idea is not that the government would get into the building of housing, but, as one of the pre-requisites for getting approval or funding to build a development, there would be that in that development is included affordable and, in some cases, low-income housing. I know the province has regulations now of things that have to be in a development and plans and processes that have to be—or I think they do. We do have provincial land use policies on the books honoured more in the breach than the observance, I might add, for at least the fifth time in five years.

So this would be, my understanding would be, part of a regulatory process. It would not put the government into building houses. It would just say that, if you want to put in a development of \$300,000 homes in East St. Paul, you have to also put in housing that is more affordable. So that what you are doing is that you are engendering a diversity and a mix that we all talk about as part of the positives of the urban scene and the downtown scene, and you are saying that this is an essential component of any housing development. So my understanding of what he is saying is that that is the concept.

I guess what I am doing is that I am asking the minister if the government is taking any pre-emptive thoughts on the whole Capital Region challenge and sort of mapping out some preliminary ideas on what to do about this issue as it plays itself out in the Capital Region report, or if the government is saying: let us wait and not come up with any particular plans or ideas at this point, but wait and see what comes out of the report itself.

**Mr. Reimer:** I think one of the things that is available to the panel and which they have done

is they have looked at various models. I know that I have had an opportunity to do a little reading on what they call a Seattle model and why they talk about urban sprawl and how they have worked in their state and in their city. It takes a long time to turn the mindset of working within a large region to try to share facilities in all types of directions; in fact, I believe in the Seattle area they have been working now since 1974 on this. It is an ongoing thing. It is not as if there is a new philosophy and, bingo, this is the way it goes. It is a fluid type of decision making that goes on all the time, but if there is a willingness to go down that path, I think that is the main thing.

I think that this is where we are headed. We are looking for the path to go down. I am not saying that we have all the solutions or that the panel has all the solutions or even the municipalities and the 16 jurisdictions and the City of Winnipeg have all the solutions, but I think that there is a willingness to go down this path to try to find solutions and to try to find a way to look at a better co-operative enterprise, if you want to call it, within Manitoba. I think those are the things that we can build upon.

\* (1610)

In looking at some of the other models that are around and whether it is, as I mentioned, the Seattle model or this fellow here from Minneapolis, one of the things that the United States has the big clout with, if you want to call it, is their HUD, Housing and Urban Development, and they literally have hundreds of millions of dollars that they utilize in their housing and for housing developments and redevelopment of housing that the federal government is involved with, and this is where the United States I guess has a bit of an advantage compared to Canada where, here in Canada, our federal government has decided that it does not want to be involved with public housing anymore.

In fact what it has done, it has just evolved itself out of, it has turned itself over to the provinces, it has pulled itself out of its funding formulas or frozen funding formulas, I should say. It is not increasing funding to public housing. It has turned its back, if you want to

call it, at a time when there is a need for various forms of public housing in Manitoba, whether it is with seniors or people with supportive housing and these types of efforts where we have seen—I can talk freely in this area because as Housing minister I know what is happening, and as Seniors minister I know what the effects are, so that there is a real ripple effect with the federal government not being involved and abdicating their responsibility.

Down in the United States, HUD or the Housing and Urban Development department down there has a tremendous amount of clout in changing and turning around areas where there are problems or social problems in regard to housing in downtown core areas. They have literally had funding available to literally tear out certain areas of cities and rebuild them with housing complexes and tear down housing complexes. They have the ability to do a tremendous amount of change, urban renewal, some of it, some of it is very, you know, there is good and bad, but they have that type of clout that we do not have because the States have a big funding partner involved called the federal government.

*Mr. Jack Penner, Acting Chairperson, in the Chair*

Here in Canada, with what is happening housing-wise, some of this urban development and redevelopment for housing cannot happen because the municipalities and the provincial government cannot pick up the total costs of these types of initiatives. There are things to be learned from the United States and possibly looking at some of the mechanisms, but to get into the funding arrangements we are at a disadvantage. We do not have that ability to bring in the third partner to be involved with some of these huge urban redevelopment areas.

We saw a fair amount of significant change in the downtown area when there was the Core Area Initiative, and the Core Area Initiative was a joint venture with the three levels. There was a fair amount of revamping of the downtown area, you know, in regard to Portage Avenue and some of the other areas. The Forks was tied into it to a degree with the Core Area Initiative, so those are examples of where positive change can

come about, but your funding partners have to be in place and it is very hard for the city itself. I know the mayor has been a strong advocate of bringing the three partners together on this type of initiative, and I can only say that if the federal government looks seriously at wanting to get involved with some sort of downtown redevelopment, the provincial government would look very favourably on trying to work in partnership with the city and the federal government on the initiatives in and around Winnipeg, because it makes things change and it makes a difference, but it comes down again to money and the availability of it and who we can partner with.

**Ms. Barrett:** The minister said in his response that it takes a long time to change mindsets, and I am wondering if the minister thinks that we do need a mindset change in this whole area of Capital Region and the challenges that led to the creation of the committee that is making a preliminary report in a couple of weeks.

**Mr. Reimer:** I think that it is there. I think that in conversations not only with the mayor, but also in conversations with some of the mayors and reeves in and around the Capital Region, they want to see this type of co-operation. I think they realize that it is a cliché, but we live in a small world. We have to look at things collectively now in trying to solve a lot of not only the economic but the social adjustments that have to come about because of society and the aging population and the different shifting of demographics.

Those are some of the things that I think there is a willingness that elected officials are recognizing more and more, whether it is an elective official of the City of Winnipeg or the province or even in a small municipality in small towns, the people that are elected right now recognize not only their responsibility but they have been told that by the people that elect them that they want a sense of co-operation and co-ordination between the various levels and between the various jurisdictions so that there is not this duplication and this overlap and the expending of dollars two times. The demand for a way of life in safety and security in the community is becoming more evident, and they are saying to the elected officials, do not



squabble over the semantics, just make it happen and do it the most efficient way you can. I think that sense is becoming more and more prevalent in the people that run for public office, that they recognize that there is a responsibility to the people that elect them. The people who are being elected, if they do not listen to these electors, the people will turn on them and they will not last that long.

**Ms. Barrett:** I think the minister said that, yes, mindsets need to be changed and are changing about the issues facing the Capital Region. In his comments he talked about—my sense was he was talking about the city and the municipalities. I am wondering if he thinks that the province has made a change in their mindset.

**Mr. Reimer:** I think very definitely. I think that there is more a realization by the province in all areas, in all departments that the sense of trying to work co-operatively not only inter-departmentally but even within each department for the efficiencies of management, for the efficiencies of style, for the efficiencies of accountability for the taxpayers' dollar is becoming more and more evident.

I know within our own departments of Urban Affairs and Housing, the analysis of what is best for the so-called customer is becoming more and more prevalent. I do not say customer in a sense of retail. I mean whom we serve and what the demands are of the service that we are providing, that we are providing a service to people who are asking for a certain type of expectation and quality, and we, within our government, should be expected to deliver it.

A very, very good example of the quality in our government—and the efficiency of our staff and our government is very well recognized. Just recently, there was an awards ceremony at the Convention Centre where there were awards for efficiencies and customer service in the various departments. There were hundreds of applications of names that were put forth for individuals or departments or teams that have shown initiatives in how they want to make their department or their form of government or their particular job more efficient. From what I understand, the selection committee, it was very hard for them in trying to come to the finalists.

They revolve around more and more that the departments, not only my departments, but all departments are looking at how they can do their own job more efficiently and how they can be of more benefit as public servants serving the people.

I think that is becoming more and more prevalent in all businesses. You are there to try to help and to try to facilitate a demand based on need. You are not there just as someone to prolong or to make things just move; you are there to look at the efficiencies of operation and to make things better for where you work.

I was very honoured that my Department of Housing had a lot of nominations in there for the service awards the other day. In fact, one of the employees from our Housing department did win an award for his involvement and his attitude toward serving the public.

I think that is becoming more prevalent in all businesses. You recognize your customers or whom you are serving, and you try to do it better. It is not only more efficient, but I think that there is self-gratification in it, that you realize that you have a reward other than monetary achievement.

\* (1620)

**Ms. Barrett:** I think the minister may have misunderstood the context within which I was asking that question. I am still on the Capital Region challenges and the Capital Region report. I am not discussing at this point the internal workings of the Department of Urban Affairs or Housing or any of the other areas.

He was talking in terms of when he went back and said how it takes a long time to change mindsets. That was in the context of the Capital Region communities. I think that is a very valid point, and I agree with it completely, and he was talking in the context of Seattle and how long, and Portland, even longer. It does take decades and generations. That is why it is so essential to begin.

But what I am asking the minister is if he has a sense that there is a change in attitude about looking at the problems on the part of the

municipalities, on the part of the city and on the part of the province, if there is a mindset change that he is seeing happening in the Capital Region, in the various partners in the Capital Region.

**Mr. Reimer:** Oh, I think very definitely there has been a change. I can relate back to when I first became Minister of Urban Affairs. There was almost a "we" and "they" situation between the city and the municipalities. It was not until we actually started the Capital Region Committee meetings that some of the mayors and reeves said this is the first time we have had the mayor sit down and be at one of these meetings, because before that they were always just talking to the mayor through somebody else. They did not have the contact with the city.

I think a lot of it came about because of the personalities. Mayor Susan Thompson was a very outgoing mayor, and she made it a point of wanting to reach out to the municipalities. I believe that she even travelled around to all the municipalities, to the municipal offices, and called in on the municipalities.

I think that is something that was not there before. I think that there was a feeling that the city was just out for its own and that it really did not have that type of care or concern about what was happening in the municipalities around it. I know definitely that is not the flavour and the attitude that is there now between the city and the municipalities. I think they recognize that they both have to work, and, like I say, I am optimistic that viewpoint is there. I hear it reinforced by comments made by individual mayors or reeves. I think the mayor himself has said that he realizes he has to be not only the mayor of Winnipeg, but he is also the mayor of the capital city of Manitoba. With being the mayor of the capital city of Manitoba, there comes a responsibility of the representation in an indirect way that he is representing Manitoba, in a sense, being the mayor of the capital city. So, like I say, I am fairly confident the mayor recognizes that, and there is more benefit to work with the municipalities than to have Perimeteritis and just stay within the perimeter in his viewpoints.

**Ms. Barrett:** The minister has talked about two of the stakeholders in this triad. He has not mentioned the province. Has the province had a mindset change in the context of the Capital Region challenges?

**Mr. Reimer:** I think we have always had the opinion that there has to be a strong Winnipeg and a strong Manitoba. I think we have never positioned ourselves that we wanted to be antiurban or antirural in any type of attitude or decision by government. I think that it is beneficial to government and to all involved that there is a sense of co-operation.

As Minister of Urban Affairs, I try to be aware of what is happening in rural Manitoba so that I have that perspective. I know that my colleagues in rural Manitoba have a sense of what is happening in the city. They have become very aware of the challenges of the city and the mayor, and they recognize it very much because there is an interdependency. A good example is just recently, we mentioned about the tragedy with the farmers down in southwest Manitoba. The mayor of Winnipeg personally sent a letter to Prime Minister Chretien urging him to recognize the federal responsibility for the plight of the farmers in Manitoba. I think that is a very, very commendable gesture on his part that he as the mayor of this city recognized that the rural economy and the farm economy and the strength of the economy of Manitoba is in jeopardy if there is one factor that is in difficulty. He as mayor of the City of Winnipeg is a strong proponent through the letter that the federal government recognize there is a responsibility to try to help the farmers and the people down in the southwest corner of Manitoba. I commend him for his foresight in recognizing that there is an economic hardship out there and that there is a responsibility and that the federal government should address it.

**Ms. Barrett:** I would like to read a quote to the minister and see if the minister agrees with this quote. The quote is: "Growth is determined by demand. The provincial role is to act as a facilitator. I would not have any jurisdiction on their decision making or impose any decisions."

**Mr. Reimer:** The member is quoting, but I do not know who she is quoting from, whether that

was one of my statements or somebody else's statement. Maybe the member would repeat that quote.

*Mr. Chairperson in the Chair*

**Ms. Barrett:** I would be happy to repeat the quote. "Growth is determined by demand. The provincial role is to act as a facilitator. I would not have any jurisdiction on their decision making or impose any decisions."

\* (1630)

**Mr. Reimer:** To comment on that, we would have to look at the content and how it was stated.

The idea of growth is naturally decided by forces that government has no control over. I think that is a natural statement that growth can come about because of demand for government to stand in the way, blatantly, of growth where there is a demand, whether it is in a private sector or a corporate sector in regard to what is happening in the market. I think it is not government's role, but we should be always of the note that Manitobans have a choice. They have a choice where they want to live. They have a choice of where they want to work. They have a choice as to their conditions of employment and living. Whether it is in the Capital Region or in the city of Winnipeg, it is a choice that people would make. We as a government should not be dictating how people's lifestyles that they choose to live, in a sense, that we would restrict them in that type of direction that they feel they want to take.

**Ms. Barrett:** It was a trick. I am quoting the minister from the Free Press of June 11, 1995, and the quote itself is found in the CUPE Local 500 presentation to the Capital Region Review committee. I am not going to belabour this, but I do think the minister, to my view, has made the point that mindsets may have changed, but not necessarily on the part of the government because the quote says very clearly that the government has no role, that I, meaning the Minister of Urban Affairs, have no jurisdiction on their decision making—and I believe he is talking about individuals or even communities—or impose any decisions. We could go back and revisit the discussion that the minister and I have

had on four previous occasions on urban sprawl and growth, et cetera, and I think the minister made my point that, while other parts of the Capital Region may have had their mindset changed—and the minister said that there was a need for it—the minister's mindset has not changed.

**Mr. Reimer:** I cannot let that go unchallenged. I think that there has always been a willingness of this department and this minister to look at innovative ways to make changes and to facilitate and to work co-operatively with all levels of government, whether it is the City of Winnipeg or the municipalities, in trying to implement their changes. I think that where there may be disagreement between myself and the member for Wellington (Ms. Barrett) is the fact that the methodology of decision making may be different because of our political philosophies. That is mainly the difference that is between us.

**Ms. Barrett:** As I said, I am not going to go down that road too far, as much as I have enjoyed doing it in the past.

I have an area that I would like to ask the minister about, and I think it is a legitimate area. A couple of weeks ago, actually on the 7th of June, the Standing Committee on Municipal Affairs met and talked with the representatives of The Forks North Portage corporation. They made a very interesting, provocative presentation. I asked questions, and I had some discussion, not as much as I would have liked to have had, but the minister did not make any comments. I was wondering if it would be appropriate now for me to ask the minister some questions about how he responded and what his feelings are on some of the issues that were raised in the presentation by The Forks.

**Mr. Reimer:** Sure.

**Ms. Barrett:** Great. I have got a few little areas highlighted, not big long quotes or anything. I guess the first question would be: does the minister have any concerns or were there any red flags at all raised for him by the presentation and what the plans were on the part of The Forks North Portage?

**Mr. Reimer:** When the standing committee was sitting and The Forks North Portage was making their presentation, the member is right, I did not interject during the presentation. I believe I did not even interject once because I felt that the people who were involved with the management of The Forks North Portage and the chairperson, Mr. Ernie Keller, are doing a good job over there at The Forks. I think that, under the circumstances and the demands and the expectations and the way The Forks has been managed, they are working under some very trying conditions.

The Forks has been always a very big spotlight here in Winnipeg, as it rightly should be. We are very, very proud of The Forks. I think that the federal government, provincial government and the City of Winnipeg, as the three funding partners in the initial Forks project, can be very proud of how that has become a showcase for Winnipeg and for Manitoba, and indeed I believe it is used as a model now in a lot of places in North America and even in Europe as to how redevelopment can happen in a very positive manner.

So I think that we here in Manitoba and Winnipeg should be very proud of what has happened at The Forks, and a lot of it has to be attributed to the volunteer time that the board members put in and the involvement of the chairpersons that have been there, not only Mr. Keller, but the chairpersons before him, that they have really done a yeoman's job and a great service to this province and to Winnipeg to make The Forks such a wonderful place that it is. Now recently with the additions of the Children's Museum and the children's theatre going in there, the festival stage for the Pan Am, which will be left there as a legacy, some of the other amenities that are happening around The Forks, I think that we are really, truly going to make that corner—or that forks, I guess you could call it—a focal point for not only Manitoba, but I think that you are going to find here in North America it is going to be showcased very highly.

When the presentation was made, I felt I will give credit where credit is due for the management and the staff and the board there that have done a good job. I think that one of the directives they have been trying very, very hard to achieve is self-sustainability. This is some-

thing that they have worked very hard at because of the fact that naturally you can only live with public support for so long and there has to be a weaning period. I know the federal government is not putting any more contributions into the management or the operation of The Forks. The province, I believe we give our final payment this year—or was it last year—last year to The Forks for their operating funding, and I think this has given The Forks more strength of resolve to come to grips with sustainability.

I think their business plan and some of their objectives with some of their redevelopments and some of the projects they are looking at, whether it is the inclusion of a theatre complex, the inclusion of possible housing developments in one particular area, and I believe they were looking at some other exhibition sites there and the development of South Point. I think these are all worthy initiatives, and one of the things that becomes very evident whenever there is change there at The Forks, the public wants to be aware of it. I think that that is one thing where the board has always made itself available. They have had areas for public presentation. They have had public awareness programs.

So, like I say, overall I really do not have any complaints in regard to the way The Forks has been managed. I think they are doing a commendable job under the expectations and the pressures that come about for managing a very, very high profile showcase area here in Manitoba, and they do a good job at it.

**Ms. Barrett:** There are a couple of specifics, and the minister spoke about them in his answer, that I would like to get into in a little more detail. The first one is the multiplex movie. In one of my comments, I made the comment, and this was not original with me but I agree with it, that the downtown area is the more appropriate area for cinema, and, as I say, The Forks should do what The Forks does best and the downtown should do what the downtown does best, and the multiplex cinema at The Forks site is probably not the best way to do it. I think there are three movie theatres that are available technically downtown now with the Garrick closing.

\* (1640)

Mr. Keller in his response to me stated, talking about the company that wants to build the cineplex at The Forks, and I am quoting here: "Then the chairman of the board came down specifically, because Polo Park invited them and thought that that was the proper facility for them, and he insisted to see The Forks site. He walked the site for approximately 45 minutes. He made a decision we either go to The Forks or we not develop in Winnipeg. He jumped in his private jet and left town. I relayed that to the City of Winnipeg. You have to understand, if somebody wants to spend \$31 million on a project, it is a big investment, he should also have some say where it goes because he has to depend on the public to survive."

Now, I will share with the minister my concern in that, and that is that it appeared to me that what Mr. Keller was saying is that those who have the bucks get to call the tune, and I am paraphrasing a comment. I think it is Olympia and York it turns out later we were talking about. It was Olympia and York that has \$31 million to spend, and they were not prepared to spend it at Polo Park. They were only prepared to spend it at The Forks, and Mr. Keller was prepared to say fine, go ahead.

I am a bit concerned about that because there are some real concerns about locating a cinema at The Forks site. I guess what concerns me is that my sense was that Mr. Keller was prepared to say there does not need to be anything more. It fits with the business plan, therefore we really do not have to do anything else. So I am a bit concerned about the process there. I am wondering if the minister shares that concern.

**Mr. Reimer:** One of the things that has to happen and I think what The Forks has been encouraged to do is look at ways to facilitate and look at ways to get the best utilization of The Forks and the property around it. But the one thing that always is paramount is that those decisions are not one person's decision. They are decisions that are made by the board; they are decisions by the shareholders, and the shareholders in The Forks are the three levels of government. So any type of decision in that area would have to go to the shareholders for analysis, review, input, comment, discussion.

There is where the final decision would come about.

We have not been apprised of any type of proposal or initiative in regard to where, how or when a development like that might happen, so, like I say, this would not be a one-person decision in regard to what would happen at The Forks. The Forks has become, and I repeat myself, very much of a showcase, and I think that the public presence through the shareholders is very, very important. Those would be taken into consideration before any decision was made.

**Ms. Barrett:** Ms. Penner, who was also present at that committee hearing, stated that there was a letter of agreement that had been signed with Olympia and York that had been signed in terms of negotiation. I am wondering if the minister as one of the shareholders or the province as one of the shareholders has seen that letter of agreement.

**Mr. Reimer:** To the best of my knowledge we have never seen that. The shareholders may have seen it. I should not say shareholders; directors, I should say. There are three directors appointed by each level and that letter may have been shared with the directors. When I say we, our department or myself have not seen the letter.

**Ms. Barrett:** To whom do the provincial appointees report?

**Mr. Reimer:** To me.

**Ms. Barrett:** How often do they report to the minister?

**Mr. Reimer:** As required or when they are making major decisions or they are looking at policy directions or new directions, they will get ahold of me. I will contact them if I feel that there is something that there is of merit that I wanted to get some information on. It is not done on a scheduled basis but it is done as a matter of courtesy on their part that they will contact me and sit in or I will contact them. We do have one of my staff, my ADM, my assistant deputy minister Heather MacKnight. She will represent the province at those meetings. Don

Leitch, the principal secretary, he goes to those meetings. If he does not make the shareholders meetings, my ADM will make those meetings and government will be aware of what is discussed. So there is contact.

**Ms. Barrett:** The minister just said that the government will be aware of what was discussed at the board of The Forks North Portage corporation meeting. Yet Ms. Penner reported on June 7 that there was a letter of negotiation that had been signed, which I am assuming the board would have been aware of. If that is not the case then I think we are really in trouble here in the line of authority and public knowledge, et cetera.

But the minister is saying two separate things then, it seems to me. If he is saying the government will be aware of anything that is discussed and yet he did not know prior to the meeting or the Municipal Affairs committee meeting that there was a letter of negotiation with Olympia and York for a very large cineplex under negotiation with The Forks North Portage, there is a contradiction here, it appears to me, and it would seem on the surface that it makes my point, that there is a bit of a concern about the process that is undertaken here.

**Mr. Reimer:** I think there would have to be an awareness of exactly what a letter of intent could mean. A letter of intent can be that they have sent a letter saying that they are interested in talking about a development in the particular area and that could mean a letter of intent. A letter of intent could mean that we are interested in developing and furthering the negotiations with a possible commitment for looking at the physical structure that we would propose. A letter of intent could also include a further right of first refusal on some sort of development in that area.

I would think that if it came to a point where there was an actual commitment of stature or of substance, those are the things that would come to my desk and say that there is a serious overture being made at The Forks to lease, to buy, to develop 13 acres or whatever it is in this particular area and that this has been brought forth to the department, then those are the types

of things that would come for possible input by our government.

A letter of intent can be anywhere from a very minor saying that we intend to be in Winnipeg on the 18th and we would like to visit your site and discuss possible development. That is a letter of intent, the seriousness. That is more or less like when, I am not too sure how far that letter of intent was commitment, but I would think that before any commitment, the shareholders, we would know about it.

\* (1650)

**Ms. Barrett:** According to Mr. Keller, after Olympia and York, the chairperson of the board came and whirled around The Forks site for 45 minutes and said I have got \$31 million to spend on a multiplex and I am only prepared to spend it at The Forks, got in his private jet and flew back off to Calgary. Mr. Keller notified the city. He says: I relayed that to the City of Winnipeg. If somebody wants to spend \$31 million on a project, it is a big investment, he should have some say where it goes. Now, if Mr. Keller informed the city, he did not inform the province?

**Mr. Reimer:** I cannot speculate as to how Mr. Keller interpreted the telling of the city. He may have said that he told the board or he may have told the shareholders or the city that this fellow was around, you know, flashing big bucks, but it is like anything, show me the money, and maybe Olympia and York was.

It is hard for me to speculate as to what type of seriousness there was in that because I did not see anything. There was nothing brought to my attention that this offer was on the table for The Forks. I think that if it was a serious offer or if there was an offer that had strong substance to it, the shareholders, we would have known about it very readily. I am sure that our three appointees would have got back to us, or even through the principal secretary, Don Leitch, we would have heard about it at the shareholders' meeting. To the best of my knowledge, it was never brought up to me or to our department through staff or anything that this was happening.

**Ms. Barrett:** There are a couple of issues here and they are connected, but I do not want to confuse them. One is the process, and that is the issue that I am really interested in and very concerned about; and the second is the content, and the content concerns me because it is quite substantial. It is \$31 million. That is a huge amount of money, and it is a big physical plan here. Not only is there a multiplex cinema being looked at, parenthetically, while we have two of them going up within blocks of each other. One right by the stadium, right in that corner of the parking lot there, and one just a block or two north, right on Omand's Creek, right in the strip, just north of Home Depot. So I think that is an enormous situation change that is happening there.

Yet this fellow wants to come in and spend \$31 million on another Cineplex facility at The Forks instead of downtown where there is a history of theatre and entertainment of that nature. Not only does he want to build this multiplex, but he also wants to attach it both, I believe it is to the MTN and also to the VIA rail station, and he wants to build a 550-car parking facility up against the high line.

Now, when you put all of that together, that is an enormous physical structure or series of structures. I do not care what Ms. Penner says here when she talks about how the further away from river and the closer you get to downtown, the more you have a diversity of activities and of structures. That is a big piece of concrete that is potentially going up there. It would seem to me that all of the shareholders should know at the very outset that this is even a glimmer in the chairperson of Olympia and York's eye. So all the three levels of government can take a look at it and say, ah, maybe yes, maybe no. Let us have our input at the front end, not at the back end when negotiations have carried forward.

Obviously, it appears that the city did get in on the front end. I believe there was even something in the paper about the city saying, no, this is not a good idea. We have a number of theatre facilities that are going begging and are empty now in downtown Winnipeg. We want to revitalize downtown Winnipeg. This is not where this kind of a facility should go. Mr. Keller would appear to be, and I emphasize

would appear, because I am not getting any specific information otherwise from either that committee hearing or from the minister today that this process is underway without any input from the provincial government. I guess I am a bit concerned.

I assumed that the government, having the calibre of people it had on the board of the corporation, would have knowledge almost instantaneously of what happened at all of the meetings, and that it would be something that would come into the department and very quickly move to the minister's desk, something of this calibre. So I guess I am very concerned about that process, in addition to being concerned about the specific project that is being undertaken.

**Mr. Reimer:** I think that a lot of times there are a lot of discussions at board meetings and the board meeting at The Forks and that, that things are discussed in a conceptual manner as to how we would like to see things developed. I am not saying we, but I mean how the board may perceive what they feel they would want to have developed at The Forks.

The overtures made by the individual that came in to take a look at the facility may be just that, overtures. There is the ability for someone to come in, look at a specific area, possibly sees the potential of it, sees an opportunity that there is something that might be of a benefit in regard to a Cineplex operation so he or she writes back and says, well, we may be interested. I guess it is like the old adage from the old movie, show me the money, and then these things can happen until the rubber hits the road type of thing. There is a seriousness and there is a commitment that, yes, indeed, we do want to do these things. I guess that is when hard decisions are made or the decision process kicks in as to the value of the esthetic quality of what is being proposed, the whole ambience that we are trying to create at The Forks kicks in as to what is best perceived to happen at The Forks. I think that is where, like I say, decisions of go or no-go come about.

I am almost positive that they were never that close to a go or a no-go situation in regard to this, because it was just more or less, from what it would sound like, a cursory look, overview, by

an individual. It would be nice if an individual has the ability to make \$31-million decisions just on a 45-minute decision or visit. That would be quite a remarkable achievement when he has to report to shareholders and is responsible to his board of directors also. Just like the board of directors are responsible to the shareholders that we are with the province and the federal government, no decision is made that fast. But there is always discussion, there is always speculation, and there is always the ability to look at alternatives. I think this was one of the incidents where the board was made aware that this individual was wanting to take a look and may have had some notion that this was the way to proceed. I do not believe it got to a decision point that there was any type of firm commitment this was going to transpire.

**Ms. Barrett:** Nor did I suggest to the minister that it had gotten to that point. I do think, and I am going back over the Hansard of the meeting, now, I remember it had gotten to the point where it was on the drawings that we saw. It had gotten to the point that Mr. Keller had the parking structure, the multicinema, the connecting links to the VIA Rail station and the television station. Mr. Keller talks a lot about the VIA Rail, why the financial and business benefits to the multiplex owner, to having a connection between the multiplex and the VIA Rail station, and that it would allow for people who work in the VIA Rail station, assuming that gets going and becomes a viable entity, would then be able to go very quickly from there at all times of the year into the cineplex and go to a movie. It would be ease of entrance and egress.

\* (1700)

Then I asked a question of Mr. Keller about the timing of the decision and he said that on our side we could move it fairly quickly. I am quoting here: It depends if they come with too many obstacles, too many items which we do not agree on, then it could drag out. If they are very accommodating, and they are showing a true interest in appearance and building lives and the tenancy of a complex, then we would help them to move this project along.

We are not bureaucratic yet, so on our side we could move it fairly quickly. It would then

take more time as far as the shareholders, I presume, especially the city because of the process. We would have to look at the building permit. That alone today is now six weeks. Then talking about not only that, I asked: if it gets to the point where it is only going through the final permit stages, when would that be? Mr. Keller responded: we would like to see something happening in the next six months.

When you put all of that together, it sounds to me far more than just musing on the part of the head of Olympia and York. There has obviously been a great deal of work done on their part, which I would assume you just do not go in and say: I want to throw \$31 million at the high line, at The Forks, and that Mr. Keller for his part is more than prepared to facilitate and expedite this process. Yet one of the three basic shareholders of The Forks North Portage Corporation does not know anything about it other than what was in the minutes of the municipal committee, has never seen the letter, has never had a report from there, from the provinces, representatives on the board.

Now I would just like to ask the minister: how can anybody have any sense of confidence that there is an actual process that takes it as slow and as cautiously as it is required to be taken when you are looking at something that is as precious as The Forks is to the city of Winnipeg and the province of Manitoba? How can we have any confidence in the decision-making process when one of the three shareholders does not know anything about a proposal that is obviously fairly well down the road if we are looking at potentially six months?

**Mr. Reimer:** I think that when the member was referring to the map or the schematics of The Forks there, she is right, there was an indication about one area there that there was a proposal for a proposed cineplex complex. Also on that map was a proposal for a butterfly house. There was a proposal for an ecovillage. There was a proposal for a brew pub and public docking facility, I believe it was. These are all proposals and, with proposals, naturally, they are there because there might be a showing of interest. That seems to be what was presented to us with The Forks North Portage.



With regard to the cineplex, there may have been further indications, because an individual came into town to look at it, saying that this is a place where we would like to locate, but, as was indicated by the chairperson, Mr. Keller, who outlined it very specifically, the shareholders would have to have final approval on it before they came to us.

I think that as chairperson of The Forks he is very prudent in his assumptions by saying that, when we have something that is concrete, then that is when the shareholders would come to a position of saying: should we proceed, or do we get off this track, because right now we have a showing of interest, we have people who are saying they want to spend \$31 million? I am trying to put myself in Mr. Keller's position, and he is saying we have this and naturally we would look at it. I think they would be remiss as the guardians of The Forks not to look at any type of endeavour that possibly would have an economic benefit not only for The Forks but that would fit into the direction and the ambiance of The Forks.

I think Mr. Keller is quite open in his discussions and his indications that they have had this type of interest, but at the same time, as he pointed out, the final decision always has to come back to the shareholders. They were a long ways away from that type of decision. To come to the shareholders with every possible interest or people that are wanting to say they want to be at The Forks or to develop The Forks, I think that that is what the board is there for, to sift out the wheat from the chaff, if you want to call it, and come forth with a proposal that possibly has merit or is of the opinion of the and the board there at The Forks that this particular enterprise or direction has merit that is of benefit, and then the shareholders would make those decisions. So I see nothing irregular in the way Mr. Keller is approaching it, just as they are approaching it with the butterfly house. There has been an interest shown, that someone says we should have a butterfly house there. Okay, let us look at it. People have said, well, let us put in an eco village. Yeah, okay, let us look at the viability and how that could fly. Let us put in a brew pub and a public docking area. Sure, let us look at these things. I think we have to be open to that type of thing, and that is what

the board is there for, for a sort of sifting and analysis point where they can make a lot of the decisions.

I think that the members, all nine board members that are appointed, three from each level, have a sense of responsibility to make decisions that necessarily do not always have to come back up to the mayor, Minister Axworthy and myself for decisions, because that is why we have a board there. They are there to make decisions.

**Ms. Barrett:** The minister just said that it was necessary to separate the wheat from the chaff, and once you have done that, then you would go forward. It would appear to me that some sort of sifting had already taken place. Number 1, I do not believe the multiplex would have been on the chart; and, secondly, in contrast to what Mr. Keller and Ms. Penner said about some of the other situations like the butterfly house and the marina and brew pub and the eco village—and we have not spoken about the other housing complex, which I am going to ask you about in a minute—this little construction scenario was pretty far down the pike. I asked Ms. Penner, or Mr. Keller, and Ms. Penner answered, what the footprint of the 550-car parking stall garage would look like, because I could not visualize it. Two stories higher than the high line. They worked it all out. It was going to be about the same site line as the top of the CanWest Global Park. They had that all figured out. This has gotten down to far more detail.

\* (1710)

The butterfly house, yes. The gentleman that was proposing the butterfly house does not have the money right now, so that is lower down. The eco village, Mr. Keller said that because the corporation was not prepared to put any money in it, that is gone right now. That is not even on the table at all now because the proponents, I gather, wanted some money. So there is some wheat and chaff sorting going on there. The marina and the brew pub are being rescaled, but they are still there.

So all of these things have been sorted out. They are all projects that Mr. Keller, at least, wants to see happen at The Forks. What I am saying is that it would appear to me that the province, as one of the three shareholders in The

Forks North Portage corporation, would want to know from the very beginning what the status is of something as complicated, as large, as bulky, as massive as a 550 car park, four, five, six storeys high, going above the high line track, smack up against and connecting to a big massive multiplex, when we already have two additional multiplexes being planned and almost in the ground right now, and three movie theatres—well, two dark and one darkening as we speak, in the downtown area.

How can the minister say that it is not important to him and he is not concerned about the fact that he does not know anything about this from his representatives on the board? It is his responsibility, I would say, to be involved from the very beginning because he is ultimately responsible as one of the three shareholders for what goes into that Forks site. Why wait until the end, when Olympia and York has put an enormous amount of time and energy and money into it, and the staff or at least Mr. Keller is totally vested in this, and it would appear Ms. Penner is as well, Then all of a sudden, the province comes in at the very end and says, well, maybe at this point we have some concerns.

I should think the province would want to be partners all the way along the line. You have an enormous stake in this, and it just blows my mind, frankly, Mr. Minister, that it does not seem to concern you one little bit, that you have never seen paper No. 1.

**Mr. Chairperson:** I would remind the committee that we are straying away from the process. I have been somewhat lax in reacting to this, but I would ask the committee to make their remarks through the Chair. The honourable member for Wellington, to continue.

**Ms. Barrett:** Mr. Chair, I apologize. I understand. I got carried away, and I will not let it happen again. Anyway, I would like the minister to respond, please, through the Chair.

**Mr. Reimer:** Mr. Chairperson, yes, thank you very much. I think that, as mentioned, there are a lot of conceptual notions as to what might or might not happen at The Forks. In regard to the cineplex proposal—and that is all it is, really, it is just a proposal—the board members who sit on

this board who are appointed by the three levels of government I think are all of the capability and the character and the background, that they have the analytical ability to look at things under the precept of what is expected of them in protecting The Forks. I have confidence in the appointees, not only from our provincial government but from the other two levels, that those members there look at things in a very critical manner as to what is best for The Forks.

Naturally, the spokesperson who was here, Ms. Penner, and Mr. Keller were outlining the proposal, but I have to reiterate that at this time it is still a proposal. It is not something that is a fait accompli, that there is going to be a shovel in the ground, that we are aware of, in the near future. Once there is a proposal and a firm commitment, that is when, like I say, the rubber hits the road, and that is when decisions are made.

*Mr. Peter Dyck, Acting Chairperson, in the Chair*

I can look at the board appointments and the individuals who are on that board and with confidence say that they will look at the best interests of trying to make the best decisions for The Forks. I remind the member that one of the mandates that The Forks is working under is self-sufficiency, and they are encouraged to look at areas where they feel that they can realize funding to sustain them. They are still operating at approximately a million-dollar-a-year loss at The Forks, and they are carried because of the partnership that they have with the North Portage partnership, through the funding that is realized through that.

So they are looking at trying to raise ways of self-sustainability at The Forks as a stand-alone entity, and these are some of the things that they are looking at, are the ways to look at the revenue generation to not only enhance the properties through reinvestment but to make the project stand on its own feet, and this is why that is one of the complexes that was possibly interested, is a multiplex complex. They have called for various proposals. I believe they have called for proposals in 1997 to look at ways to become safe and self-sustainable.

There were other areas that they encouraged submissions. I cannot remember how many submissions they got back from their proposal call back in '97. So I think that they are innovative enough, and they have the character on the board to look at ways. This is one of the ways. I think if it comes to a more serious proposal where there is something on the table, then these shareholders naturally have the ability at that time to make decisions on it, but to be involved with all the proposals that are coming forth, I do not know whether it merits that direct involvement with everything and anything that happens at The Forks. I do not think that is the role of the minister. I think that is the role that has been delegated to the chairperson and the board appointments. I am there to look at it on their behalf, and if there are questions or there are concerns, naturally they would come back through this office.

**Ms. Barrett:** If I can remember correctly, the minister said that he does not get automatic reports from the government appointees on the board, nor I believe does he get automatically copies of the minutes of the board meetings, am I recalling that correctly?

\* (1720)

**Mr. Reimer:** As I mentioned earlier, there is a direct representative of the government invited to the board meetings. I believe the board meetings are once a month on average, and the representative is either Mr. Don Leitch, principal secretary. If he does not make it, then it is Heather MacKnight from our department.

Minutes are sent back through the system to our department through my assistant deputy minister, Heather MacKnight. I rely on her, if there are things in there that should be brought to my attention, that they are brought to my attention. There are incidents that Heather brought just recently in regard to the termination of Mr. Ken Smith, that was brought to my attention through the board meetings. If there is something of consequence that she feels that I should become aware of, she will forward those to me.

I keep trying to remember other incidents that may have come from that board meeting.

They cannot be of too great a significance or of great paramount, or I would have remembered them. [interjection] Oh, yes, that is right too. When there was a problem with the restaurants, they were complaining. That was brought to my attention. I did actually have discussions with some of the board members on that to get their views on it and the leasing of the space to the new restaurant that is in the old skate-change building, so that was brought to my attention.

I think that the workings of Spirit Island, the proposals on some of those things, that was brought to my attention. The bridge, the revamping of the new high line bridge there, to make that into a walkway. There were discussions on that one. Items of consequence, they do come back to my desk, but like I say, I rely on the members that are there to keep me informed if there is something that has a possible consequence that we should be aware of.

**Ms. Barrett:** I am wondering if the minister in his role as Minister of Housing has been made aware of the status of the condo complex, which is not the Eco-Village complex, but the other complex. Did the assistant deputy minister raise that issue with him at any time? Has she raised that with him at any time?

**Mr. Reimer:** There has been general discussion on the condo development of some sort on The Forks, but I think that is about as far as it has gone. I am not aware that there has been any proposal that has been put forth to The Forks by a specific developer or developers to set up a complex, but there have been discussions. Like I say, to the best of my knowledge, I do not think that there has been anything formalized in that particular area. I think there was more talk really about the Eco-Village that did not come about or that does not seem to be coming about than there was about the condo development.

**Ms. Barrett:** Mr. Keller said, in response to a question from me, if there was a corporation or a group that is interested in building this condo complex, that, yes, there were two. One out of Calgary, and one from Winnipeg. When I asked the time frame, my question and I quote, "What time frame are you looking to on this development, assuming there were no concerns

raised by any of the shareholders?" Mr. Keller's response was, "We hope to see a construction start this fall if possible."

So I would like to ask the minister again. He was not aware of any information on this, and we are a week after the official start of summer and months before fall, and Mr. Keller is assuming that something will be in the ground this fall because he wants to start making money on it, as he said. So again I am puzzled that the minister would not have been aware of what appears to me to be a fairly far-along process to build condos on The Forks site.

**Mr. Reimer:** I guess there is nothing wrong with being optimists, you know, that things will fall into place and that there is a demand there and that things will transpire as you feel they should. I think that is commendable, because I think that things happen because of optimism and dreaming, and that is commendable by anybody that is involved with wanting to make changes.

As to the formality and the actual, again, it has not been brought to my attention to the best of my knowledge through the meetings that have transpired at The Forks, that this is something that is in a fait accompli state. I can only think that it may be still under consideration. Whether it has been finalized, I do not think so because we would have heard about it for sure. It certainly would not have happened. If it is still in the formative stages, then that is maybe just where it sits right at this particular time, but as for, you know, the shovel in the ground, I do not think that has been finalized.

**Ms. Barrett:** I guess the minister is making my point because the minister, in his answer, says, I guess, I think, but I do not know, so the minister does not know that Mr. Keller is not right. He does not know that Mr. Keller does not have a firm proposal or close enough to a firm proposal from one or two construction companies that would allow the shovel to go into the ground. Although, no, I will not go on to personal care homes. I will not do that.

**An Honourable Member:** They are in the ground.

**Ms. Barrett:** Five years late, they are in the ground, but I will not go there with the former Minister of Health.

My concern is that the minister by his own response has verified my concern, which is that he does not know the status of a housing complex, a condominium complex, not butting up against the density part of The Forks, but right on the riverside, "down by the riverside," that is being proposed, that according to Mr. Keller is quite far along in its proposal.

I would agree with the minister, Mr. Keller is nothing if not an optimist, but I am thunderstruck that the minister does not know whether this is a case of Mr. Keller being optimistic or if it is a case of Mr. Keller reporting accurately a proposal that is within months of being actually started. We do know that Mr. Keller is very determined and Mr. Keller knows his priorities, and his priorities are to make The Forks financially viable. You can argue with him, and I do, but I have no doubt that where he sees it going ahead, he will do everything in his power to facilitate that.

That, again, is my concern with the minister: (1) he does not know the status of something that may be happening within three months; and (2) he does not appear to be concerned about the fact that he may not have an input into it or even knowledge about it until there is a firm commitment, to use the minister's own words. It would seem to me that the minister would want to get in the door well before there is a firm commitment.

**Mr. Reimer:** One of the things I always enjoy is a good, political discussion with my critic from Wellington because sometimes we bring into our thinking our political philosophies and we are just on the edging of this, I guess, in the sense of involvement and the direction that government should be into anything and everything that comes about. Not to say that we should not know what is going on, but as to the degree, I guess, this is where we may differ.

\* (1730)

I have the utmost confidence in the board and the board members and the selection of the

board members, not only by our provincial government, but the other two levels of government. Their critical analysis and their summation of events that come about for the good will of The Forks has proven to be very, very, beneficial. There has been a continuity of the board. There has been a continuity of the chairperson there since about 1994, pardon me, of Mr. Keller, and they have been able to bring that forth for a lot of new improvements in that area.

The proposals for the housing is a proposal. I think that I have seen other things on the drawing boards for The Forks there also that have not come about. One year I remember seeing schematics of something that was brought forth where we had some aboriginal round-houses and an aboriginal component right on The Forks. I remember seeing a proposal come forth for a big huge stadium, a totally indoor stadium on The Forks, too. At one time there was even, I think they call it, One Canada Place or something like that. Snowcap, yes, that is right. That was in place, yes, this was going to happen. The aboriginal culture centre, these were all things that were going to come about, and there was a lot of discussion, and there was a lot of gnashing of teeth saying this was going to happen. There is still a fair amount of gravel parking lot out there.

I guess the complex and the housing complex in an ideal world possibly, maybe these are some of the things that may happen. With the development of housing along where it was proposed along the river, something like that would take a fair amount of public consultation because it is right on the river. I think that there has to be a review. There are permits that have to be taken. There is public concern that has to come about with anything, any type of development like that along the riverways. Those things are a long ways down the road.

I think, as the member mentioned and I mentioned too, there is nothing wrong with being optimistic. There is nothing wrong with trying to have the vision of what could or could not happen in The Forks. But these are things that are put forth for discussion. They are bandied around. They are explored. They sometimes even come right down to the blueprint

stage and the planning stages. But a lot of times it comes down to the viability and the availability and the ability to make things happen. Those are the areas where there is input from the stakeholders, or the shareholders, I should say, and things get discussed on a very, very formal basis at that time. Thus the process will be followed that way. It is not as if these things would sneak in without any type of input from our government, from the feds or from the City of Winnipeg. There is just too much of an awareness of The Forks to allow things just to happen holus-bolus there. The people will not let us do that. We know that. There is just too much awareness of what people expect at The Forks. The idea that all of a sudden there is going to be this huge amount of concrete and bricks and mortar taking place in and around The Forks I think is something that maybe we have to be aware that there is a process there. The process means that decisions have to be made, and no decision has been made yet. But there is always room for speculation and there is room for scenarios of development or possibly adding on to the green space there or to the park area. Those are some of the things that come about. I know that there was a lot of discussion just in regard to the festival stage, even having a festival stage. People were talking about maybe we are going to spoil The Forks; we are putting in a festival stage in that area.

I think any time there is anything happening at The Forks, that is one place that does get a focus, and it does get a fair amount of public input. I know that things would not sneak in and all of a sudden just appear because someone wanted it or someone sent it there, that we would like to have done by the end of the year type of thing. There is a process there, and a lot of the process means satisfying the shareholders. So we will always be there to try to work for The Forks and with the City of Winnipeg and the federal government in the management of this commodity. We are very, very blessed to have it, and it is working out very, very well, and there is room for proper management of it.

**Ms. Barrett:** I think we will once again agree to disagree. I do not think it is as much a matter of philosophical differences as definition of stewardship, perhaps. I just would make one

little comment before I ask another specific question about another program.

That is, I am very uncomfortable with the minister using the word "commodity" when talking about The Forks. To me, the word "commodity" means something for sale. So maybe that is another philosophical difference. I do not think the minister meant it in the way that my immediate reaction was.

I have a question or two about the Take Back the Streets Initiative, pretty general questions. I guess I would like an update, and I would like to know if the Estimates book for the Department of Urban Affairs contains any specific figures or can the minister point to anything in the Department of Urban Affairs that responds to the Take Back the Streets Initiative.

**Mr. Reimer:** The Take Back the Streets Initiative that was announced in the throne speech I think is a very positive initiative by this government. I think what we are looking at is a way to build communities better, to look at the tremendous assets that we have here in Manitoba and here in Winnipeg in regard to the community involvement, the community focus groups, the community resources that are within the community. I think it is something that can be looked upon as a positive asset in our community. It is building this community capacity to make changes where the Take Back the Streets Initiative will concentrate. It is a matter of compiling the initiatives, looking at the resources in the community, looking at ways to mobilize or to catalyst these groups or community consultation areas to get a better result for the growth of the community.

The member mentioned a specific line for funding. She has got to remember that this was an initiative that was announced after the Estimates process. It was announced through the throne speech. There was not a funding line specifically earmarked in the Urban Affairs department for the Take Back the Streets Initiative because it is felt that there are resources within not only the government departments but in looking at how we can identify where we can capitalize on positive change in the community. It is the identification of these community assets or these community

building blocks that will more or less in a way give us the ability to look at it in a catalyst funding situation or supportive funding situation to enhance, to enrich and to enlarge the positive aspects of these groups you are working with in the community.

It is a fairly encompassing project to look at, at the various communities because it looks at not only the physical aspects of the Take Back the Streets Initiative but it looks at the building upon some of the social aspects of community building. It looks at the ability to work with groups that have got positive influence in the communities. I can point to, say, the community centres. We can look at areas of where there are other groups that are working very, very positively within the community. I look at the West Broadway housing association, I believe it is called, some of the other areas that have made positive influences in the community. Those are the ways that I think we can institute some very significant change by recognizing where there is the ability to capitalize on these groups, identify them, work with them, use them as a consultation process, gather their strengths, complement them in a sense of supportive funding in a sense and getting positive results out of these groups.

\* (1740)

It has, I think, some very positive ways to tackle some of the inner city challenges that we have, not only for the safety aspect of the streets but the care and concern for the way of life that we want in our community. Those are more or less the emphasis when we talk about the Take Back the Streets Initiative.

**Ms. Barrett:** I understand that, and that has been explained in the newspapers and in the throne speech itself. I guess I get back to process, and I understand finding from within the resources that particularly it was announced after the Estimates process began. Is there a department or a person that is in charge of compiling the initiatives, the catalyzing, actually implementing the connecting, the dialoguing, the linking? Is there someone or a department that is responsible for overseeing the implementation of the initiative?

**Mr. Reimer:** Mr. Chairperson, the Department of Urban Affairs will be the lead department on it. There is a process underway right now, and it is more or less looking at neighbourhood profiles throughout, the key stakeholders in various neighbourhoods and in the communities. We are looking at other areas of trying to look at the positive aspects of bringing the resources together. There is a process started, and it is this type of approach that I think that we can get, like I say—and I am repeating myself—that we feel that we can get the best results from.

**Ms. Barrett:** Is there a particular staffperson or persons who are charged with the profiles, the identifying the key stakeholders, the bringing the resources together? I would assume that is a needs assessment. That is how I would identify a needs assessment.

**Mr. Reimer:** Yes, Heather MacKnight in our Urban Affairs department is the lead person in there.

**Ms. Barrett:** Is there a time frame for this preliminary beginning needs assessment, what I would call needs assessment process to be concluded?

**Mr. Reimer:** I think the member can recognize that there is a fair amount of complication, not so much that it is going to impede, but I think that there is a need to know of not so much the complexity but where the assets are, where we can work in the community to start to compile, where the emphasis should be, and with that knowledge will come the ability to make decisions as to what type of possible staffing requirements may be needed, what type of possible funding may have to be looked at in our budgetary process. Being preliminary in nature like that, I think right now it is a matter of trying to get the knowledge so that there is awareness of the complexity or the magnitude of what will be needed to make the program get off the ground and start to move. I think that is what the individual, Heather MacKnight, is doing at this particular time is trying to get a handle as to exactly how big of a swath we are cutting and where the emphasis should be and how much money may be available, or what type of staffing might be available once we get involved with it.

I would think that the timetable is that we are working towards a completion of this analysis sometime into the fall, so that if you are looking at budgetary figures, you have to look at your budget process which is usually the late fall, early spring, and by that time, I am sure, the idea is to have some sort of indication of what is needed by that time.

**Ms. Barrett:** Mr. Chair, so I can get a sense then of the timeline. It is the needs assessment, the preliminary work, Ms. MacKnight will finish hopefully sometime this fall, so that information and those requests or recommendations can then be translated into staffing requirements, resource requirements, to go into the Estimates process for next year.

Is she doing this to look at possibly making suggestions for additional, or for putting it into other departments other than Urban Affairs, so that she would then be sending out suggestions to Family Services or Justice or Health or Education?

\* (1750)

**Mr. Reimer:** One of the things we can look at that has been quite successful is the way that the province has handled its Winnipeg Development Agreement commitments. If you recall under the Winnipeg Development Agreement, Urban Affairs is the central lead department on it, but other departments have taken on different responsibilities of direction. Family Services is doing some direction, and they have taken on some of the Winnipeg Development Agreement funding. Education and Training have taken on some of the funding, Justice, and Highways and Transportation.

I think that there is a template or there is a model that is working and has shown that it can work. We can possibly utilize that type of format into this type of scenario also with Take Back the Streets Initiative, where you work closely with the various other departments and they identify where they feel that they can get the best results or the direction that they want to take with the implementation of it. I think that this is why I say there is an optimism: we have the people, we have the ability, we have the

resources, and it is a matter of making it work in the best way for the initiative.

**Ms. Barrett:** So Urban Affairs would be the coordinator kind of thing, and other departments would then implement, if that is the right word, elements of the initiative based on the assessment process that is supposedly, hopefully, being completed this fall, then would lead into the planning process. [interjection] Okay. I think I understand that. I have no further questions at this time.

**The Acting Chairperson (Mr. Dyck):** Item 20.1. Administration (b) Executive Support \$239,800—pass.

Item 20.2. Financial Assistance to the City of Winnipeg, Unconditional Current Programs Grant \$19,587,500—pass; Unconditional Transit Operating Grant \$16,339,000—pass; General Support Grant \$8,325,000—pass; Dutch Elm Disease Control Program Grant \$900,000—pass; Unconditional Grant - Urban Development \$7,000,000—pass; Less: Adjustment to reflect program transfers from the City of Winnipeg (\$23,500,000)—pass.

Resolution 20.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$28,651,500 for Urban Affairs, Financial Assistance to the City of Winnipeg, for the fiscal year ending the 31st day of March, 2000.

Item 20.3. Urban Affairs Program Support (a) Salaries and Employee Benefits \$704,600—pass; (b) Other Expenditures \$643,600—pass; (c) Canada-Manitoba Winnipeg Development Agreement \$2,707,800—pass.

Resolution 20.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,056,000 for Urban Affairs, Urban Affairs Program Support, for the fiscal year ending the 31st day of March, 2000.

Item 20.4. Capital Grants (a) Financial Assistance to the City of Winnipeg \$23,600,000—pass; (b) Urban Initiatives —; (c) Canada-Manitoba Winnipeg Development Agreement \$3,705,600—pass; (d) Red River Floodway Control Structure \$500,000—pass; (e)

Less: Recoverable from Capital Initiatives \$5,000,000—pass.

Resolution 20.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$22,805,600 for Urban Affairs, Capital Grants, for the fiscal year ending the 31st day of March, 2000.

Resolution 20.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,100 for Urban Affairs, Amortization of Capital Assets, for the fiscal year ending the 31st day of March, 2000.

Would the minister's staff now please leave the table as we need to discuss the Minister's Salary.

Item 20.1. Administration (a) Minister's Salary \$13,500—pass.

**Mr. Reimer:** I just want to make one quick comment. I know I did it at the beginning, and it is unfortunate my staff is leaving right now. But one of the things that I have often said is that you are only as good as your staff that you have around you as a minister, and I have been blessed with great staff, people who really give of their time and their commitment. You know, there is no such thing as looking at the clock sometimes with my staff, and I really appreciate all their time, their effort and their commitment not only to their department but to keeping-their-minister-out-of-mischief type of thing. I just want to say that I compliment my staff.

I want to compliment my critic too. We mentioned at the beginning of the session that we have been together five times. I can honestly say that my critic has never been one that has been vindictive or vicious or malicious in her criticism or her comments to and about this department. I think that her dedication not only towards her constituents but also to the city of Winnipeg is commendable, and as we go down this road, I do not know how we will cross paths after the next election, whenever it is, but I know that I have enjoyed my association with the member for Wellington (Ms. Barrett).

**The Acting Chairperson (Mr. Dyck):** We thank the minister for those comments.



Resolution 20.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$253,300 for Urban Affairs, Administration, for the fiscal year ending the 31st day of March, 2000.

What is the will of the committee?

**An Honourable Member:** Six o'clock.

**The Acting Chairperson (Mr. Dyck):** The hour being six o'clock, committee rise.

### GOVERNMENT SERVICES

**Mr. Chairperson (Ben Sveinson):** Good afternoon. Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply, meeting in Room 255, will resume consideration of the Estimates for the Department of Government Services. As had been previously agreed, questioning for the department will follow in a global manner with all line items to be passed once the questioning has been completed. The floor is now open for questions.

**Mr. Jim Maloway (Elmwood):** The other day when we were in Estimates, I asked the minister several questions, basically, requests for information. He provided me with a list, in a very timely manner I might point out, of government leases. In addition, though, he had promised to get us information on the rollout plan as it relates to the desktop system. There were some other requests that were made.

I know that staff usually make notes while they are here and review Hansard afterwards. So I am assuming that they have the information that was requested. Perhaps we could, for the next hour anyway, discuss this matter a little further and try to get a better idea as to what the total costs of this project are.

\*(1450)

**Hon. Frank Pitura (Minister of Government Services):** I just would like to clarify with the member if the intention is—I know the committee is set to rise at four—to continue to four o'clock on the area of Desktop, in which case a number

of my staff that are sitting here at the back would be then free to go.

**Mr. Maloway:** Well, I hope we do not discuss this matter until four o'clock. I would think depending on how many answers we have, we may in fact get on to another part of the department before four o'clock. So I would not want to send everybody away.

On the other hand, it is my intention at this point to stay within the IT sector for the hour, provided that we have information being provided.

**Mr. Pitura:** The honourable member for Elmwood requested the last time we had discussions here in Estimates the rollout schedule for the desktop, and I am prepared to table some documents that will give him some idea as to the rollout as of March 1999, by quarter, and also the work stations transition to date right up until November 1998, no, this will be to November 1999, I am sorry. So I table these documents.

**Mr. Maloway:** I thank the minister for providing that information. I will take a look at it as soon as it is copied.

In the meantime, though, I was given figures the other day of the desktop program costing \$162 million. That is for the roughly 9,600, I think it is, units in the project, the 7,200 original and then the additional Family Services units and the Department of Health's units. The problem is I am looking for figures for the hospitals and the Crown corporations, for basically their IT-related costs related to the year 2000 and not specifically Y2K. I mean the Finance department has given me \$70 million as the cost of their 65 Y2K projects. Now that is evidently the total number of Y2K projects in existence in the government, and that number, that 65 projects, \$70-million budget, covers everything, covers the government, covers the hospitals and I believe covers the Crown corporations. That is my understanding that their global budget is \$70 million. Where we are missing information is on the total cost of all of the computer buys and software buys and consulting and whatnot that are not specifically considered Y2K.

I, in my own mind, put it all in one big picture. To me it has all come about because of the year 2000, but you split them off into specific Y2K projects and then your desktop program. So what I am trying to find out is what are the hardware costs related to the year 2000 activities as far as the hospital authorities are concerned and all of the Crown corporations?

**Mr. Pitura:** I thank the honourable member for that question, however I will not be able to answer his question with regard to the kind of information he is looking for because under the auspices of the Department of Government Services, specifically the Desktop Management Unit, the sole responsibility for that unit was to provide the desktop management for the conversion of the desktop within the provincial government solely. As such, we do not have the information with regard to the hospitals or the Crown corporations that the member is looking for. I am not sure whether we could even obtain that information for the member.

**Mr. Maloway:** Mercifully, the member for the former constituency of Turtle Mountain is here today, and he was here yesterday. He was here with me when I asked the Finance minister these same questions. Talk about buck-passing.

I tend to blame now, if I am going to blame anybody here, the Minister of Finance (Mr. Gilleshammer).

**An Honourable Member:** Not Frank. Frank is very easy to work with.

**Mr. Maloway:** That is right. This minister has been fairly easy to work with, very straightforward. So I tend to believe this minister. But when I go to the Finance minister and the Finance minister basically buck-passes back to Government Services each and every step of the way, then the logical conclusion that one can draw is that there is nobody in this government who really knows what is going on, that in fact there is no real way of determining, other than maybe asking the Provincial Auditor, what the total costs of all of the computer software and hardware upgrades, consulting fees and Y2K-specific projects, the total of those costs are. There is no way of telling that, because the Government Services department says we are

responsible just for \$162 million and 9,627 units and that is it. You go to the Finance department and they say, well, we are not responsible for anything to do with desktop. All we have to do is just the Y2K projects, the 65 of them worth \$70 million and for computer hardware related to hospitals, all the hospitals in the province, and all of the Crown corporations, we have no idea how to find that out.

Now let us get with the plan here. Surely somebody has this information. If you do not know, I do not know where you can get this information from. You are an integral part of this whole system here, and you people work very closely with the Department of Finance. All this buck-passing going on and saying, well, you know, it is not our responsibility; it is Finance's responsibility. Then you go to Finance and they say, well, no, it is Government Services. To me, that just does not wash. I figure you should both be able to provide these answers. If you do not have the answers readily available, you should be able to get them.

\*(1500)

**Mr. Pitura:** I would like to clarify for the honourable member that with regard to the desktop rollout for the provincial government and the establishment of the Desktop Management Unit, the responsibility that the Desktop Management Unit was charged with was the conversion of the desktop within the provincial government. No other responsibility with regard to hospitals or Crown corporations, or rural RHAs for that matter, the Winnipeg Hospital Authority or the Winnipeg Long Term Care Authority, were charged as a responsibility for the Desktop Management Unit. So I will hope that the member can appreciate the fact that within a responsibility that was charged to us, we have proceeded to fulfil that responsibility with regard to the Desktop Management Unit. As such, I would just like to say, too, I think that the Desktop Management Unit has done an excellent job in getting the rollout completed on schedule and getting the whole desktop area transitioned for preparation to enter the new millennium and to ensure that within the realm of the provincial government, we are Y2K compliant and Y2K ready.

The numerous regional RHAs, Winnipeg Health Authority, would all have information in their own respective organizations in terms of Y2K readiness. In terms of whether in fact they have a desktop management system in place or whether they intend to do a desktop rollout, that does not stop us in the future if the WHA or the rural RHAs would like to enter into a discussion with the provincial government with regard to their desktop units. We would be receptive to having that discussion and working with them to achieve their goals in that area.

But at the present time, our sole responsibility is strictly for the desktop management rollout within the provincial government. As such, when the member is asking me information with regard to the global picture within the province of Manitoba, unfortunately I cannot answer the question. It would take probably months of research on our part, of which in terms of staff time and resources would be difficult to do trying to put a global scenario together. So I hope that the honourable member can appreciate that.

**Mr. Maloway:** Mr. Chairman, well, let us just speculate for a moment. Just where would the minister think that one could get the information then as to what the costs of the hardware and the costs of the software and the costs of the consulting relating to the changeover to year 2000 for the hospitals of Manitoba and all of the Crown corporations? Just who in this government does he think would have that information?

**Mr. Pitura:** Well, in a quick answer for the honourable member, I would think that each rural hospital authority, the Winnipeg Hospital Authority, the Winnipeg Long Term Care Authority, would each have their own information with regard to their IT area and their Y2K readiness, as well, each Crown corporation of the provincial government would also have its information available in terms of whether it is Y2K ready and its desktop status.

**Mr. Maloway:** Mr. Chairman, would he think that the Minister of Finance (Mr. Gilleshammer) would have all of this information?

**Mr. Pitura:** Well, Mr. Chairman, that would be terribly presumptuous of me to think that the

Minister of Finance would have that information. Since the purview of the regional hospital authorities—they are basically autonomous organizations that look after their own affairs. As such, that information is not necessarily shared with the Minister of Finance. The Minister of Finance certainly knows, in terms of the global funding that travels through the Department of Health to the regional hospital authority, but in terms of the Y2K readiness and what the computerization within a regional health area, what the status is of it, I am not so sure that he would have that detail.

**Mr. Maloway:** Mr. Chairman, well, would you think, though, that he is the most likely person to be able to get the information, that if the Minister of Finance does not know what the global picture is, what the total costs are for the computers for the entire government and its Crown corporations, then who else would he expect should have that information?

**Mr. Pitura:** Well, Mr. Chairman, for example, if you were to take the Burntwood RHA, they would have that information available within their regional health district. If you are looking at a Crown corporation, the Manitoba Public Insurance Corporation would certainly have that information available to them, and as the member well knows, the recent conversions that MPIC have undertaken have not had to have the approval of the Minister of Finance (Mr. Gilleshammer) to proceed with it because they are a corporation, and they make their own corporate decisions. So overall, the member could probably obtain the information as easily as anybody can with regard to the desktop status within each one of these organizations and their Y2K readiness.

**Mr. Maloway:** I think that the answer is a little more simple than that. I think that the Finance minister should have these figures. I think if he would get out of his foxhole and start answering some of these questions. I think the previous Minister of Finance who quite honestly ran things in this town, Minister Stefanson seemed to be controlling everything from his little hideout there in Finance, and today it just seems like nothing is going on in Finance compared to the old days when Minister Stefanson basically ruled the roost here and had all of the

information and gave out pretty well all of the orders.

I guess those days are now gone, and now we are trying to find out just who is in charge around this place. It is getting kind of hard to discover who has got the authority. You know, it is difficult for us to tell whether it is just deliberate or whether it is just lack of ability to find the information. I suspect, because of the election coming up in a couple of months, that it is a bit of both. So I think we will have to pursue this particular point anyway with regard to the Crowns and the WHA and so on with the Minister of Finance a little further and see if I can get some better answers from him. If not, I guess there are other ways of obtaining the information, but obviously the easiest, quickest way would be simply to ask you or to ask the Minister of Finance and hope that they would be able to have the resources to be able to get the information.

I would like to ask the minister now, with the throne speech's comments about reduction in the size of the civil service of 10 percent over the next five years. I know that you are planning to achieve it through attrition, you are not planning to fire, so I think people in this room can relax a bit. They are not going to fire anybody; as people quit or retire, they just will not be replaced.

**Mr. Pitura:** I am the only one that is on term.

**Mr. Maloway:** That is true. The minister says he is the only one on term, and that is very observant, and so am I, I might add. But the question is, if you reduce—I am not sure of the number of civil servants, I think it is 15,000 or thereabouts—the civil service by 10 percent, that would be 1,500 people, and over five years that would be—well, I do not know how many that is, but in any event, it is a substantial reduction of people. Clearly the jobs will have to be done by the remaining people, so some people will have to do more work.

My guess is that you are planning to use all this money you have spent, this \$162 million in IT, to streamline your operations so that you will not miss the people who are leaving as much as you might if you did not have this IT in place.

So the question is: is that a correct assessment, first of all, that the new streamlined features of this system will allow you to operate with fewer people?

\*(1510)

**Mr. Pitura:** I know that the honourable member made reference to the throne speech about reducing the overall size of government by 10 percent and this is to be accomplished through attrition. I would share, though, with the member that within the Department of Government Services, actually our staff complement has gone up this year. As well, I would share with the honourable member that five or six or whatever, seven years ago, we had no such thing as a desktop management unit within the provincial government. Now we do, and we have a tremendous need for people who have expertise within the information technology area. By placing the information technology right across government, it need not necessarily result in the reduction of jobs as a direct impact of information technology. However, there may be areas where the inclusion of information technology might make it possible that if there was three staff performing the function before, maybe it could be performed by two now and as a result of attrition, that that were to occur. But when you go through an attrition process, it is a fairly long process, a complicated process because you obviously do not know where the attrition is going to take place.

So a lot of planning and co-ordination has to be done in order to still be able to deliver those services that the people of Manitoba want to see from their government and to deliver them in an efficient and customer-oriented type manner. Given the fact that we are certainly in terms of the provincial civil service at this point in time—is that the approach that delivering services to Manitobans is probably one of the most important aspects of their role, and I would say that the public service overall is doing a very good job in terms of being able to address a lot of the issues that we have to face today in government. But if you set as your long-term goal that the reduction could take place, we would anticipate that the process would be such that it would be a very soft type of transition process that would take place, with the least

impact on the ability of government to deliver services.

**Mr. Maloway:** I would like to ask the minister then how much of an increase in staff the department had. For example, I think it was two years ago, when you sent the tenders out for the desktop system, the projection in that tender was for a reduction of, I believe, 53 or 57 people. People were given the option of going to work for SHL or staying with the government, I believe. There was some projection there that a number of civil servants would be reduced as a result of desktop. I know that I made that statement in the past because I was simply looking at it in the tendering documents. So the question is: what happened then? If you increased the number of civil servants after reducing the number by 53, then what did you increase it to, and just where are these people allocated at this point? What sort of people were hired and where were they obtained from?

**Mr. Pitura:** Mr. Chairperson, just to share with the member that our increase in staff from '98-99 to '99-2000 went up from 901.78 to 902.58. Really, what this says is that the department has been static over a period of time in terms of staff complement, and I would like to just repeat it for the honourable member, that our staff went from 901.78 up to 902.58 full-time equivalents, which really, if you take a look at it is an increase, but you could call it static in terms of the total numbers of staff, but the member was referring to the number of staff that when the decision to go to a desktop contract was made, the 53 staff that he was referencing, that was 53 right across government. The net impact in the Department of Government Services was not significant because the Desktop Management Unit was being couched inside the department.

Just to also identify or share with the member that when the transition was taking place over to SHL as the contractor, SHL had identified 73 candidates who were invited to interviews. Six of those candidates declined interviews, and out of the 67 candidates interviewed, 52 employees received employment offers from SHL on October 21, 1997. Of the 52 employees interviewed, 35 former Manitoba government employees accepted offers from SHL and 17 have declined. Also, all affected

employees who either were not extended job offers by SHL or who declined offers have been accommodated within the government. The majority of employees remain within their current department performing similar duties, less any desktop-related functions.

**Mr. Maloway:** Mr. Chairman, I would like to know what sort of activities or planning the department is involved in at the current time. I am talking, once again, about this e-commerce concept, e-commerce within the government itself first. The system is designed, I would assume, for that or designed to be set up for that and presumably—I have your Materials Distribution manual from a couple of years ago where there is a list of hundreds and hundreds of products and prices, and each department can order from this system.

\* (1520)

The question is: are there any plans to have this ordering system set up on the computer so the departments can order all their products directly from the computer, or is that being done right now?

It is just logical to me that if you are trying to streamline government, with the whole world moving very quickly towards an e-commerce environment, that that would be logical that the supply and services portion of the government would be communicating with all the other departments in the government who wish to order things, based on an e-commerce basis, that if the Department of Highways wants to order something from the Government Services department, they basically do the order through e-commerce, and they give their credit card or whatever authorization they need for this service and the service is provided.

**Mr. Pitura:** The honourable member, I believe, is quite right in his statement. At the present time, because of the fact that desktop is in place and there is the SAP system in place, all of the departments within government can electronically order their goods and services from Materials Distribution, and certainly the other communication of course can take place as well. But for the Materials Distribution part of it, that certainly happens right now. For the member's

information, any purchases made by departments that they would like to have a tendering process on or a request for a proposal are done through the MERX electronic tendering system that is shared nationally across this country under the agreement for internal trade. So any goods and services purchased that are outside the government, such as an SOA like Materials Distribution, are done outside the province through the MERX system.

**Mr. Maloway:** Are there any other areas within the government that the department sees could be set up in the same way that Materials Distribution is? What are your future plans in this area? Do you have other departments where you plan to get them set up in the same way that they can provide their services to other departments through an e-commerce solution?

**Mr. Pitura:** I would also add to the previous statement, too, that not only do departments order their materials electronically through Materials Distribution, but also the flow of dollars goes electronically as well in order to pay the accounts. Along that line, certainly all the special operating agencies in the provincial government would have the ability to supply goods or perform services for other departments in which case the invoicing and payment of accounts can all be done on an electronic basis, so there are some very distinct advantages into having the electronic system set up in this manner.

I might just share with the honourable member an example of where the electronic commerce has actually been of a great benefit, and that would be in Materials Distribution whereby the goods are ordered electronically. The invoice and the payment of that invoice is also done through electronic means, which results in the fact that the Materials Distribution Agency has a lower level of receivables and, therefore, it affects their bottom line in terms of being able to provide an efficient and a very cost-competitive service to government departments.

**Mr. Maloway:** The flow of the money in the e-commerce system that you have would be through your department, or would it be through the Finance department? In other words, when

Materials Distribution is conducting commerce on this Net, how does it all tie in to Finance, because presumably—I mean, there are several ways of doing it, I am sure, but presumably you could have Materials Distribution selling products through e-commerce, and because it is an SOA it would show a profit at the end of the year. Presumably other SOAs, like Vital Statistics or Land Registry, could be doing the same thing, only they could be selling their product directly to the public on an e-commerce basis.

The question is: what you are doing here, does that tie in to the Minister of Finance? Basically, who is taking care of the money, is what I am really interested in knowing here.

**Mr. Pitura:** With each individual SOA that is established within the provincial government, when they are doing this electronic commerce or any type of commerce that they may be doing, their financing as an SOA, because they are a special operating agency, is all internal. So in terms of, for example, Materials supplying the Department of Agriculture with goods and services for their needs, their electronic invoicing would go to the Department of Agriculture, and the Department of Agriculture would transfer the funds to Materials.

In the broader picture, the role of the Department of Finance would be the co-ordination of all the SOAs within the provincial government from the standpoint of co-ordinating their functions. But each SOA is responsible for its own internal financing as such so all their accounting is kept separate, and it is not into any kind of fund account, general account, that would see the money flow into one huge account. It stays within their SOA for the reasons of them doing their business.

**Mr. Maloway:** What sort of long-term plans then does the department have with regard to e-commerce as it relates to dealing with the public? For example, I mentioned the Land Registry could be an SOA dealing with registering hunting licences, or could be—you know, we talked about this before. There must be studies around in the government right now for ways of conducting, giving that as an option because as you know—I do not know what percentage of your constituents operate on a

computer right now, but I do not imagine that you would get a tremendous amount of usage.

As the years go by and the younger people grow up and become more computer literate, people might prefer to deal with the government directly on an e-commerce basis as opposed to getting in their car and driving in the city down to the Land Titles Office or in the country driving 20, 30 miles. I know people are used to driving quite a distance in the country. Nevertheless, if you can access the field reports, if you are a farmer, through an e-commerce method, or if you can register your direct seller's licence, for example, without having to use snail mail or drive down to the government building—this, of course, is being enabled by the federal legislation that Manley brought in a few months ago federally to allow for electronic signature, because, in any transaction where a signature is required, that would be your problem at the current moment. Once that gets cleared up, which it may have been by now or will soon be, then there is nothing stopping you from doing that.

Now you know all this, so I am not telling you something you do not know. What I want to know is: just what are the immediate plans for the full utilization of this new system in this area of e-commerce as relates to Government Services?

\* (1530)

**Mr. Pitura:** From the standpoint of the provincial government with respect to SOAs, certainly there is a lot of potential for e-commerce to be carried out by SOAs. Just the SOAs that are within the Manitoba Government Services department, there is certainly a high potential for them to be moving into the e-commerce area. I guess, if I was to expound on this a little bit with the member, I would say that, from my standpoint, being a rural member and some of the difficulties that earlier on we went through with respect to transitioning into an electronic environment, the office that I used to work at in Morris, where the Manitoba Agriculture and the Manitoba Agricultural Credit Corporation shared office space, it was impossible for us to link up or even communicate electronically within the office. In

fact, in order to share a laser printer, we had to have a different address system for each computer so that the printer could work, and you could not stack because it would not read them.

Now with the evolution of the desktop rollout, it is possible now for much more efficient use of the computers within that office. As an example for the member, prior to the changeover, if a producer came in and wanted to make a payment against his account with MACC, that was fine; they could handle that, and it could be recorded and credited to the account. If the producer wanted to come in and make a payment against his Manitoba crop insurance account, we could not do it. We had to send the producer over to St. Pierre to pay his account in person there. I think, with the electronic changeover that we have now, it would indeed make it possible for that farmer-producer to come into the office to make a payment on his MACC account, to pay his Manitoba crop insurance account, and also to order plans or maps or what have you, or, in fact, even through the office be able to access, say, the nearest Land Titles Office to find out if there are any encumbrances on a title that he is expecting to purchase in the next little while. So there is a tremendous amount of potential for the electronic commerce within the provincial government.

I think the member would appreciate that, with the rapid change in technology, today we may be thinking along the lines of changing over to one type of electronic commerce; in a year's time, we may, in fact, be modifying that to encompass a whole range of things. So we always have to try to be cognizant of the kinds of changes and how rapid the changes are taking place in terms of how we strategically position ourselves to take advantage of some of these electronic changes in the future.

**Mr. Maloway:** Can the minister give us some specific examples of other sorts of e-commerce ideas that the government is contemplating?

**Mr. Pitura:** Well, I think the member alluded to one of those examples earlier on in his statement, the fact that, if you wanted to purchase a hunting licence, I would like to see the time when you can just walk into a kiosk,

that is a provincial government kiosk in a shopping mall and be able to order your hunting licence or renew your driver's licence or maybe order a copy of your birth certificate, do your business with a number of agencies through that one kiosk.

He references one-stop shopping for the customer, and I think that in terms of being able to deal with the government of Manitoba the individual may not even know when they are at the kiosk that they may have indeed done business with seven or eight different departments.

**Mr. Maloway:** Well, how close is that? Are you in the testing stages with this or the planning stages? Just where are you at this with idea?

**Mr. Pitura:** Well, that would be, I think, a question that would be best placed with the chief information officer, because the responsibility of that office is to take a look at the fact that now we have the desktop rollout, how do we utilize that rollout by government, and it is that person's responsibility to take leadership on that. I have had some brief conversations with the individual about some of this, but I think in order to tap the kind of thought process that they are going through, it would be best to speak to them.

**Mr. Maloway:** Well, the minister mentions kiosks. How many kiosks would they be looking at? I am wondering why they would have kiosks when you can simply do it through your home computer. What would be the advantage of having a kiosk? I can see where there are a lot of people that do not have computers, that is true, but if you consider the cost of setting up kiosks and renting the space and setting this thing up, I am just wondering what the costs would be like to do this versus what it would be like just to simply allow people to access the services through their computer at home or work.

Maybe you will have to do the kiosks anyway; maybe you would be doing them both ways. You will be allowing people to access it through their home, but you will have the kiosk in, you know, Polo Park Shopping Centre or three or four shopping centres. It will not be that you will be having them like bank machines on

every corner; you will have half a dozen in the city, and that will be it.

**Mr. Pitura:** Mr. Chair, I think the honourable member, when I reference kiosks, it probably demonstrates the fact that when I was mentioning before how rapidly change takes place, but indeed the member may be right. Maybe there would be little need for kiosks based on the use in the marketplace, but there may be a significant percentage of people who do not have the ability to access government through their home computers, who do not have home computers.

There are some of us, myself included, that could probably do all banking electronically from home, but I just love to talk to my bank staff in person. It is always nice to see a friendly face behind the counter and to have a chat with them about what is going on in their lives, and they can ask me about mine. We have a good friendly conversation, and they look after me very well that way. So it might be a while. I guess I would have to wait until my bank branch was closed before I switched over to electronic banking, but right now I kind of enjoy the people that work there.

Having said that, I would say to the member that certainly kiosks may be, as the member pointed out, become technologically obsolete, but that is why I think it is important to ask those questions of the chief information officer, because that is the individual who is supposed to have his mind and hands wrapped around this thing.

**Mr. Maloway:** So in the next 12 months then, does the minister foresee any type of e-commerce occurring as between the government and the public?

**Mr. Pitura:** I really cannot give the member a specific answer to that. I think that the chief information officer would have some idea if there were any kinds of pilots that are being contemplated in terms of a trial basis to see what the market acceptance, et cetera, is of these things, but that would probably be the best question to ask of the chief information officer.

\* (1540)



While I have the microphone, Mr. Chairman, the honourable member asked about the costs of the Partners in Progress agreement between Family Services and IBM, and we said we would get the information and we hold true to our word. We are here with the information just as he requested.

We have contacted Family Services, and the annual cost related to the Family Services Partners in Progress agreement is approximately \$1.1 million. This includes technical desktop support and applications server support. It does not include desktop management costs such as telecommunications staff overhead to administer the contract or any variable cost such as the moves, ads or changes of computers. I am also advised that Family Services is prepared to give you a more detailed breakdown if you so choose just by contacting them.

As well, the member received a computer printout with regard to the leased properties the other day, and there were a number of leases that did not have names. I guess maybe the simplest way would be—I will just read through them very quickly, and then I will table it and you can have the copy, but there are agencies of government that have facilities. These include things like Burntwood RHA, Interlake, Economic Innovation and Technology Council, South Eastman RHA, Parklands, Central, North Eastman Community Economic Development Fund, Interlake, Marquette RHA, Manitoba Public Insurance Corporation, Children and Youth Secretariat, Gaming Control Commission and the Community Economic Development Fund. I am prepared to table this document for the member's use.

As well, the member also asked about Computers for Schools and Libraries, about who is on their board of directors and what organizations they represented. I am not sure whether these are Mr. or Ms. There is a C. Buchanan from Telephone Pioneers, an A. Northum from WPLB, and we are not sure what that means. There is also an R. Petz, Canadian Bankers Association and an R. McNaughton from Telephone Pioneers.

One of the things I neglected to share with the honourable member the last time we spoke on this was the fact that the Telephone Pioneers are probably one of the major sponsoring groups and volunteer groups with regard to Computers for Schools and Libraries, and they have been instrumental in making sure that this thing goes. I will table that for the member's use.

As well, the member also asked about the Time Dilation Syndrome. The member asked about time and date—[interjection] So the member is satisfied with the information he received from the chief information officer?

**An Honourable Member:** Sure. Absolutely.

**Mr. Pitura:** Okay. Then I do not have to bother sharing this; I am finished with my information that I need to share with the member.

**Mr. Maloway:** I wonder, the minister is so forthcoming with this information, and I thank him for that, whether he could provide me copies of the e-commerce studies that have been done by the Gartner Group. Does he have any of these studies available? Have they been done by and for the government? I assume that Government Services would have copies of them: the Gartner Group, the Giga Group, and, I believe, the Hackett Benchmarking, the third group that has done studies for the government in the area of e-commerce.

**Mr. Pitura:** Just to advise the honourable member that we do not have the results of those studies since it really does not affect us.

**Mr. Maloway:** I was hoping the minister could get this information because it is certainly possible for him to obtain the information, probably more easily than it is for me to get them. I know that Finance has done these. The government has paid for these studies. They are available on e-commerce, and if you could use your good offices to obtain these studies, then we would all be a little smarter and more up to date. Mr. Ruberg certainly seems prepared to provide the information, but there is a bit of wall between him and me with the minister sitting in between, so we have yet to resolve that.

Now perhaps today he will be a little more forthcoming. We are going to be dealing with him in about 12 minutes from now for two hours, between four and six o'clock. I can ask him about these studies, but I thought, it made sense to me that, since you have provided the other information very quickly, I should be asking you about these Gartner Group studies as well.

**Mr. Pitura:** I just want to indicate to the honourable member that I am not sure that the information in these studies would be even available to us. However, in the true fashion of Government Services—the Department of Government Services always performs—we never say no, and we will try. Having said that, we will try. We will give it our best shot, but there is no guarantee.

**Mr. Maloway:** Because we are running out of time, I wanted to ask some questions that I did want to get out of the way today, and one of them has to do with the computers that were planned to be given to the Pan Am Games that subsequently are not being given to the Pan Am Games, the older computers that are going to the schools. Some of those computers, I was told, were evidently ordered and were not ULC compliant. The question is: if they are not ULC compliant then why would you be providing them to the schools?

**An Honourable Member:** They are CSA.

**Mr. Maloway:** They could be CSA or ULC, but the point is there is a national standard governing electrical products, and in the old days when government departments ordered their own computers, there was a variation. If you ask any computer company executive in this town, they will all tell you that they were quite frustrated because the price was what the government used to choose the supplier. In fact, some of the lower-cost, say, suppliers may not have been using the same standards. So there was an inconsistency in standards as between, say, what school boards were asking versus what the City of Winnipeg would be asking, what various government departments would be asking.

Some contracts over in, I believe it was, Woodsworth Building, large numbers of com-

puters were not technically compliant with the standards. Then I find out they are being sent to the schools, and the fear is that they can have a short. The chances are probably not very good, they have been operating in, say, Woodsworth Building, for one or two or three years—no fires reported. But now you are sending them to the schools. There may be remote chances of something going wrong, but you would not want to see a computer catch fire and cause damage in the schools.

So I would like to know just what it is. If the computers were not compliant for the government, then why are they acceptable in the schools?

**Mr. Pitura:** I am advised that the computers that have been channelled through Computers for Schools and Libraries, of course, at the time when the transitioning was done over to desktop, a lot of government departments took the opportunity to not only take their existing desktop that they had, then turn them over to schools and libraries, but in fact many departments had machines that were even older, that basically a cleanout was done.

\* (1550)

As to whether they were CSA or ULC approved, my understanding was that electrical products that were sold in the Canadian marketplace had to have a CSA approval on them to be sold as a retail machine, so I am not sure where the member is coming from on this question.

**Mr. Maloway:** Well, it had to do with the power supply standards, I believe, and it had to do specifically with two. There were two contracts that were brought to my attention. One, I believe, was in Brandon. The other was in Winnipeg, and it had to do, I am almost certain, with the Woodsworth Building, computers in the Woodsworth Building in the Justice department, I believe.

So basically what it was, and this happens when a losing bidder does not get the contract oftentimes. This was before the desktop rolled out, but it would be the computers that you had in there just prior to the rollout occurring, so

whatever you replaced these computers with the desktop units just 12 months ago or less than that, and I believe it was Justice.

What you did with those is you took them and you were planning to send them to the Pan Am Games and then to the schools. Now you are taking them directly to the schools. The allegation that was made to me was that when these computers were bought some two or three years earlier, the supplier of the computers did not meet the provincial government standards at the time. I had a copy of the provincial government requirements, the provincial government standards, so they did not meet your own requirements in terms of the power supply. So I had this down, and the question is, if you would look into that, and get back to me with some sort of a response.

That is, as near as I can recall, the circumstances surrounding this case. I am not aware of any fires or any shorts or anything like that that happened in either the Brandon case or the Department of Justice, but because they did not live up to the government standards as far as the electricals were concerned at the time of delivery, then the question is, if you are sending them off to the schools, are you sending them off in the same condition that they left the government in?

**Mr. Pitura:** Mr. Chairperson, in response to the honourable member's question about these computers, we are prepared to look into it and to come back to the member with any information that we may be able to find.

I would say that, in my limited computer expertise, the only computers I can recall that would have had a power supply unit would have been probably the old 8086s that had a 110 to converter-type unit on them because I imagine all the newer computers that are purchased have the power units built right into them. As such, my understanding is that anything that hits the retail market in Canada should have CSA approval. It might not necessarily have ULC approval because that is the underwriter's lab that puts that approval, but if we have approval from the Canadian Standards Association, that approval is what is necessary to have in Canada.

**Mr. Maloway:** Mr. Chairman, I wanted to ask the minister regarding the financing of the desktop program as to whether or not the project was achieved through borrowed money or whether it was just paid out of general revenue?

**Mr. Pitura:** Mr. Chairperson, to our knowledge, with regard to the desktop, the way the funding was put into place was an internal financial transaction that took place. To our knowledge, it was a cash transaction, and it did not go outside the government to borrow the funds.

**Mr. Maloway:** I think I will take that question up with the Finance department then. Certainly, they will have to answer that one.

**An Honourable Member:** That would be wise.

**Mr. Maloway:** Yes, but I am sure they will find a way of saying it is your fault and your responsibility.

I would like to also ask the minister if he could, because we are almost out of time for today, for Monday or whenever we get back in the session here, get information on any—we know there were some cost overruns in the program, but I was told specifically, with the Department of Labour there were some difficulties there with cost overruns. I would just like to know what the nature of the problem was in the Department of Labour. There was some questioning that occurred in the Labour Estimates. I have not yet gone through the Hansard related to them, but what the explanation would be for what the problems were in the Labour department and in any other department. If you could get back to me with some of the details on that, I would be most appreciative.

**Mr. Pitura:** The member refers to a cost overrun. I think I would just like to correct the member on that because essentially when we established the first contract with SHL to perform the desktop and transition us into a managed environment, the terms of the contract were based on an estimate at that particular time of approximately 7,000 desktop units. But also I think it is important to know that within that

contract, if we had the additional desktop units to place, the contract terms also applied to those units as well.

So how we ended up was the fact that as the desktop rollout took place, we did the estimate to the best of our ability. Then when we went into the various departments with the desktop rollout, the needs were in some cases redefined where individuals, rather than having the desktop hardware unit, preferred to have the laptop unit which tended to increase the cost. Also the departments, as they were going through desktop rollout, also identified additional seats, as we refer to them, within the desktop program or the Desktop Management Unit, that these additional seats when they were added to the original number also added to the increase in cost.

So our per unit cost stayed at a relatively static level, but our over global cost increased as a result of the increased demands for services from our Desktop Management Unit with regard to the numbers of computers and the number of extra seats that were required, as well as the training. All of these individuals who were now at these seats had to also be trained, so that added to the additional cost as well.

**Mr. Maloway:** I understand that the Legislative Building Information Systems is under the Department of Finance. What can the minister tell us about how the rollout occurred as far as the Legislature was concerned? Is that included in the rollout package here and the list of units that you have given me?

\*(1600)

**Mr. Pitura:** I would just advise the honourable member that the Desktop Management Unit and SHL in a contract did provide for the rollout of desktop computers for the Legislative Building. But because the Legislative Building is out of scope, the provision of hardware was all that was done. The numbers that I have shared with the member, those numbers do not include the hardware that was placed here in the Legislative Building.

**Mr. Maloway:** I believe we are to close this committee.

**Mr. Chairperson:** As previously agreed, Government Services will cease for the day, and we will move over to Consumer and Corporate Affairs. Thank you.

## CONSUMER AND CORPORATE AFFAIRS

**Mr. Chairperson (Ben Sveinson):** Good afternoon. Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates of the Department of Consumer and Corporate Affairs. As had been previously agreed, questions for this department will fall in a global manner with all line items to be passed once the questioning has been completed. The floor is now open for questions.

**Mr. Tim Sale (Crescentwood):** I would like to ask the honourable Minister of Consumer and Corporate Affairs—I guess in the name of the Minister of Government Services—some questions about a particular area of concern for me, both in the riding I used to represent or do still, I suppose, legally, and in the riding that I will be seeking to represent in the new election whenever Mr. Downey's Premier gets the courage of his convictions and decides to call an election—[interjection] Well, we will see, Jim; we will see.

I want to ask about areas of the rent control and Rentalsman's office. I do not know whether the minister is familiar with this office or whether he has the right officials here. Do we have the right officials? Okay. Would it be possible to have the minister introduce the officials that are at the table with him, Mr. Chairperson?

**Hon. Frank Pitura (Acting Minister of Consumer and Corporate Affairs):** Thank you, Mr. Chair. I would first like to introduce Alex Morton, who is the Deputy Minister of Consumer and Corporate Affairs, and Roger Barsy, director of the Residential Tenancies Branch. So it is Alex Morton and Roger Barsy.

**Mr. Sale:** I have had occasion to call the office a number of times in recent days, and Mr. Barsy probably knows the issue that I am speaking about in regard to 134 Smith Street. I want to

say first that the officials of his office have been very helpful and very courteous, and I have no complaint about how the individual people in the office have responded to my concerns. I want to raise it on another level than individual staff service.

Just to give the minister some context which Mr. Barsy probably already has, an investor from Montreal purchased Place Promenade and what used to be called York Estates. It is a building at 134 Smith, which is the corner of York and Smith. It is a fairly large high rise, I think approximately 160 suites, maybe a few more than that. It was built about 20 years ago. At that time it was quite an upscale apartment—swimming pool and other amenities. I think it would be fair to say it was on the upper end of the Winnipeg rental market when it was constructed. Unfortunately, over the years of its existence, it has not had much in the way of maintenance, either preventive maintenance or the kind of routine maintenance that would have kept the building in reasonable condition. It has been allowed to deteriorate quite sharply. At the same time, the rents for the building were never increased very much either. That is probably because there was never any work done in the building, but unfortunately it ran down quite severely over the 20 or 25 years. Mr. Barsy can probably put the date of its construction more accurately than I can, but it is about 20 years old, I think.

The new investor from Montreal appears to have had, maybe we could say, unclear plans for the building. When his staff first approached tenants after the sale, he appeared to be saying that his intent was to make significant renovations to upgrade the building, refurbish the swimming pool, carpets, kitchens, a fairly major upgrading. He offered tenants, or his staff offered tenants, new leases with significantly higher rent, but in order to, I guess, mitigate the anger of the tenants that their building had been run down, nothing had been done at the date that the new lease was being offered, and there was going to be substantial dislocation during construction, he offered a discount to the rent.

The discount was significant. The rent increase was in the order of \$115 to \$125 a month, and the discount approximately matched

the rent increase. Many tenants thought this was a reasonably fair deal. They were not unhappy with that initially. A few moved out, but initially many people thought this was reasonably fair. So many signed new leases. Very shortly after the new leases were signed, it is my understanding that the new owner indicated to the tenants that their rent discount was being discontinued immediately. The tenants, whose eyebrows went up somewhat and wondered about this, obviously, they thought they had a discount that was for their lease period which, for the most part, was a year, said: how can this be?

\* (1610)

At least in one case, and I have that particular case in front of me, I do not have any other documented evidence, but in this case, it is the case of Mr. Pierson. I am sure Mr. Barsy probably has this documentation. If he does not, I would be glad to give him a copy because Mr. Pierson has given me permission to do so. The company changed the lease after he signed it. I have a copy of his lease, dated, signed, and then they claim that his lease had been converted to a month to month. What he signed and has shared with me is continuing until April 30, 2000, various other notes on it.

What Apex Realty has is circling a month-to-month tenancy. Of course, my word for that is fraud. Perhaps that is stronger than the minister might want to use, but if somebody alters a legal document to their favour and then attempts to collect on the basis of that altered document, I think that is fraud. That is not just an attempt to manipulate. I think that is straight fraud. I want to know first, what the policy of the Rentalsman's office is in regard to an issue like this where it appears at least that there is prima facie evidence of somebody altering a legal document in their favour. Do the Rentalsman staff treat this as a case-by-case thing, or do they say, wait a minute, we have got a pattern here of a building that obviously the new owner is trying to empty. I have now had several cases forwarded to me since, but I do not have the documentation from them yet. Or does the Rentalsman just say, you know, this is a one-of case; we will deal with it on a one-by-one basis? How aggressive do you get when you see this

kind of—and I call it fraud; you call it whatever you want.

**Mr. Pitura:** I am just wondering if the honourable member, perhaps rather than my answering the question, would like to have the answer directly from Mr. Barsy. If not, I am prepared to answer.

**Mr. Chairperson:** Is it the will of the committee to have Mr. Barsy answer this particular question? Agreed?

**Mr. Sale:** Mr. Chairperson, I just would want this not to set a precedent in that I think it is important for ministers to answer, but this is a rather unique situation where the minister is not available so I think this is an appropriate way to do it. We will get it done a lot faster.

**Mr. Chairperson:** Agreed? [agreed]

**Mr. Pitura:** I would ask Mr. Barsy to answer directly.

**Mr. Chairperson:** Agreed.

**Mr. Roger Barsy (Director, Residential Tenancies Branch):** The case that you cited, the facts are essentially correct. The tenancy agreements were fixed-term agreements, and in some cases, for whatever reason, they also had month-to-month agreements. There is a difference because under the fixed-term agreement, the rent discount is valid throughout that tenancy agreement, and that is our policy.

In this case here, we deal with it each on an individual basis because each tenancy agreement may be different. It is not a case of a lease for the whole apartment complex. Each individual tenant may have something different. They may have a month-to-month tenancy. If that is the case, then the landlord, by giving one month notice, would be able to discontinue the discount.

So the answer is that essentially we do not treat it as a whole complex because we have to see which lease is different than the other to make sure that we are doing it consistently, and also that if there is a fixed-term agreement, that

that rent discount is valid throughout that term of that agreement.

**Mr. Sale:** I understand that is the law and I do not have any quarrel with that, but here we have a situation where it appears that agents of the owner changed a document that had been signed. This is not just a month-to-month lease with a discount that someone thought was lasting for a year and was legally changed. I still think that is bad business practice and not particularly honest to offer a discount and then discontinue it a month later. I mean, I think that is shoddy business practice; it is probably not illegal. But the change of the lease from a year-to-year lease, which Mr. Pierson has his signed copy of showing, to a month to month and then withdrawing the discount, I think that is fraud. That is not just bad business practice. That is dishonest when you change a legal document, one copy only. What do you do in that kind of case?

**Mr. Barsy:** What Mr. Pierson would do and I would counsel him to do is he could make an application to the branch and we would certainly take a look at the facts of the case. I cannot tell you all the facts of the case on this. I do not know the exact particulars, so it would be improper for me to make an adjudication at this point in time, because matters come before our branch and it would seem like we are sort of prejudging the case. So I would not want to do that, but he could come to the branch and certainly make an application to have this determined, and we would certainly overrule that. Now if we found that this was a practice that was happening, we certainly can contact the landlord, the property management company, and advise them as to what this practice is, their wrongful practice and sort of put them on notice that those kinds of practices are not ones that will get any favour at the Residential Tenancies Branch.

**Mr. Sale:** Well, Mr. Chairperson, Mr. Pierson did approach the branch, and I believe there is a gentleman by the name of Mr. Beck, I think, who is one of the staff who is a mediator. To me, the issue here is not trying to get him a hundred bucks so he will move willingly. This gentleman had a valid lease and a valid discount. He is not an unreasonable man. If the landlord

has a real need for him to vacate the building, he is not unwilling to negotiate, but he is certainly not willing to leave for a hundred bucks. The act requires \$350 in any kind of move where you are forcing the tenant to move, getting vacant possession or whatever, so right off the hop, the landlord is out of line by offering anything less than that.

Secondly, there is another factor here, and that is that this man has a valid lease, and he cannot be forced out if he is in compliance with the conditions of his lease in paying his rent. He has the right to stay there until the lease expires, and they need then to provide him with quiet—you know, all the conditions of a normal lease, not with threats to cut his water off, to cut his power off, all of which have been made, including, I would say, a malicious accusation that Mr. Pierson is causing vandalism to their property.

\* (1620)

I guess I am asking Mr. Barsy to be a little more assertive on behalf of Mr. Pierson. I do not think Mr. Pierson is an unreasonable man. I do think he has been significantly abused as a tenant in this building. I have also called the fire department and the building inspections people because what is alleged at least is that the building is in an increasingly unsafe condition, with exit doors left open at night, fire equipment unserviceable, elevators out of date, in terms of the safety inspections of the elevators.

Clearly there is a bad situation here, and you should know, Mr. Minister, that Mr. Pierson actually took a job working for the new owner, thinking that it would be an improvement over the old situation where the building had been let rundown, and he was quite hopeful that even though there might be some inconvenience under the new owner while the building was brought up to standard, at least at the end of the day it would be a better building. He quickly came to the conclusion that this owner perhaps was not the kind of person he would want to work for after a few weeks of doing this. So Mr. Pierson is a very capable person, and I would ask that the Rentalsman take a more aggressive approach with this new owner and explain to him the facts of life in Manitoba. I do

not care where he is from, but you cannot force people out on a few days notice.

I want to go to a second case, and that is the case of Mr. Charles Cuthford. At least he shows on the vacancy list as Cuthford, C-U-T-H-F-O-R-D. This gentleman is well over 80 years of age, and he has lived there for 16 years, I believe. He is a very competent senior who volunteers at Lions Manor and other places playing the piano and entertaining people, certainly a very capable man to speak with.

He was told two days ago that he had to be out by the end of the month. He tells me he has never received written notice, and of course I think Mr. Barsy would confirm that he is entitled to three months notice, if he is to vacate. He is on a month-to-month lease in the case of Mr. Cuthford. But my understanding is that it does not matter whether it is month to month or year, that he is entitled to three months notice for vacant possession of the building. His claim at least, and I cannot verify it, is that he has never received any written notice from the new owner about leaving the building. He has a degenerative disc. He is well over 80. He asked me not to say how far over 80 he is, but he is well over 80. Your department, Mr. Gagnon, did say you have a program for vulnerable seniors or vulnerable people who need to be relocated?.

Again, Mr. Cuthford is not an unreasonable man, but he was quite—I should not say—he was very agitated, let us put it that way. He said I have no family; I have no people that can help me move. I do not have any place to go. I cannot get out of here by the end of the month. I just cannot do it. Again, he is not saying he would not move. He prefers to stay. If you want a vacant possession of a building, you have to work with at least some of the people who are not going to immediately be able to find housing. So I ask Mr. Gagnon to be in touch with Mr. Cuthford as well.

Am I correct that he is entitled to three months notice, written notice, if the landlord wishes to terminate his tenancy?

**Mr. Barsy:** The landlord can terminate the tenancies for various reasons. If it is for cause, it can be less than three months; if they have not

paid the rent, if they have caused damage to the rented premises, those kinds of things. If the landlord wants to recover the premises for reasons of their own use, it is three months. If they want it for the purposes of repairs and renovations, it is three months notice. So it does depend upon the reason that they want it, but they must give that notice in writing. So no notice is effective unless it is put in writing. The one thing he should know is that he cannot be removed from that premises. That notice, if it is not in writing, if it is oral, is not effective, and there must be an application that must be made to our branch so that the process is followed, which includes mediation, before a tenant can be removed from their premises.

**Mr. Sale:** Mr. Chairperson, that is the indication that I had from Mr. Gagnon, and I gave to Mr. Cuthford and Mr. Pierson. I am asking that the office take a particular interest in this building. I believe there are only 20-something suites still occupied at the present time. There are some floors where there is only one person on the floor, for example. I think, in many cases, these are people who are vulnerable. They are not middle-income, middle-aged family-types with support systems around them.

I am worried, frankly, that we are going to have a tragedy in this building because of the pressure that is being put on people to move on short notice or under conditions that—you know, none of us would want to have to try and find a place to live on a week's notice when we have lived somewhere for 16 years. The thought of cleaning out my basement is terrifying. For a senior, the difficulty that they would face on that kind of notice—and I think the minister knows and Mr. Barsy certainly knows that that kind of threat can seem insurmountable to someone and can trigger either behaviour or health problems that none of us want to have happen.

I would ask an undertaking from the minister, through the staff, that a particular emphasis be put on mediating and resolving the issues for the remaining people in that building, making sure that they know their rights and then can exercise those rights. Whether they choose to leave on a mediated settlement or not, that is obviously each one's choice, but they should not be threatened by this new owner, and they

should not be living in conditions that are not reasonable.

**Mr. Pitura:** I can appreciate what the honourable member has brought forward with respect to the rental unit on 134 Smith. I guess the main thing to understand is that the Residential Tenancies Branch—and under the act, it is an act that basically deals with the complaints and a mediation process that deals with disputes between landlords and tenants. So, therefore, if the member is requesting that the Residential Tenancies Branch moves in to each individual that is now presently living in that block and contacts them to try to help them through this process, then it would almost seem as if the Residential Tenancies Branch was basically taking a position of one side or the other.

The alternative would be, if the honourable member would not mind, to ensure that each tenant is contacted so that they make the initial contact with the Residential Tenancies Branch. From that standpoint, any type of mediation process that takes place would be seen deemed to be fair to both sides. I am wondering if you can appreciate that the flow of which way the complaint comes from is important in this case.

**Mr. Sale:** I have already done that, Mr. Minister. I wrote to every tenant in the building about two weeks ago. I want to be very fair to the Rentalsman's office. I am not being critical of them. But what a number of people said was: We have tried; we have not gotten anywhere. Mr. Pierson, for example, was offered a hundred bucks when he was legally entitled to \$350, and to have to ask for that, that is his minimum entitlement.

So I think the perception is on the part of at least some of the tenants of the building that the Rentalsman's office is on the side of the landlord now. That is the perception. I am not saying it is correct; I am saying that is the perception I have had shared with me.

\* (1630)

So I want to rebuild confidence in that office's impartiality and fairness. I have given the name and number of the Rentalsman's office to all the tenants still in the building already. I



do not know how many of them are contacted because, again, I am not party to that, and I should not be. It is not my right to know whether somebody has contacted a government office or not. So I am a bit in the dark in saying that I fear for what is happening for some of these people, but I have no way of knowing. I just know the three that I know about, and there is not many left in the building. I know that the city inspections people are concerned about the building. They were back in there yesterday, I guess it was, or was it Friday. It was either Friday or Monday—no, Monday, they were in the building, and I do not know what they found, because again they would not necessarily let me know because I am not the person that can remedy the problem.

So I hear the concern, but I gather you have a staffperson working with people in the building; Mr. Beck, I think, is probably doing all of those cases. I do not think it would be stretching things to at least let others know, again, that if there are issues in regard to moving out, as the landlord appears to want people to, that the Rentalsman's office is available to mediate disputes. I think if there are only three, then I have heard about them all and that is fine. Let us deal with those.

*Mr. David Faursehou, Acting Chairperson, in the Chair*

But if there was a little bit of proactive effort on the part of the office to say not we are on your side but we are here, we are available, and we will do everything reasonably in our capacity to mediate any disputes you have and concern with the planned renovations of the building, I think that would just be good service for the tenants and would help to restore some confidence that the Rentalsman's office is truly impartial. Right now there is a sense that the landlord has gotten away with murder, and he should not have.

**Mr. Pitura:** Mr. Chair, I am advised that if the tenants would request as a group that the Rentalsman works with them or talks to them—

**Mr. Sale:** As a group, did you say?

**Mr. Pitura:** Well, if they make the request to the Residential Tenancies Branch, I am advised

that an officer could be sent out to them to talk to them as a group, to talk to them and tell them about their rights that they have in their agreements. So they, as a group, can then take a proactive approach to dealing with the landlord.

**Mr. Sale:** That seems like a very reasonable suggestion, Mr. Chairperson, and I will talk to the people in the building who have contacted me and make that suggestion to them, and then it is up to them to pull that together. Thank you very much.

**Ms. Marianne Cerilli (Radisson):** Mr. Chairperson, I am just going to be asking a few questions, and then my colleague the member for Burrows (Mr. Martindale) is going to ask some questions.

I wanted to start off by asking, first of all, where the minister is because I was surprised when I came in here that the director was answering questions on the record.

#### Point of Order

**The Acting Chairperson (Mr. Faursehou):** The honourable member for Arthur-Virden (Mr. Downey), on a point of order.

**An Honourable Member:** Oh, I am out of order, am I?

**An Honourable Member:** Yes, you are.

**The Acting Chairperson (Mr. Faursehou):** I would concur with the point of order raised by the honourable member for Arthur-Virden. Indeed, the honourable member for Radisson is making reference to the presence of an honourable member and I would ask her to—

**Ms. Cerilli:** I would ask for the Chairperson to check the rules on the issue being a minister in Estimates and we are not in the House and if it is a different situation.

\* \* \*

**Ms. Cerilli:** I will proceed then with some questions. I know there has been a lot of attention over the last year or so with the problems in some older neighbourhoods with

boarded-up homes and arson and absentee landlords, and I am wondering if the Residential Tenancies Branch has been involved with any discussions with other government departments in the city or municipalities in dealing with this issue and if there are any proposals that have come forward in relation to The Residential Tenancies Act.

**Mr. Pitura:** In response to the honourable member, in the past there has been a fair amount of reluctance on behalf of agencies of government, whether they be the city government or municipalities, to work proactively on this issue.

I am advised though that, within the city of Winnipeg, for example, the City of Winnipeg can file a health order with the Residential Tenancies Branch, and that now, after many meetings with the City of Winnipeg, that the City of Winnipeg is now working quite closely with the Residential Tenancies Branch, and they are actively pursuing some of these derelict type properties and actually posting health orders on them, or with them, and as well with the Residential Tenancies Branch. The branch then can enforce the order, and they have the ability to move in, have the necessary repairs done according to the Health department order and charge that back to the landlord. So what has not been working well in the past is working a lot better now.

**Ms. Cerilli:** So are you saying the health order is now being posted right on the property? The other question had to do with any sort of involvement of the branch right now with any of the discussions that are going on with a variety of initiatives related to these issues of dealing with run-down properties and landlords who are not making the necessary repairs.

**Mr. Pitura:** I am advised with respect to the health orders that they are posted and also registered with the Residential Tenancies Branch, so they are in public view.

With regard to the derelict properties that the member was referring to, at the present time, the Residential Tenancies Branch does not actively participate in terms of identifying these types of properties for future action but relies on the City of Winnipeg or the municipality to

identify the properties in conjunction. But I am also advised that, with regard to any specific program, no, there is no program at the present time that is being structured and put into place. However, discussions are taking place with the intent of possibly, in the near future, having a program in place that is a co-operative approach to this whole problem.

\* (1640)

**Ms. Cerilli:** That is what I was really getting at is if at this time the branch is involved in discussions that are going on with the city. I know that through the Housing department they are working on this issue. They have a study that is funded through WDA, and the city has people in the mayor's office, and they are doing a lot of work. There are community groups that are doing work. I just wanted to see if the Residential Tenancies Branch, with its experience in dealing with landlords and tenants, is involved in that. It sounds like you are.

Maybe following up in the Estimates, we could get a report of what kind of program discussions and what kind of a co-operative approach is going to be undertaken or is being proposed. I wonder if the minister would agree to provide me with that information after the Estimates or after today.

**Mr. Pitura:** Mr. Chairperson, just to clarify for the honourable member, I mentioned the word "program" but I am a very, I guess, positive-thinking person because in my own home communities when I realize that a whole number of groups are having discussions that ultimately probably will be giving birth to a program. Not to say that there is not the possibility here because I think, as the member indicated, that so many groups now are addressing the issue that ultimately, if everybody is working together co-operatively and as partners in this whole thing, a program might be born out of it that has some structure to it and has reasonable objectives and it can accomplish a lot. Residential Tenancies, I am sure, would be, if that was a part of it, part of the entire scheme.

Right now, Residential Tenancies, of course, is working with a number of community groups throughout the city with regard to this type of a problem and certainly not only working with the

City of Winnipeg health officials, with health orders, but also with the offices of the Fire Commissioner in the fire department as well, and translating this into working with the local community groups in terms of addressing some of these issues. But overall, I do not believe there is a structured program in place right now with regard to this whole issue of run-down properties and properties in desperate need of repair. That is not to say that, over the next period of time, there might not be something as a result of the discussions that take place.

**Ms. Cerilli:** I also know, I have had some correspondence with the minister and the department about the review of the Residential Tenancies Branch and the act and sort of the parameters of that review, and I want to find out what the status of that is now. I am assuming that the contract has been awarded and that it is ongoing. I know that you have had a few focus groups and I do not have the letter with me where you gave some description of the parameters of the review, but I want to just find out when we can expect that to be completed and the kind of report and recommendations that you are looking for.

**Mr. Pitura:** Mr. Chairperson, I am advised that the clarification for the member is that the review that is going on is a review of the business practices for the branch, not the legislation, not the act, and when this review is completed, I am told that they are expecting it in the late summer to be tabled with the branch, so that is all I can share with the member right now.

*Mr. Chairperson in the Chair*

**Ms. Cerilli:** I know one of the issues that both landlords and tenants are questioning in terms of the operations of the branch is the fact that there is not that great a record on compliance with orders, that residents, tenants and landlords can go before the board and the commissioner and a decision is made, and it is not necessarily the case that the decision is complied with, that if a tenant is awarded a return of a damage deposit or if a landlord is awarded damages because of a tenant skipping rent or damaging their property, collecting is a problem. I am wondering if the branch is in any way trying to address that and if that is part of this review at all.

**Mr. Pitura:** I am advised that the Residential Tenancies Branch vigorously enforces the issue of security deposits, and in order to enforce that they will even go as far as having rent redirects in order to cover off the security deposit. Other outstanding issues between the landlord and tenant with regard to money—any order that is made by the board is filed with the court. Once that is filed with the court, then the judgment has to be addressed by the claimant or the petitioner, petitioned through the court in order to get the judgment carried out. But the order is filed with the court, and that is as far as it can go.

*Mr. David Faurshou, Acting Chairperson, in the Chair*

**Mr. Doug Martindale (Burrows):** I would like to begin with a procedural question for the Chair, and that is earlier this afternoon did the committee grant leave to allow staff to answer questions directly.

**The Acting Chairperson (Mr. Faurshou):** The honourable minister should respond to the question.

**Mr. Pitura:** I am assuming that the honourable member is asking whether staff can answer questions directly. The answer is if the member wishes to have the staff answer directly, I have no problem with that. We did it earlier in this committee today on the basis of one issue. So if that is suitable with the member, it is suitable to me.

\* (1650)

**The Acting Chairperson (Mr. Faurshou):** The decision in which to involve staff directly in the questioning at the Committee of Supply certainly can be accomplished with the unanimous consent of the committee. Seeing that we do have that at the present time, I would then ask the honourable member for Burrows (Mr. Martindale) to identify whom you would like the question to be answered by and to ask his questions at this time.

**Mr. Martindale:** Mr. Chairperson, notwithstanding the fact that the Minister of Consumer and Corporate Affairs (Mrs. Render) has excellent staff in the Residential Tenancies

Branch, all my questions will be for the minister, not because I am trying to give this particular substitute minister a rough time, but only because I believe in our system of parliamentary democracy that the ministers are politically accountable, not civil servants.

My first series of questions has to do with casework of one of my colleagues. So the director of the branch might be familiar with two downtown buildings, 400 and 410 Webb Place, which have recently been sold to a new Montreal-based owner. The landlord has made a curious application before the Residential Tenancies Branch or board. Complaints have been received from some residents of that building who received a notice from their landlord that the owner had applied for a 9 percent rent increase. Meanwhile, the tenants across the hall, with an identical two-bedroom suite, have received notice that their rent is to increase by 18 percent. I would like an explanation as to why this particular landlord would apply for differential rent increases for identical two-bedroom suites.

**Mr. Pitura:** With regard to the specific property that the honourable member is referring to, I am advised that there is at the present time a current application to the branch, which you may be aware of, and as such cannot make a specific opinion with regard to the individual mechanics of the question that the member was referring to as it is under adjudication. However, I would point out and add that the tenants will all be advised by the branch of the landlord's application that they have received, and they can appear at the branch and state their case. It is advised that they do this on an individual basis, although that does not preclude them from doing it on a group basis as well, if they so choose. They can take a look at all of the information that was supplied to the branch by the landlord to justify the landlord's request for a rent increase. In most cases, or in all cases, the rent increase has to be based on either the operating costs, as an issue for rent increase, or the capital costs, in the case of doing some renovations to the building, or if the landlord is posting a loss on an annual basis and therefore would request a rent increase in order to cover the loss. But the tenants in those particular units will be advised

as part of the process so that they can respond to the application by the landlord.

**Mr. Martindale:** I can appreciate that the minister cannot get into specifics of a particular application, so I will ask a more general policy question. It would seem to me that a landlord could ask for any kind of increase that he or she wants on any unit in a building, but would a landlord normally be justified or successful in getting different rent increases, for example, a 9 percent increase on one suite and an 18 percent increase on an identical suite in the same building?

**Mr. Pitura:** I am advised that if a landlord makes an application for a rent increase in a rental unit, that the global amount of the rent increase has to be spread out equally amongst all the units. However, what can happen is that the landlord has the authority and the power to reduce the amount of the rent increase, i.e., a discount. The member might wonder why one would even want to make a discount. However, I am advised that if you have an apartment that is opening onto a backlane, it may well be discounted as opposed to the apartment that is facing the park on the other side of the building. So these kinds of differentials take place in these rental units.

Perhaps the member has more specifics. Well, I should not be asking for more specifics, but perhaps the member has an idea of how these apartment units are laid out or perhaps another question along that regard.

**Mr. Martindale:** Could the minister tell me then if it is possible or conceivable that the landlord might be successful in having different rent increases for different suites? Does this happen? Is this a common occurrence?

\* (1700)

**Mr. Pitura:** Just to further add to the information that I provided the last time, talking about the global rent increase as being spread out equally amongst all of the units, they had to be equal in either (a) percentage or (b) dollars. So in the case of a percentage increase, the calculations would have to be done to see if the rent increase is indeed equal in terms of the

dollar increase per unit before an issue would be identified. So that would be an important criterion, but they are subject to that rule, I guess, and it is pretty vigorously enforced.

**Mr. Martindale:** My other question was: do landlords often or occasionally get differential increases on identical units?

**Mr. Pitura:** Maybe I will just start off and maybe have to get some more information for the member later. But if you are looking at a multifloored apartment complex, that if it is a 10-storey complex, of course the apartment units on the 10th floor will probably have a higher value to them than they are on the main floor. So there are a number of variables that have to be taken into account in terms of doing the overall calculation to determine if there was not a fair and equitable distribution of the rent right across all the units. So right from the start this whole process, when you are talking about equal percentage, equal dollars, if you are looking at a multifloored apartment block, it becomes skewed because, No. 1, you have the multifloors, two, you have the view, which way you are looking out from your apartment window. So you have to take all those factors into consideration and then do the calculation and then see if indeed all of the apartment units were in fact treated equally.

I guess one of the challenges and responsibilities facing the Residential Tenancies Branch is when they look at the application from the landlord they would have to determine if indeed the landlord has, when asking for the rent increase, spread it out equally amongst all the units in a fair and equitable basis.

**Mr. Martindale:** My other question is: what does a landlord need to do to justify such massive increases, or, in a more general way, increases over the province's rent control limits? I think I know the answer to that, partly because I helped write the act and partly because the Minister of Government Services has already answered that question. The answer is that the landlord has to justify either operating costs or capital costs or if he experiences a loss on an annual basis.

What concerns me is that we might have a case where there is a new landlord, he or she is

asking for a rent increase. It seems to me that if the rent increase came fairly quickly after the landlord acquired the building that they could not justify on the basis of doing capital improvements unless they had actually spent the money on capital improvements. If they are a new landlord, they would not have a history of losses, so they could not use that to justify a rent increase, and if they are a new landlord, they would not have experienced operating cost increases.

Now I hope that the landlord in the particular case that I want to ask about but cannot get answers for a reasonably good reason will not be able to justify an increase, because if they are a new landlord none of those criteria would apply.

**Mr. Pitura:** Just in response to the member's comments, talking about a new landlord taking over an existing building, in terms of the parameters that were laid out, they would not necessarily apply. However, in my limited economic background, part of your operating costs of course would be your annual amortization costs as well as part of your ongoing costs. I stand to be corrected on that, but if there is an enhanced value for the property, in terms of the sale, indeed this could be part of the cost, and part of the capital cost of the building that would tend to change the numbers.

So it seems simplistic with just taking those three areas and saying you have to qualify under these otherwise you are not going to qualify for the rent increase, but again, the operating costs with the capital costs having a negative margin or a negative loss on the operation is all something that takes quite a bit of detail to work out.

**Mr. Martindale:** I thank the minister for that answer. Even without having studied economics, I understand the minister's answer and the situation because it assumes that the new landlord paid a higher price for the building than the previous landlord. Now, if they paid a lower price, it would be different, but if indeed they had paid a higher price for the building then immediately the amortization costs would be higher and therefore the minister would be correct. So I am going to have to go on to

another area. [interjection] Oh, the minister wants to give me more information. Okay.

\* (1710)

**Mr. Pitura:** I just love to share as much information as I can.

**An Honourable Member:** Just read me the act.

**Mr. Pitura:** Yes, I am just going to read you the act, and this is not the riot act. I am just looking here that if a residential complex has been sold in the preceding three years, then the Residential Tenancies Branch can take a look back over the previous three years with respect to any increases in costs to repairs or maintenance, or if there was inadequate maintenance, what kind of maintenance would be required now that would enhance the present day costs or the amount of increases and cost increases in previous years as a pattern, and the effect of the accumulation of all these costs on the rent increase applied for.

So there is that ability for them to take a look back into the history of the building for the previous three years to try to ascertain whether the rent increase is, indeed, justified on the basis of and in terms of the operating costs of the building, so I just thought I would share that with the member.

**Mr. Martindale:** I think a lot of the confusion and even anger, because I have dealt with tenants with huge increases in the past, is that people do not understand that we really do not have rent control, strictly speaking. We have a rent pass-through system, so that under many different conditions, the landlord can pass on increased costs to tenants. That is not always easy to explain to people, because they think that because there is rent control and the landlord only gets an automatic 1 percent increase that their increase should only be 1 percent each and every year. It is much, much more complicated than that, as the director of the branch knows.

I heard my colleague for Radisson (Ms. Cerilli) earlier asking about a review of, I think she said, The Residential Tenancies Act. Can the minister tell me if there will be landlords and

tenants involved in this review as there was in the 1980s?

**Mr. Pitura:** To respond to the honourable member: when the honourable member for Radisson was asking a question, it was not a review of The Residential Tenancies Act. It was a business processes review of the Residential Tenancies Branch in terms of the way they do their business. They did have focus groups with both landlords and tenants—[interjection] I am advised that they had the landlords in one focus group and tenants in other focus groups, too, to try to ascertain as to what they liked about the delivery of service from the Residential Tenancies Branch, what they did not like, and what they suggested for improvements. So that is the extent of the review that is being done. There is no intent at the present time, at least in the immediate near future, to review the act.

**Mr. Martindale:** It would be my understanding that basically we have a complaint-driven system, which is true of probably most government departments and government agencies, whether it is City of Winnipeg health department or the Residential Tenancies Branch or whatever. That is okay for people who know what their rights are or for people who can hire a lawyer or people who take the trouble to go to Queen's Printer and buy legislation, but for a lot of people who do not know their rights, the system does not work very well.

In the past there have been some very good programs which Mr. Barys will be familiar with, such as CARUMP which is an acronym that stood for Core Area Residential Upgrading and Maintenance Program. It was funded by the first and second core area initiatives, but the funding was not continued when the money ran out for the second core area initiative, and so CARUMP was folded. It was a good program because they had door-to-door inspections. They had housing inspectors on the staff. They had social workers on the staff, and they had homemakers on the staff. The reason that they had several disciplines on the staff was that they were using this program primarily in low-income areas. Frequently, as the result of inspections, houses or apartments had to be closed in order to do substantial repairs. So the social workers on the staff helped people to find another place to live,

and sometimes they found people that really needed help on a daily basis with surviving, I guess might be a good word, and so they put homemakers into their home.

Currently, I think that there is a need for this kind of program. We have I believe it is about \$60 million from the Department of Family Services going into rent, mostly in the inner city of Winnipeg. I have often contended that taxpayers are not getting good value for their money because much of this is going to substandard housing. But in Family Services the philosophy is that social assistance recipients are responsible for finding their own accommodation and that if you take that away or if you involve staff in finding accommodations, somehow you take responsibility away from people. I would look at it slightly differently and say, yes, it is good that people are responsible for themselves in finding their own housing, but frequently with the amount of money that they are allowed to pay for rent, they end up in substandard housing, and there is no one who is, to my knowledge, regularly inspecting it or approving it before a worker says to the landlord here is the rent money, which in many cases goes directly to the landlord. It does not even go through the tenant's hands. So it is basically guaranteed rent for the landlord.

I am wondering if the department has considered reviving a program like CARUMP or any kind of door-to-door inspection program, whether that was broached when the Winnipeg Development Agreement was being negotiated or whether the department thinks it is necessary or would consider it in a future budget, assuming that this government has a future budget.

**Mr. Pitura:** The member is correct when he states that the Residential Tenancies Branch is a complaint-driven branch. The reason it is a complaint-driven branch is that their primary role is as a mediator in a dispute resolution between landlord and tenant. They have the ability to place orders, but only in specific cases such as the security deposit, for example, on a rent is where they can actually take some vigorous action. The Residential Tenancies Branch is working with the City of Winnipeg health department, I think I mentioned that earlier, where if the health department identifies

a building and posts it, then the Residential Tenancies Branch has the ability to carry out the order and make the necessary improvements that are necessary to comply with the health order and charge the landlord with the cost of that work.

They are working with various agencies: I mentioned health; the police will help identify some properties; or, the fire department. They are also working with local community organizations, such as the West Broadway area group, and if necessary, for example, in a health order, they can take action against the entire building. Also, in the case of a building owner who owns other properties, they can redirect the rental income from those other properties to help pay for the costs over this building, that way maintaining the rent at a reasonable level and not giving the landlord the justification to ask for a huge increase because of the costs involved.

\*(1720)

So there are a number of things that the branch can do, but there are probably many things that they cannot do, based on the legislation that they work under The Residential Tenancies Act. The member talks about the people who are receiving assistance from the provincial government with regard to the rent that they pay. Yes, I suppose you could make a very strong argument to say, well, we have good accommodation over here, you live there because we are paying the rent, we want value for our money. At the same time, you also have to understand that each and every individual family would also like to have the desire to maybe live where they would like to live. Maybe the type of accommodation that they prefer, which the honourable member referred to as substandard housing because of the area, may be what they are willing to live in. The honourable member and I could take a look at that same accommodation and say, well, this is substandard, this is not possible, it should not happen.

But, again, you know, there are some interesting stories, going back through history, of somebody coming in and saying, you know, I am from the government, I am here to help, and totally almost destroy a culture. We have that

example right here in Canada. I can give you countless number of examples that are done through sociology throughout North America and around the world where this has been attempted. So, I guess, what I am saying is that I like to always be a little bit careful as to how much you want to control as to where people would like to live.

The other thing, too, is that even if you had a very elaborate program in place to repair and bring up the standards of the so-called substandard housing, indeed, you are still going to have a level of substandard housing. You are not going to get all the housing at the same standard. There will always be some that will be substandard. It is the same thing as there will always be the very rich, and there will always be the poor. It does not matter how far up you bring the poor, there will always be somebody at that low level. It is just something that the cycle goes on.

The member makes a valid point that certainly it would be desirable to have better quality housing available for these families. I think the Residential Tenancies Branch, within the purview of their act, are doing what they can in terms of co-operating with the other agencies and some of the community groups being able to target some of the properties in terms of getting the landlords to improve these properties so that there are adequate accommodation for these people.

If I might be able to add this, Mr. Chairperson, I am also advised that in the case of an occupancy or a failure to comply with an order filed under the act and is so substantial that the occupancy of the rental unit is or would be unfair to a tenant, or endangers or would endanger the health and safety of a tenant, prohibiting the landlord from renting the rental unit until the contravention is remedied or the order is complied with, that part of the act has some teeth to it. If the housing is so substandard, perhaps an order of prohibiting the landlord from even renting that unit would be the best.

**Mr. Martindale:** Could the minister remind me of what section of the act that is?

**Mr. Pitura:** The section of the act is 154(1), paragraph 10.

**Mr. Martindale:** We could probably debate for a long time whether people are forced to accept substandard housing or whether they indeed have a choice, but I should probably better take that up in Family Services Estimates.

I was pleased, however, to hear about the role for the Residential Tenancies Branch in situations where the Health department is involved. I assume that the minister was referring to places that are placarded "insanitary." I have quite a few of those in my constituency, so this is of great interest to me.

I think that the City of Winnipeg health department is the best department—notwithstanding there are some hardworking people in the department under discussion today—of any level of government, federal, provincial or civic. When I phone and ask them to inspect a particular address, they inspect it within 24 hours, they get back to me with a report, and they will tell me if they issued work orders and what the work orders are. I cannot think of any other government department that has a 24-hour turnaround time for a complaint. It is very impressive. They are very responsive, and they get thousands of calls every year. They are always in their office and available from 8:30 to 9:30 in the morning. They have cell phones when they are out in the community doing inspections the rest of the day, and they never fail to visit an address about which there is a complaint or to follow up. I do not know how they do it, but it is very much appreciated by myself and my constituency assistants and others when we are doing case work on behalf of constituents.

I wonder if the minister can tell me if the branch can get involved in collecting rent when we are talking about single-family detached houses that are being rented, as well as apartment buildings.

**Mr. Pitura:** The simple answer is yes.

**Mr. Martindale:** So, in future, if I am calling a health inspector to look at a particular house, and if he is issuing work orders and/or placarding it



insanitary, should I also be phoning the Residential Tenancies Branch?

**Mr. Pitura:** I am advised that perhaps the protocol that the member may want to pursue is that when the house is placarded, that in terms of the proactive approach the member could carry out is to ensure that the health department registers that health notice, order, with the Residential Tenancies, although I would point out, as well, that there has been a great deal of co-operation between the City of Winnipeg health department and the Residential Tenancies Branch in recent times and that the city health department does register the health orders with the Residential Tenancies Branch.

\* (1730)

However, they do not do it or are not required to do it in every case, and, certainly, they do not do it in all cases, so if the honourable member sees a situation where he would like to ensure that that health order is registered with the Residential Tenancies Branch, to perhaps get the city health department to register that with the branch. Then the branch can undertake the action necessary as a part of that health order in terms of upgrading the rental unit.

**Mr. Martindale:** I must say I am not surprised to hear that this is happening in recent times, although—

**An Honourable Member:** We are doing great things, Doug.

**Mr. Martindale:** Well, you might want to disagree with what I am going to say next because with the Pan Am Games coming, you have never seen so many houses demolished in the inner city in your life. Whereas it used to take years, now it takes months. They are on a big cleanup, believe me, in the inner city, in the north end, including in my constituency, and they were doing one a day last fall. I do not know what they are doing now, but there is a big push on, and that is what civil servants tell me, is that it is because of the Pan Am Games.

So I think the words "recent times" was probably a well-chosen expression on the part of the minister, but, you know, I am still glad to

hear that the health department is registering their work orders with the Residential Tenancies Branch. That is good to hear.

I would like to ask the minister if he feels that as a result of the Residential Tenancies Branch getting involved at the same time as the City of Winnipeg health department, that the branch is being successful in getting landlords to repair properties and put them back on the housing market, as opposed to doing nothing and having the city follow up, because when work orders are issued they do a re-inspection, and if nothing happens, then they can proceed with a demolition order which does take time, but some landlords are choosing to do nothing and have the house demolished and sell the lot.

But I would be interested in knowing if some landlords, as a result of the branch being involved, are fixing up houses and apartments and putting them back on the market.

**Mr. Pitura:** I am advised that the City of Winnipeg has given feedback to the Residential Tenancies Branch that when the Residential Tenancies Branch does participate in these particular projects with the City of Winnipeg health department, the city is finding out and experiencing that, because of the fact Residential Tenancies can do something about the rent, the City of Winnipeg is reporting back that the landlords are indeed doing the repairs much more expediently because of the fact that they can lose the rent from that particular dwelling.

**Mr. Martindale:** Mr. Chairperson, I am certainly happy to hear that. I wonder if the branch has any statistics on the number of landlords that are choosing to do repairs and the number that decide not to and let the house or building go.

**Mr. Pitura:** Mr. Chairperson, the statistics that the honourable member is asking for in specific, we advise that we cannot supply the statistics as in terms of being able to use them as a comparative analysis, but certainly the statistics are available for the number of requests for repairs. I can share those numbers with the honourable member right now.

If you take a look at 1997-98, the number of units that had repairs was 677, and if you look at 1998-99, the total number of units under repair

was 753. So that is a fairly substantial increase one year over the next. I am advised that it is attributed to the extra activity that has taken place as a result of the City of Winnipeg health department and the Residential Tenancies Branch working on a more co-operative basis.

**Mr. Martindale:** Mr. Chairperson, I am certainly happy to hear that. I wonder if the minister would be willing to ask or direct the branch to send a memo to MLAs who represent inner city constituencies and let them know about this co-operation, which is news to me, which I think is quite helpful information and will certainly benefit many constituents in the inner city. Now it appears to me that it is happening automatically. Maybe the minister could confirm that or not.

If I am phoning the city health department, I would certainly like to put in a request that the Residential Tenancies Branch be notified. So I am wondering if the branch or the minister would be willing to send a memo and advise at least inner city MLAs, if not MLAs that have large numbers of tenants, which would also include Brandon and Thompson. I do not know if you get a lot of complaints like this from suburban Winnipeg. I would be rather surprised that you would get the health department going in and issuing work orders in suburban Winnipeg, but perhaps. What about the basic request? Is that something you would look on favourably?

**Mr. Pitura:** Mr. Chairperson, I think in response to the honourable member's question, that is a question I will have to take as notice, and I will ensure that the minister responds directly to the member on that.

**Mr. Martindale:** Mr. Chairperson, I was pleased to read in the most recent annual report of the department that there is an activity that I was not aware of. Maybe one should read all the annual reports. In fact, we used to get all the annual reports and they did not get read very much, and in an attempt to save money, only the critics get the reports and the research staff gets the reports.

**An Honourable Member:** But do they read them?

**Mr. Martindale:** Well, this critic reads them from cover to cover, but I only get one.

I was pleased to see the tenant education volunteer program described here, and perhaps the requests for repairs are up because tenants are more aware of their rights as a result of tenant education being done.

I am wondering if this program is something that I as an MLA and other MLAs could tap into. Can we phone the branch and request that staff do tenant education with our constituents at a particular building or at a public meeting?

\* (1740)

**Mr. Pitura:** Mr. Chairperson, I am advised, and we had some discussion on this the previous time, that the Residential Tenancies Branch does put out a fairly comprehensive education package with respect to the rights that tenants have in the written form. They are, of course, welcome to take that information home and read it.

I am also advised that there are staff or volunteers, I guess, at the Residential Tenancies Branch. I was going to say hires, but then you have to pay them. They bring them into the fold of the Residential Tenancies Branch on a volunteer basis. They go out and, based I guess either on request-driven or a need identified, speak with groups to advise them about their rights under The Residential Tenancies Act and what the landlord's obligations are with respect to the rental accommodations. So the more education that is done in this manner, the tenants in any kind of rental accommodation will have a better idea of what their rights are.

It is not going to be foolproof and capture everybody, but, certainly, as more and more people become aware of The Residential Tenancies Act and what it stands for, we will be more able to take action to protect their rights.

**Mr. Martindale:** I wonder if the minister could tell me if I can put in a request to have volunteers come out and do education in the Burrows constituency. Is that a possibility?

**Mr. Pitura:** Well, I say yes and I say a qualified yes. I am assuming that the member

for Burrows is willing to sponsor such an event and to provide the coffee, doughnuts, meeting hall, et cetera, for the many hundreds.

However, probably the best way to facilitate the process would be, if you have a group that is identified, that when you are having discussions with them that they have an interest, then they can certainly make contact and the branch will be more than happy to come out and set up a session with them. That is an ongoing thing, and I guess there is, you know, depending on availability of resources and the number of volunteers who are available at any given time, they certainly have no problem trying to fill that kind of a basic need because the education is very important as to how people understand the legislation that affects them with regard to their accommodation.

You know, there are many acts of this Legislature that are out there that we as citizens of this province must know and understand because it affects us. They have that old saying that ignorance of the law is no defence, so it is everybody's responsibility to know the legislation. If the Residential Tenancies Branch can help with regard to the education because they are a mediator, and, of course, if they can do less mediating or when they do a mediation that they have basically a process that is well in place, it will make everybody's life a lot easier.

So the more education that is out there, the better.

**Mr. Martindale:** I know that the government is constantly being lobbied by landlords to get rid of rent control, and we have met with landlords on the same topic. I am wondering if the minister can tell me what it is that landlords want these days. Do they want to get rid of rent control entirely? Do they want to see the legislation amended? What is the government's response? Are you committed to rent control, or are you promising to get rid of it after the next election?

**Mr. Pitura:** I see the honourable member has asked for my personal opinion.

Landlords, certainly they have been lobbying the provincial government for larger increases in

the rent control, but I look at the whole area and the number of years that rent controls have been in place. Certainly, you know, during the high inflationary periods, the rent increases were fairly substantial.

But the interesting thing about looking at rent controls and rent increases is that each and every year they go up. If you look through the recessionary years, they did not go down. So for all the landlords who would put a very positive argument for the justification of the rent increases going up, you can say, well, if you did not have rent increases and you had a very open, competitive market to try to rent out rental units, it, in fact, may have dropped, but everybody was faced with a uniform 1 percent increase. So my own personal viewpoint when I take a look at rental increases being patterned on that and we have control over the rental increase is that you may be controlling the minimum type of rise, but you also are creating a maximum.

That is one of the things that even as a bureaucrat working for the provincial government, was that every time we had maximum levels for the amount of dollars that you could recover for your meal expenses, okay, it was listed as a maximum, but it was really a minimum. Everybody claimed the maximum, so it became the minimum, and that is one of the things that if you take a look at the rent control guidelines, that indeed you are, and if you go back over the number of years, it has always gone up.

There are things in this society in terms of the economic competition that certainly during the recession went down. So as much as I can appreciate the arguments that are coming forward, you know, when rent controls are in place, I am not in a position at this point in time to be able to indicate to the member what the future has in store for rent controls. It is an issue that has to be collectively agreed to by the government of the day, and that is something that may indeed in the near future come up in discussion, or it may not.

So I really cannot give the member a straight answer on that one, as much as I would like to, but he certainly has had some of my own personal comments on it.

**Mr. Martindale:** I think the minister's answers just leave me confused because it sounded like he was defending rent control, but I did not hear him say that his government is irrevocably committed to keeping rent control in place. It sounds like the minister is kind of waffling on the issue of rent control. He is sort of defending it, but he is not saying that his government is committed to keeping it in place. One of the things that—[interjection]

**An Honourable Member:** So what is the position of Her Majesty's official opposition?

**Mr. Martindale:** We are committed to rent control.

**An Honourable Member:** That is on the record, I presume, Mr. Chairman.

**Mr. Martindale:** Well, I will repeat it. The NDP is committed to keeping rent control in place. I do not have any problem putting that on the record. I was hoping to get the minister on the record, but I was not successful.

\*(1750)

One of the things that landlords do not tell us when they are lobbying us or maybe do not acknowledge or maybe do not want to acknowledge is something that tenants have figured out. For example, I met with tenants from, I believe, Roslyn Road. They had received rent increases, and they have done a lot of figuring on what goes into landlords' calculations, particularly when it comes to increased rent on the part of the landlords. What they pointed out to me, which was very, very interesting, is that every time the landlord justifies a rent increase because they have in the most common example spent money on capital improvements for a building, the rent goes up, and that becomes the new plateau. Any increases are based on that new plateau, but after the landlord recovers their costs from the rent, the rent does not go down. It stays at that plateau

I guess as long as the landlord is in a position of being able to raise the rent because of the rental market in their particular neighbourhood, they can take advantage of that. Now, obviously, that does not work if they cannot

attract tenants, but if they are in an extremely attractive rental neighbourhood like Osborne Village, their revenue is constantly going up, not just because of recovering their capital costs but because of the new plateau.

I cannot even think of a question to ask on this because I see the staffperson nodding his head. Oh, well, I will let the minister respond. Does the minister agree with me that that is the case?

**Mr. Pitura:** Mr. Chair, the honourable member is talking about the rents and the rent increases. The thing that is missing out of the equation often when you are taking a look at having rent control increases is that one is always assuming there is 100 percent occupancy in all the rental units in Winnipeg, and that is far from reality.

The rental units in Winnipeg, of course, are driven largely by the market in terms of supply and demand. I think what the member pointed out, too, is that if you are in an area of the city that is a prime market area and you happen to own a rental accommodation there, the rent that is recouped on those units is probably a very healthy level of rent. If you are in an area where there just is not the attraction, then you are going to have to adjust your rents in order to be able to attract people to live there who feel it is a good deal.

That is still the basic driving force behind everything that we do in this province, is that ability of the market of supply and demand. You can argue that rent controls were put into place at a time when inflation was jumping along pretty good and you could argue justifiably that none of the properties warranted the huge rent increases that were being brought in, so rent controls tended to cushion that blow during the high inflation period. But, at the same time, every time you put in a government program of that type, you end up controlling it.

You have to sit back and wonder and take a look at the number of years where the rent increases have been regulated to 1 percent over history, and because of that fact, you look back and say, well, what if they were not there? What would have happened if they were not there? You always have to ask those questions. I find

myself asking myself these questions in many aspects of everything that government has got itself involved in, is what would have happened if government had not been here and other forces were able to be exercised?

There are many areas in agriculture I ask that question as to where we would be today in many areas of our agricultural industry—

**An Honourable Member:** All the farmers would be bankrupt.

**Mr. Pitura:** Well, the member's opinion is that many farmers would be bankrupt, but there may also be the opposite side, that agriculture may have been totally different than what it is today. So I will leave it at that, Mr. Chairman.

**The Acting Chairperson (Mr. Faurichou):** Is there agreement to call it six o'clock? [agreed]

The hour being six o'clock, committee rise.

## JUSTICE

**Mr. Chairperson (Marcel Laurendeau):** Would the minister's staff please enter the Chamber at this time. Did the honourable minister have some information to bring forward?

**Hon. Vic Toews (Minister of Justice and Attorney General):** Yes, I do. Thank you, Mr. Chairperson. Last date a question was asked in respect of the Portage la Prairie regional office and circuits, and I understand that the Portage la Prairie office has five circuit points. They are: Amaranth, Carman, Morden, Stonewall and Teulon. The Stonewall and Teulon circuits are recent additions to that office, the Portage office, and the circuit points of Berens, Bloodvein, Garden Hill and St. Theresa Point have been removed from the Portage office and are being handled out of Winnipeg.

As to the issue of the Berens, Bloodvein circuit, there are available trial dates in the months of November and December, and no other issues related to the circuit have been noted by the Crown attorney. The Garden Hill and St. Theresa Point circuits do not presently

have a backlog. Garden Hill has dates for trial available in October and December of '99.

\* (1450)

So I trust that that is the information in that respect. I am not aware, again, of any cases that would have been dismissed as a result of any changes. I am advised by the assistant deputy minister that he is not aware of any such difficulty either.

In respect of prosecution positions, just to reiterate and hopefully to clarify any statements that were made yesterday, as noted, the Treasury Board or the approval of government included authority to hire five support staff and five legal counsels. Also, two term positions were filled in respect of a specific prosecution. Those are two additional term positions. The five legal counsel positions are filled, the ones that I referred to earlier, one of them being a bilingual position. The targeted offender unit positions, as indicated last date, will be filled in November of 1999, and there will be four additional Crown attorneys added through this particular process. I think that is all the information I have available now to share with the member for St. Johns.

**Mr. Gord Mackintosh (St. Johns):** Just as a further to that information, the minister said that some prosecutors were being directed to a targeted prosecution unit, being the targeted offender unit. I am just wondering if the minister can describe what that unit is to do.

**Mr. Toews:** This unit relates to a recent announcement, an initiative of this government, in which 100 targeted offenders will be monitored on a seven-day-a-week, 24-hour-a-day basis. These, it is important to note, deal with people who are post-conviction, and what we have done in this particular situation is built on the success of the ISSP program in our youth courts in working with probation, the support and supervision that is granted to youth leaving the custody of the province and are then back in the community. It was felt that, as a result of certain individuals receiving conditional sentences or suspended sentences or even those who are on what are known as Section 810 peace bonds, additional resources should be targeted over and above the regular resources provided in

these situations, and so this will in fact involve the four additional Crown attorneys working with members of the probation staff.

In fact, this unit, which is expected to be functional by later on this year then, November, December of 1999, will involve the establishment of approximately 11 full-time employees within the Corrections division to staff the unit with a director, with victims' services workers, and the victims' services worker would be 1.2 full-time employees or full-time positions, 1.2 the total, and administrative support of 1.2 and probation officers of 7.7. In conjunction with this, there was the establishment of 6.9 incremental regular FTs within the Prosecutions branch to staff the unit with Crown prosecutors, and that in fact is 4.6 FTs and administrative support of 2.3. So that is the context where these four or so Crown attorneys positions would in fact come from.

**Mr. Mackintosh:** What will be the duties of these Crown prosecutors? Is it only to prosecute breaches of court orders, or is it to also prosecute primary offences as well?

**Mr. Toews:** The duties of these prosecutors will certainly be to prosecute breaches of any sentence that these people will be presently serving, conditional sentences or terms of probation if they are on a probation order as a part of a suspended sentence or otherwise, and of course the subsection 810 peace bonds and any breach of that. However, they will also have responsibility for dealing with primary offences, and the focus will be gang-related offences.

So we see them working to target these 100 individuals who will be identified through a departmental process, I assume in conjunction with police input, and this very high standard and very rigorous standard of surveillance will result in those who are in fact breaching the law coming to the notice of the authorities, so that these prosecutions—not only the breach then can be prosecuted, but primary gang-related activities will in fact be prosecuted.

\* (1500)

I think that it is also important that, when we talk about these 100 individuals, this would not

be a static group. You do not simply take a hundred, and as they either move off or finish with their conditional sentence or end their probation or end their peace bond—but if, for example, there is a breach, and a person is put into custody, whether to serve the remainder of the conditional sentence or indeed to be resentenced as a part of the suspended sentence process, there will then be new people coming into this group of 100. It is ongoing, so you gain if it is fairly successful—I think my speaker is off, Mr. Chair. Oh, it is back on. Maybe just in order to ensure that I have not missed anything, this will not be a static unit but as people move out of this targeted group—or I should say, it should not be a static group. As they move out of this group because of either the expiration of their sentence or some other determination that Justice officials may make or indeed they are sentenced to periods of incarceration as a result of either new primary charges or breaches, new individuals will be brought in after due consideration and targeted in a similar fashion.

**Mr. Mackintosh:** We are very pleased the minister finally got around to reading our Gang Action Plan.

Last time we were dealing with issues under Finance and Administrative Services, talking about the collection of fines. A follow-up question I have there is: can the minister tell the committee the amount of outstanding traffic fines, first of all, and second of all, the total amount of fines outstanding for all categories?

**Mr. Toews:** As indicated last date, I was very disappointed in the amendments to the Criminal Code made in 1996, which in effect diminished our ability to collect fines under the Criminal Code. In addition, as a result of various constitutional concerns, our ability to sentence in default has certainly been diminished for Highway Traffic Act offences. Coupled with the fact that the Criminal Code of Canada, due to the 1996 amendments, has in fact made it extremely difficult for victims of crime to enforce judgments, judgments that used to be enforced by the courts as a part of their regular criminal court sentencing process, we have attempted to create a number of alternative mechanisms to ensure that fines are in fact collected and restitution orders are enforced on behalf of victims.

The first point I want to make in that respect is I met very recently with the federal Minister of Justice and explained to her the difficulty that victims have in respect of this particular issue, that although the courts are helpful to a victim by assisting that victim with a particular judgment, obtaining the judgment, the problem is that the way the Criminal Code now has been amended, the victim essentially is required then to enforce the judgment like any other civil judgment. I tried to impress upon the federal Minister of Justice that these types of judgments are very difficult. They do not arise out of any breach of a consensual contract or even like a motor vehicle tort where two citizens have a dispute over a legal issue and the civil court renders a judgment. In those situations, although there are often difficulties as well in collecting those orders, we have now the added difficulty of victims, in fact, being required essentially to attempt to enforce in a civil way judgments against convicted criminals. As indicated earlier, these used to be enforced by the court.

My concern with the strategy that the federal government adopted in its amendments to the Criminal Code is that by simply turning these judgments over to the victims for enforcement and also by not providing for the alternative of jail for the collection of fines, we are undermining the authority of the courts. We, in fact, I think cause the public to lose faith in the administration of justice. So I urged the federal government to reconsider its 1996 position.

In the meantime, there are a number of steps that we have taken, and some of those are before the Legislature today. One such case, of course, is the issue of prisoners in our provincial jails who obtain a judgment against the government. Those judgments then will be held by the Minister of Finance, and the Minister of Finance will be able to hold those judgments in trust. Members of my staff will then take appropriate inquiries to determine what, if any, victims are out there who could benefit from the—

#### Point of Order

**Mr. Mackintosh:** I asked the minister specifically to tell me the amount of outstanding traffic fines and fines generally, a very specific-type question. The minister now is talking about

legislation before the House regarding victims and restitution.

I ask that he be called to order, and that the rule of relevancy be invoked.

**Mr. Chairperson:** The honourable minister, on the same point of order.

**Mr. Toews:** On the same point of order. I think it is very relevant how our government is, in fact, addressing the issue of outstanding fines. This is clearly an issue that needs to be addressed, and in the context of what is happening, I think I am being very careful.

The rules of this House indicate that I have 30 minutes to demonstrate my relevancy, and I am moving in that direction. If relevancy were the only point and that it had to be demonstrated immediately, Mr. Chair, how could I explain my position and at the same time have 30 minutes that I am entitled to make my point? I am entitled to make my point in those 30 minutes. I can assure you that I will get directly to the point, but I am laying what I consider very important information for the benefit of not only the member for St. Johns but indeed for the public.

\* (1510)

**Mr. Chairperson:** I have already sought advice from both members on the point of order. If you could just give me a minute to look a couple of things up. You always have the option of challenging my decision; either member does.

Let me refer members to the two rules that are being brought forward—well, there are actually three rules that are being brought forward, I guess. Rule 72 is: "Except as provided in sub-rule (2), speeches in Committee of Supply, including those of the Minister, shall be restricted to 30 minutes." But Rule 70.(2) clearly states: "Speeches in a Committee of the Whole House must be strictly relevant to the item or clause under discussion."

So I would rule that the honourable member does have a point of order and ask the minister to keep his comments, even if they are within the 30 minutes, which is not necessary in all cases, if

they are within the 30 minutes, to keep them relevant to the question being put.

\* \* \*

**Mr. Toews:** On a matter of clarification, I am not quite sure what clause we are on. I thought we were dealing with the entire book. I did not realize that there was any particular clause that we are on, and if we are not on any particular clause, the issue of relevancy then deals with the entire book.

**Mr. Chairperson:** We are on Resolution 4.1 on page 107, which, I believe, is Executive Support, which gives the honourable member and the minister leeway to ask—well, it gives the member leeway to ask questions basically throughout the department, but the answers to those questions should still remain relevant to the question being put. [interjection] When did we move?

**An Honourable Member:** We passed Executive Support.

**Mr. Chairperson:** Okay, I am sorry. Those other ones were passed in a separate committee, I guess. Just let me catch up. That is not what my sheet said. No, it did say that.

4.1.(d) Financial and Administrative Services (1) Salaries and Employee Benefits \$837,300. So the question should be relevant to that line.

**Mr. Toews:** The question is not relevant to that line.

**Mr. Chairperson:** Then the question itself would be out of order, and if you bring that to my attention, that is the way we will deal with it.

**Mr. Toews:** Then I would ask you to make a ruling that the question is out of order.

**Mr. Chairperson:** It will not be necessary for me to make a ruling that is out of order. The honourable minister can just answer that that is not the relevant location to be asking that question.

**Mr. Toews:** Well, as indicated, the question that has been asked on that particular line is not

relevant to the item under discussion, and that is why, Mr. Chair, I was being broad in my answer, because if in fact we are talking about Financial and Administrative Services, that is exactly what I was addressing in respect to some of the administrative services that the department is providing.

So I am a little confused here about where the member is going. Either restrict it very specifically and allow me to answer in that context or simply answer the question on the whole book and give me the 30 minutes and I will get to the point.

**Mr. Mackintosh:** This is ridiculous. The minister undertakes to answer a question and then goes on—presumably he said he was going to go for 30 minutes. If this is not the place to ask the question, then he can respond by saying there is a more appropriate line in the Estimates. I am prepared to pass this.

**Mr. Toews:** If we are moving on Financial and Administrative Services, then I will continue my question because certainly my answer is relevant, and I will deal with the question that has been put in the context of that. If not, then he has not asked the relevant question, and I cannot answer anything further.

**Mr. Mackintosh:** This is just silly. I asked the question of the amount of unpaid fines. That was all I asked. If the minister does not know the answer, he can say he does not know. If he does not want to deal with it under this line, he can advise the committee. But he cannot have it both ways. He cannot avoid the question and at the same time just go on and make a speech about restitution. So I am prepared to pass this item if the minister insists that this is not the place to ask the question.

I think Manitobans are entitled to know the outstanding fines—a simple question. The minister can answer. He has all the staff here to do that. I am prepared to pass this and then move along. We will ask that question then on some other line, and the minister can tell us what line it is that he thinks it is more relevant to.

**Mr. Toews:** The member is asking me to answer this question in a specific way. There is not a



requirement that I answer it in a specific way provided that I am relevant to the matter being raised. -

**Mr. Chairperson:** Shall the item pass? The item is accordingly passed.

Item 4.1. Financial and Administrative Services (d) Financial and Administrative Services (2) Other Expenditures \$247,700—pass.

Item 4.1. (e) Human Resource Services (1) Salaries and Employee Benefits \$686,400.

**Mr. Mackintosh:** I asked the minister a question about the unpaid traffic fines and other fines which Manitobans are entitled to know, and if it does not fit under 1.(d), he can tell the committee what item it fits under. Otherwise, just answer the question. He knows the answer if his staff is sitting there.

**Mr. Toews:** Yes, the matter would, I think, be more relevant under 5.(a) Court Services. My court staff is not here, but I will try to answer that question in the context of that line when that line comes up. I do not know whether we have passed all the lines up to that and—

**Mr. Chairperson:** We are not at 5.(a) at this time. At this time we are still in resolution 4.1. We are now on (e) Human Resources. We have to go through 2, 3, and 4 before we get to that resolution.

**Mr. Mackintosh:** Under 1.(e), can the minister tell us what is the measurement that is being used and the count of aboriginal persons that are employed in the Department of Justice?

**Mr. Toews:** My staff does not have that information, but I can certainly table that for the member as soon as I get that, because I know that the department regularly reports in that respect. When I was the minister responsible for the Civil Service Commission I think that is where all these reports go. They are collected centrally, and that would give a good indication. Perhaps it has come up in the context of the Civil Service Commission already, but I am certainly willing to produce that information for the member's information.

**Mr. Chairperson:** Shall the item pass? The item is accordingly passed.

Item 4.1.(e) Human Resource Services (2) Other Expenditures \$170,500—pass;

4.1.(f) Computer Services (1) Salaries and Employee Benefits \$684,300—pass; (2) Other Expenditures \$262,100—pass.

4.2. Criminal Justice (a) Administration (1) Salaries and Employee Benefits \$606,100—pass; (2) Other Expenditures \$160,900—pass.

4.2.(b) Prosecutions (1) Salaries and Employee Benefits \$7,227,700.

**Mr. Mackintosh:** How many prosecutors will be deployed to the gang trial that is coming up?

\* (1520)

**Mr. Toews:** As the member is aware, Mr. Chair, this is a joint prosecution that is being undertaken by both the federal government and the provincial government. There will be resources from both levels of government. I cannot comment with any certainty on the level of the federal commitment. I know that there are discussions that are ongoing, and indeed this was a matter that was raised with the federal Justice minister in my recent meeting with her in Ottawa.

I am advised that there will be three full-time criminal Crown attorneys having conduct of this case from the provincial Department of Justice. In addition, presently there is one full-time constitutional lawyer working on this case, and that lawyer will be working on the case until essentially the main constitutional arguments have been completed.

So at the present time we are committing four Crown attorneys. That, though, may change given demands placed upon them, either a lessening of demands or an increase in demands. Of course, that will also be influenced by the amount of support that the federal government commits to this very complex trial.

**Mr. Mackintosh:** Will these three positions be filled by prosecutors who are currently on staff,

or is it the intention of the branch to hire specifically for this?

**Mr. Toews:** I understand that the three full-time Crowns dedicated to this case are in fact presently employed by the provincial Department of Justice. I know that certainly the lead prosecutor is a very, very experienced prosecutor, and I believe that the full-time constitutional lawyer, as well another very experienced lawyer, again is working I understand on a full-time basis. When I say that, there may be occasion from time to time that each of these lawyers may have a separate subsidiary duty assigned to them, but the intention is that, by and large, their efforts will be focused on this particular trial. So that is all I can say now.

**Mr. Mackintosh:** Is the department in negotiations with the Association of Crown Attorneys currently with regard to any matter of employment, whether it is salaries or staffing or other resources?

**Mr. Toews:** I am aware of discussions that are going on between departmental officials and the members of the Manitoba Association of Crown Attorneys. I think it is important to note that members of my department, whether it is the assistant deputy minister or the deputy minister or other senior people outside of the bargaining unit, do not negotiate with the association. That is something that is left to the Civil Service Commission. But there are ongoing discussions related to a number of issues, including resources, and I assume that those discussions are continuing.

I note, for the member's information, that there was recently an agreement to allow full-time Crown attorneys to make themselves available for bail proceedings outside of regular working hours, if I can use that term. I know that the hours of Crown attorneys are somewhat flexible, given the professional nature of their duties, and I think that is also reflected in the collective agreement. But, prior to this agreement, what was occurring was there were a number of private lawyers that had been contracted to carry out these, I will not say outside duties, but these particular duties, and we have agreed with the Crown attorneys that

Crown attorneys who wish to volunteer for that particular service will be compensated at the same rate that these outside lawyers were being paid to carry on those activities.

As I recall, that has been implemented in the last month or so. So those kinds of discussions and decisions are regularly held between members of my department and the Crown attorneys association. It appears that the resolution of this bail issue and the attendance of Crown attorneys at that was something that was seen as amenable to the Crown attorneys. I would stress, however, that I do not believe that any Crown attorneys are forced to participate in that, but if they volunteer to participate in that, they are compensated at a specific rate, and I think that is \$400 a week.

**Mr. Mackintosh:** Has the department done any calculation of the total cost to just his department, including prosecutions and sheriff's officers, legal aid of the upcoming gang trial?

*Mrs. Myrna Driedger, Acting Chairperson, in the Chair*

\* (1530)

**Mr. Toews:** Madam Chair, the department advises that there are obviously some incremental costs that will occur as a result of this particular trial, and those incremental costs are substantive in terms of what could occur over a period of time. Now they will be tracking those costs as the trial progresses, but as to an overall figure of what the cost is that would be very difficult to estimate with accuracy. I know that we have approached the federal Justice minister to consider a contribution in some way to the cost that the Province of Manitoba will be put to as a result of this trial. Perhaps all I can indicate at this time is that I can get the member some figures indicating incremental resources that, in some way, are related, perhaps not exclusively to this trial but driven, in part, by this trial and the resources that will be needed by the department to meet those requests and break that down for the member to the extent that that is possible.

**Mr. Mackintosh:** I look forward to that information.

Can the minister tell the committee how many johns have been convicted since April of '95?

**Mr. Toews:** The statistics that we would have available to us are the number of johns, and by the term "john" I assume that the member is referring to males who have been convicted of communication for the purposes of prostitution in a public place. The only way we could identify those numbers is not through the number who have been convicted but through the ones who have gone, in fact, through what we call the john school. We can tell the member how many have gone through that program, but it should also be pointed out in that respect that those individuals were not convicted either. It was an alternative measures program that this government set up. So, short of some records that maybe the police would keep in terms of the numbers of people on that list, and the police tracking who were johns, that is a male customer, and who were prostitutes, and by and large female in that context, who have been convicted of the same offence. But I do not think the stats, certainly not the stats we keep, would indicate that. Maybe the police statistics could generate that kind of a distinction between males convicted of communication for the purposes of prostitution and female prostitutes, or even male prostitutes convicted.

I know, again, that there have been three schools for what they call—they do not call it jane school—weekend diversion or something like that, which is being run by the Salvation Army. The Salvation Army should be able to give the member some idea of the numbers that have gone through that.

I know that the johns who attend john school are required to pay a certain amount of money for the privilege of attending the john school. I do not know whether our government keeps any record of that, or if the Department of Justice keeps any records of that, but I will see what kinds of statistics are available in that context.

**Mr. Mackintosh:** More specifically, does the department keep track, and, if so, can it tell me how many male johns have been convicted of communicating for the purposes of prostitution

in regard to a prostitute who is underage, or what is known as a child or teenage prostitute?

**Mr. Toews:** I am not aware of that figure. I think the only way that the member could maybe find that out is through Estimates in Family Services. I understand that those individuals go onto the Child Abuse Registry, and the number of people convicted in that context would be on the Child Abuse Registry, so the numbers would not be by my department but in fact in the Department of Family Services. We do not keep those records.

**Mr. Mackintosh:** If a john goes to john school, is my understanding correct that that individual, because it is an alternative measure, will not attract a criminal record?

**Mr. Toews:** This particular program, which was, I think, welcomed by police and many community organizations, was seen as an important step in not simply prosecuting johns but ensuring that they learn what the consequences of their actions are to a particular community.

The Salvation Army, which essentially runs this program on behalf of the various authorities, takes in individuals who are qualified under the program. As I understand it, that is essentially a police decision. I know that our department has input into that as well. So in cases where diversion is offered prior to charge—I want to be careful here—if the person meets all of the requirements of the particular program and pays the fee, and I believe the fee is approximately \$400, then upon successful completion, the alternative diversion results in no charge being laid. If a charge has already been authorized and the authorities deem it appropriate that the person is qualified to benefit from the diversion program, the person is sent to the john school, again paying the requisite amount of money, completing the course successfully. Upon successful completion, the charge is stayed against that individual. So the legal consequences in that respect are that a criminal conviction is avoided. The \$400 is in fact utilized for the running of the program, as well as running of the diversion camp for the diversion camp which was formerly known as

the jane school. So that money from the johns is then sent over to run that particular program.

\* (1540)

I note that, with the success, I am told, and this is anecdotal, but with the success of the law that came into force regarding the seizure of motor vehicles for prostitution-related activities, there has been a decline in the number of people arrested for prostitution-related activities, and that has also resulted in a decline in the revenues available for the running of the diversion camp. That was on the street. So that was noted to me when I was present at the recent announcement of our government in respect of trying to move street workers or prostitutes, whatever the appropriate name now is, I do not always know what the appropriate name is, but what New Directions and the consultants, including the Salvation Army, have indicated is that we want to take some of these street workers and offer them healthy alternatives, healthy choices, and that program, I am pleased to say, was supported by our government in the amount of approximately \$146,000.

So I hope that gives the member some answer in respect of the question.

**The Acting Chairperson (Mrs. Driedger):** Item 4.2. Criminal Justice (b) Prosecutions (1) Salaries and Employee Benefits \$7,227,700—pass; (2) Other Expenditures \$1,503,000—pass; (3) Witness Programs \$582,000.

**Mr. Mackintosh:** I do not want him to list all the grants if there are great numbers of them there, but perhaps if he can list by classification the grants that are there under—it is not the Witness Programs itself, but what are the grants that are being referred to in that line?

**Mr. Toews:** I am advised the only grant that comes out of 2.(b)(3) is a grant to the Citizenship Council of Winnipeg language bank, which is a sustaining grant to assist in the provision of interpreter services to the courts. So that is the only grant in respect of that line.

**Mr. Mackintosh:** What, then, are the Witness Programs? Are they witness protection programs that are being referred to there, or are they witness support programs?

**Mr. Toews:** It would include various types of witness fees, including some of the fees that the member has mentioned, and also includes, for example, expert witnesses that are attained by the Crown in particular cases.

**The Acting Chairperson (Mrs. Driedger):** 4.2. Criminal Justice (b) Prosecutions (3) Witness Programs \$582,000—pass.

4.2.(c) Provincial Policing \$55,893,600.

**Mr. Mackintosh:** When will the joint forces unit that the minister has announced funding for become operational?

*Mr. Chairperson in the Chair*

**Mr. Toews:** Just to give the member some context in respect of this particular issue, the province responded to a specific request of the Criminal Intelligence Service of Manitoba, which is made up of the various police forces, including Brandon city police, Winnipeg City Police and the RCMP, for a joint forces unit. The province in fact agreed in principle with that proposal, and as a result I, as minister, signed a memorandum of understanding with the RCMP who, in fact, act as our provincial police force. I recognized, of course, that the proposal was coming jointly from all of the police forces, but this in fact gave the RCMP the go-ahead to proceed in that direction.

The plan that was brought forward by CISM, Criminal Intelligence Service of Manitoba, requested certain resources, including certain positions, and the government in fact approved those particular resources, and that announcement was made over the last couple of weeks, I think within the last two weeks or so.

So this is a unit that is, of course, being run by the police forces in a joint way. So those discussions are ongoing. The resources have been authorized; the positions have been authorized as far as the RCMP are concerned in terms of us authorizing the RCMP to do that. I think now it is an issue of the Winnipeg city police being able to marshal their resources and their plan, and we are prepared. We are simply facilitating this Joint Forces Intelligence Unit. There is essentially nothing left for the province

to do other than to fund this and to ensure that the creation of the Joint Forces Intelligence Unit does not impact inappropriately or adversely on other policing agreements that we may have in the province. My officials, in fact, are discussing those types of issues with the various police forces.

\* (1550)

**Mr. Mackintosh:** So is the minister saying that the funding is available from the department now, when it is requested, for expenditure by the police forces involved?

**Mr. Toews:** I guess simply put, because I do not want to get into all the details of the discussions here, but when the personnel are in place, the funding will be there. It is not an issue of the province standing in the way here or requiring anything extraneous to this matter. As far as the province is concerned, when the police forces are in a position to proceed we will be able to simply provide those resources to them in terms of monetary resources. They still have to come up with the appropriate personnel to staff the unit. These are not being staffed by provincial personnel. In that context also, I think it needs to be emphasized that the governance issue is something that is being looked at to ensure that this unit is being appropriately run and staffed and managed, so those types of governance issues are being discussed.

I might note that we are also aware of some difficulties in other jurisdictions that have set up these joint forces intelligence units; I refer specifically to British Columbia. It is one jurisdiction that I know, and the reason I know is because it has been quite broadly stated in newspaper reports the difficulties that they have had in working that particular unit. It is certainly my hope that we can avoid that kind of an issue, that kind of difficulty, and that the police in setting up the governance of this in fact take into account some of the difficulties that other jurisdictions may have encountered.

I note that while all police forces are important to us as government, we do not directly control the police forces. In fact, we do not control the Winnipeg City Police force in any substantive way, other than through certain

provincial bodies that have been created to regulate police conduct; for example, the Law Enforcement Review Agency. We have a more direct accounting relationship with the RCMP because, in fact, they are our provincial police force. So that is one of the reasons why I felt it was important to sign that memorandum of understanding with the RCMP directly, even though the proposal for this unit came from the Criminal Intelligence Service of Manitoba, which includes not only the RCMP but also includes the various municipal police forces.

I think that it is very important that we continue to consult on this matter. I do not think it is a secret that this government has been very supportive of policing efforts in the city of Winnipeg. So even though we do not have direct responsibility over policing in the city of Winnipeg, because of the various policing agreements that we have had with the police, we have a very significant interest in ensuring that these agreements are observed at least in their spirit. I know I have spoken to the chief and the mayor about the whole issue of the City of Winnipeg Police, and I do not want to get involved in running it. They have a tremendous challenge in running a very large and professional department.

The issues, though, that we from the province see—and maybe it would be helpful for the member because all of these factors come into play in the setting up of this Joint Forces Intelligence Unit—relate first of all to the 1995 policing agreement and the level of commitment that the City of Winnipeg undertook at that time to maintain a force of 1,180 officers. Also, complicating this issue is the specific auto theft unit that MPI funds and which was certainly supported by this government whereby MPI, I believe, gives one-half a million dollars to the City of Winnipeg to set up or to enhance their auto theft unit. That not only goes to pay for officers salaries but certain equipment.

The other point that needs to be made here is that the City of Winnipeg from time to time has contracted out positions to other authorities. The one specific authority that I can think of is the Winnipeg Airports Authority where I believe there are 16 officers that have been contracted out. So then, in terms of ensuring that the Joint

Forces Intelligence Unit is set up and at the same time making those resources available for the Joint Forces Intelligence Unit, we have to be certain that the spirit of these other agreements is respected and that the taxpayer of the province of Manitoba is in fact getting what he or she is paying for as we support the police in their very, very important work.

I think also the complicating issue that also needs to be borne in mind, which our departmental staff are certainly aware of, is the issue of auxiliary police. As the member knows, there has been an announcement and resources made available to dramatically increase the number of auxiliary police. Presently there are about 140 auxiliary police attached to the RCMP, and I know that we have made now more available to the RCMP and initiating this from municipal police forces including the City of Winnipeg.

**Mr. Chairperson:** I am interrupting the proceedings. The hour being four o'clock, as previously agreed in the House, this committee will now move to Finance.

\* (1600)

#### FINANCE

**Mr. Chairperson (Marcel Laurendeau):** Will the committee come to order. At this time, we ask the minister's staff to please enter the Chamber. We are on Resolution 4.1. on page 107.

#### Point of Order

**Mr. Leonard Evans (Brandon East):** As a point of order, Mr. Chairman, does the minister have his staff specifically for the computer-type questions, because I have other than computer questions which I could ask. On the other hand, I understood the member for Elmwood (Mr. Maloway) had some more computer-type questions, and if these are the staff to answer those, we should perhaps make an effort to find Mr. Maloway. He should be right around. He knows we are starting at four o'clock. I am just thinking of the staff.

**Hon. Harold Gilleshammer (Minister of Finance):** Yes, we were informed that the line of questioning today would be similar to

yesterday on the Office of Information Technology, so these are the staff from that office, if you want to go ahead.

**Mr. L. Evans:** I have questions of a more general nature on various aspects of the department that I would like to ask, but perhaps the minister can answer himself, or he may want to have the relevant staff, I am not sure.

**Mr. Chairperson:** If the honourable member wishes, he could ask the questions, and if the minister cannot answer at this time, he can always let you know and get back to you at a later opportunity.

\* \* \*

**Mr. L. Evans:** I was prepared to proceed from the beginning towards the end, and I had questions, for example, on the in-house training programs of Management Services. There is reference to the development of in-house training programs and educational assistance under the Management Services section of the department. I just wondered what kind of in-house training programs were we talking about here.

**Mr. Gilleshammer:** Well, in a general sense, it is always incumbent on government to be sure that people are current in what they are doing. With the vast amount of technology that is in place and being used in government, there is a need for ongoing training so that people can use the technology which is now current across government.

I think that one of the increases in expenditures in all of the departments is the amount of training that is being done. Because of the changes that take place in technology that happen very, very quickly, again, people need to be withdrawn from their workstations and be brought in for training so that they can use the technology and interact with one another, so that I think you will find right across all departments there has been an increase in the amount budgeted for the training exercises that go on.

I can tell you that this is certainly similar to what is going on in private industry. I think it is

one of the biggest challenges for management to keep their people current with the technology which seems to change every three months or so. So more resources have been devoted to that area. Certainly in talking to other ministers, this is a challenge within every department, and not unlike what is happening in the private sector with various companies that, to be competitive, they have to continue to in-service their staff.

I know I spent a number of years in the school system. While the school divisions allow, I think it is 11 days a year now, for school divisions to take people out of the classrooms and have in-service training, at one time I think it was suspected by many taxpayers that this is the only group that ever faced that kind of training. But it is occurring in the private sector as well as government.

We have to respond to the particular needs identified by specific staff, most often in consultation with the Organization and Staff Development in government. They tend to be the ones who deliver the programs. Our human resources shop often plays a co-ordinating role to see that the appropriate training can take place. I am informed that, in the 1997-98 annual report, under Staff Development, there was training for 40 employees and 13 in-house training and development seminars involving eight different course titles and 16 employees, and 11 outside vendor seminars involving eight different course titles. So this is going to be a challenge for government, not only this year but going into the future, to see that people get appropriate training.

**Mr. L. Evans:** I thank the minister for the information. I do not have any problem with what he is telling me. But I was wondering, besides in-house training, there is reference to educational assistance programs. He may have partly answered the question, but I was wondering: is there much leave extension that is going on? Is there much time involved in people being allowed to leave their place of work and take a course for a week or two weeks or a month or whatever? Do you have much of that where people are taking education leave to obtain training?

**Mr. Gilleshammer:** I think, across all government departments, individual employees can bring forward requests to seek outside training, and in some cases, there is the ability to have financial resources set aside, if need be, to do that training. I know that when I was in the Department of Family Services, one of the individuals—and I think he is closely associated with the Social Planning Council—I think the previous government during the 1980s sent him to California to take his doctoral studies, and while that maybe is a bit of an extreme example, there still is some support for individuals who identify specific training and make the case to their managers that further training would be of benefit not only to them but to the department, so this tends to be handled on a case-by-case basis.

\* (1610)

**Mr. L. Evans:** I wonder if the minister could undertake to get a report from his department. In the last year, how many people took educational leave and for what period of time? Just a general overview of that type of leave.

**Mr. Gilleshammer:** Well, I am sure I could get some documentation of that, and it probably will take a little bit of time just so that we have it factually correct, but if we can have it next week or the following week, I will be sure that the honourable member gets a copy of it.

**Mr. L. Evans:** I appreciate the minister undertaking that little bit of research or to have his department do that.

In the area of Occupational Health and Safety, references to not only illness but also injuries to support and assist in the return of people who may be injured on the job, I would not imagine there is much injury on the job in the department, but I want to ask the minister, is this—I mean we are not running a factory here or construction job up North—I was just wondering, I would imagine there would be very little by way of accident or maybe there are some odd or unusual incidents that happen, but can you assure me that there really is not any extent of injury going on among the employees?

**Mr. Gilleshammer:** Yes, I think I can give him the comfort that, while the job is demanding and people work very hard at what they do, Workers Compensation does not see this line of work as a high risk. I can indicate from the report that I have here, and I think this is the 1997-98 annual report, the formulated Workers Compensation statistics for distribution to various branches within the department, which reported four accident claims, of which one accounted for no lost time injuries and three accounted for 15.5 lost work days. The number of new claims reported was reduced by 20 percent over last year, and as a result, the department experienced a decrease in Workers Compensation costs over the previous year.

So you are right, but I think our annual report does cover these claims and these incidents, but you are absolutely right that this does not account for a very large portion of our workforce. I can tell you that the Workers Compensation Board, I think, has also worked very well with employers in dealing with cases as they are brought forward and that every attempt is to have people treated fairly and have an opportunity to get back to their workplace as soon as possible.

**Mr. L. Evans:** On another topic, employee equity strategies. Just what is happening here? To what extent does the minister have a program of employee equity? What has been the success? What is the target group? How many people are involved? The reference is to employee equity strategies for target group employees.

**Mr. Gilleshammer:** The department is, of course, part of a government that has a government-wide policy as far as employment equity is concerned. There are targets for visible minorities and for the physically disabled, for women and for natives. The statistics are part of our annual report. The 1997-98 Finance Employment Equity Committee, with the assistance of the Human Resources management branch, has developed a skills inventory for applicants to positions in Finance. Once the new computer system is in place in Human Resources, and I believe it is now, the department will have the ability to match unsuccessful candidates to position opportunities as they arise. An outreach inventory is in place and is utilized by managers

in the department for casual and term opportunities. Secondment and work experience opportunities were offered to employment equity target group members.

In the annual report, the statistics for the Department of Finance indicated that on a statistical basis there were, by percentage, 1.9 percent native individuals on staff, 50.8 percent were women, 3.2 percent physically disabled, and 6 percent visible minority. So those were the actuals and, by and large, in some areas show an improvement over previous years. Again, as every department is conscious of their employment equity statistics, these are reproduced in our annual report.

**Mr. L. Evans:** I wonder if the minister could indicate how this situation compares with the other departments, just generally speaking. I do not expect him to have all those numbers at his finger tips, but is it pretty well in line with the percentages of other departments or is it out of line?

**Mr. Gilleshammer:** Mr. Chairman, I do not have the statistics for other departments. I know a previous department that I was responsible for, Culture, Heritage and Citizenship, exceeded the government targets by a considerable amount. I think that was the case in Family Services, as well. In Labour, there was a different workforce, and we were under target, particularly with women staff members in that department.

I am not sure just where in government the statistics are all tabulated to see how we are doing government-wide, but I could attempt to find that out. It may well be in the Department of Labour, I am not sure. I do not recall that, though. The targets that were set a number of years ago are still very much on the table for department managers to keep in mind. Probably the Civil Service Commission, as a matter of fact, would have the compilation of all of those statistics. I am not sure whether the Department of Labour has already been through the Estimates process, but I am sure if it was a special interest of the member he would be able to get that information.

**Mr. L. Evans:** I gather the minister is suggesting we look up some report, hopefully



put out by the Civil Service Commission, that would provide these comparative statistics on hiring of minorities and disabled people, et cetera. I just assume that information is available from the Civil Service Commission, I am not sure. I would think that it should be but I have not seen it. We can look into that.

Just to go onto a different topic, because we do not have that much time, this whole matter of tax appeals and Tax Appeal Commission. There is a small amount of money usually allocated, \$20,000, for supplies and services. Has there been much activity in this field at all? This is rulings for taxpayers on appeals of tax assessments independent from taxation officials who issue the assessment in the first place. What is the level of activity in this area?

\* (1620)

**Mr. Gilleshammer:** We do have a Tax Appeals Commission Act which was proclaimed March 1, 1993. The act permits the appointment of one or more commissioners for the purpose of dealing with notices of objection filed by taxpayers who disagree with assessments under the retail sales tax, payroll tax, corporation and capital tax or mining tax. Prior to March 1, 1993, the task of reviewing and researching the basis of a taxpayer's appeal had been undertaken by the Audit branch of the Taxation Division. The Tax Appeals Commission Act was implemented to address a concern that the review of the appeal could be construed as a conflict of interest since the Audit branch was originally responsible for issuing the assessment being appealed. So to avoid that perceived, or the thought that there was a conflict of interest, this was put in place in March of 1993.

So taxpayers who disagree with a tax assessment are allowed 90 days to file an objection with a commissioner that is appointed by the minister. The notice of objection process is similar to but is less formal than the federal income tax procedures. The commissioner, upon considering the matter appealed, affirms, rescinds or amends the assessment and notifies the appellant, the minister and the director. If the taxpayer or the director disagrees with the commissioner's decision either party may appeal to the minister. Beyond that the taxpayer has

recourse to the courts. A review of this process has been recently conducted to better inform the taxpayer of Taxation Division's position on the assessment in order to enable the taxpayer to form a more complete appeal.

The Tax Appeals Commission Act provides taxpayers with a simplified procedure to appeal against assessments. Under the taxes that I mentioned, it enables an objective review of the taxpayer's position independently from the taxation officials who first issued the assessment. The tax appeal commissioner's decisions have generally satisfied taxpayers concerns in that respect.

The Taxation Division's record show the following activity relating to appeals to the commissioner: in 1995-96, there were eight appeals that were carried forward and 25 new ones received, so in total there were 33 appeals being dealt with. The following year, '96-97, there were 11 that were carried forward and 19 new appeals for a total of 30. In 1997-98, there were 13 carried forward and 12 new ones for a total of 25. In 1998-99, the most current one, there were 10 carried forward and six new ones for a total of 16. So there are not a large number and, to some extent, a declining number.

Now I can give you some information on the disposition of those appeals as well. In 1995-96, there were 12 that were denied, five that were partially denied, two referred to Taxation, three were upheld and 22 were withdrawn. In '96-97, 12 were denied, one was partially denied, two were referred to Taxation, one was upheld and one was withdrawn. So, again, not a lot of activity there, but I think the fact that there is the ability to appeal and the perception that there is an independent view taken of the taxation gives comfort to the taxpayer.

**Mr. L. Evans:** It is an amazingly low number of appeals considering the amount of activity that goes on in all these areas: retail sales, corporate capital tax, et cetera, the mining tax, the health and post-secondary education tax. It is amazingly small, which speaks well, I think, of the system generally. I am assuming people know that they can appeal. I am sure they are told that they can appeal a ruling of the official. So it is not that they do not know that this

commission exists or that this avenue exists; it is simply that generally there are not that many problems, which is good.

**Mr. Gilleshammer:** I agree with the member that it is an amazingly small number. I do get letters from individuals who have particular concerns. If we cannot satisfy them with an answer to sort of a direct question, they are made aware of the Tax Appeal Commission and can be referred there. So I do not think there are a lot of issues in this area, but probably the area of taxation that would attract more attention is property taxes, where, at the municipal level, they have an opportunity to appeal the assessment and appeal the taxation. My sense is that there is a lot more activity there, whereas so many people now have professional tax filers who are working with them and many businesses have their own accounting processes, and I think there can be interaction along the way if there are any questions. There is some back and forth, and, by the time it gets to this stage, a lot of the minor questions have been worked out.

**Mr. L. Evans:** I agree with the minister that likely there is more action on the property tax assessment. Fortunately, he has not got that responsibility. Talking about taxes, Mr. Chair, just passing on to the Lower Tax Commission, I would like to ask a couple of questions there, and then my colleague from Elmwood (Mr. Maloway) would like to get back into the computer technology questions, and that is this very interesting announcement that the government made, I guess, in the throne speech and was referred to again in the budget speech, I believe, of the establishment of a Lower Tax Commission. The board members have been announced. I believe Mr. Manness, the former minister, is to be the chair, and there are one or two others on the committee.

I believe the commission is now at work, and my specific question is: when does the minister expect to get a report from the Lower Tax Commission?

*Mr. Edward Helwer, Acting Chairperson, in the Chair*

**Mr. Gilleshammer:** Mr. Chairman, yes, the Lower Tax Commission was announced in the

throne speech and referred to in the budget speech as well. It is chaired by Clayton Manness, the former Finance minister, and the members on that commission are Professor Cameron, from the University of Manitoba, possibly known to the member, and Evelyn Jacks, who is a tax preparer, who has, I think, not only provincial but national recognition for some of the work she has done and some of the books that she has published.

They have been announced, and they have started work. They are in the process, I believe, of developing some discussion papers which will be circulated widely. Then there will be an opportunity for public consultation so that average citizens and organizations and people who are generally interested in the whole topic of taxation will have a chance to respond to the papers that have been published and also have a chance to make their thoughts known to the Lower Tax Commission.

\* (1630)

I am told that that activity probably will take place in September or October, and we anticipate a report from that group probably towards the end of this calendar year. Hopefully, that will give us some direction towards the construction of our next budget. The member will note that it was specifically called the Lower Tax Commission. We believe very strongly that, compared to some of the other jurisdictions that we interrelate with in terms of trade, our taxation regime is too high and that it needs to become more competitive. There are, I think, lots of examples of how lower taxes do stimulate the economy and do give businesses an opportunity to expand and create more jobs and become more successful.

I am not really an expert on what has happened in Ontario, but there we have seen a dramatic decrease in the personal income taxes in the last four years. It was certainly an election issue that was part of the discussions that went on in Ontario recently, and the party that was successful again was promising further dramatic reductions in taxes. That is seen by some as one of the reasons for the tremendous activity in Ontario and the economy of Ontario at the present time. I also make the observation that

they still have not balanced their budget, and they do have a formidable debt load ahead of them, but they have certainly encouraged business activity within Ontario.

I think also our particular way of tax reductions has been more measured. Some people might even call them small steps that have been taken. In the last two budgets— [interjection] I am just being distracted here for a minute. I will have to catch my thoughts. In the last two budgets, there has been a reduction of five points, and by the time we come back with our next budget, it will be at 47 percent of federal tax. I think also part of the taxation regime that was addressed in the last budget was the small business income tax, which, at budget time, had a rate of 9 percent and will be reduced to 5 percent.

So these are less dramatic, but I think over the course of time it shows the direction that we are going and that we have seen a tremendous amount of business activity in Manitoba over the last number of years. In fact, I did a couple of interviews this morning dealing with some of the reports that have come out recently. I do not know whether the member was in attendance yesterday when I referred to a couple of the wire stories, the first from the TD Bank which indicated that Manitoba's economy, which is less reliant on resource-based industries, is expected to be the strongest of the western provinces in 1999 and that the provincial economy is scheduled to grow at a rate of about 3 percent. While it is not as dramatic as that of southern Ontario, it still outpaces what is happening in Saskatchewan, Alberta and British Columbia.

So we think that part of the reason for that is the lower taxes. At the same time, I referred yesterday to a report from CIBC which talked about the debt-to-GDP ratio, with Manitoba's being the second lowest in the country. As well, there are a number of third-party reports out from the Investment Dealers Association, from Nesbitt Burns, from CIBC, Wood Gundy, the Conference Board of Canada, all talking about the Manitoba economy. It is reflected in the number of people working. It is reflected in the very low unemployment rate that we have in Manitoba at the present time and which will continue into the foreseeable future.

So we think that the work that is going to be done by the Lower Tax Commission is important. I think it is also important to note that part of their review is going to deal with property taxes, which I mentioned before. This is an issue not only in the city of Winnipeg but right across the province of Manitoba, and part of being competitive does include the level of property taxes that Manitobans are experiencing.

So with the people on the Lower Tax Commission, with the work that they are doing, with the input of Manitobans, I am sure that we will get some good advice and direction. I know that this has been our experience when we have had the prebudget consultations that were put in place by my predecessors. Last year, we were able to talk to over 1,200 Manitobans, and the directions that they put forth in 11 meetings across the province or that they put in letters and information sent forward was used to craft our last budget. We think it was very successful, and I know members opposite share that feeling.

**Mr. L. Evans:** Well, the minister makes a lot of interesting observations and expresses hopes, et cetera. I just might add that the Investment Dealers Association and these various groups, they always seem to come out with favourable reports no matter who is in government. I remember when I was in government, we used to receive these very complimentary statements and reports—

**An Honourable Member:** And we quoted from them regularly.

**Mr. L. Evans:** Yes, we quoted from them, too. So I never get too excited about those kinds of statements.

But the minister seems to be assuming that there is some sort of a simple relationship between tax cuts and economic activity. I am afraid our economy is a little more complicated than that. I think the minister, if he thought about it for a moment, would realize that there are many, many factors that influence the rate of economic growth, that influence the rate of business activity or levels of employment and unemployment. I mentioned some of those yesterday, the interest rate regime, the value of the Canadian dollar vis-a-vis the American

dollar, the state of activity in the United States and so on.

Mr. Harris, the Premier of Ontario, is certainly benefiting, as we are, from an enormous amount of economic activity south of the border. I know he has gone in for big, deep tax cuts. I think the minister made some slight reference to deficits, I am not sure. Maybe he did not use that term, but it seems to me Mr. Harris is going into some deficit spending in order to provide the tax cuts. Now, if he is doing that—I stand to be corrected if I am wrong, but I thought I read that somewhere—the irony, of course, is that, if governments do go into deficits, that does stimulate the economy, but when governments are in surpluses, that tends to have a contracting influence on the overall macro-economic level of activity. I suppose if you are in balance you might say you are more or less neutral. If it were only that simple: if we cut taxes, then we get economic growth. If our markets in the United States suddenly fall off or become more subdued, I am afraid it does not matter what we do with taxes, the level of activity in this province is going to fall off. If Flyer Industries cannot sell as many buses, it does not matter what the tax regime is for Flyer Industries if the United States markets slow down or dry up or whatever, their level of activity will lower.

\* (1640)

*Mr. Chairperson in the Chair*

I am not suggesting that tax cuts do not stimulate. I am not saying that at all. I am simply saying that is only one factor, and it is very difficult really for any economist or statistician to figure out precisely what a tax cut will do to the overall level of economic activity in any particular economy. What I am concerned about with this particular—and indeed Professor Norman Cameron, I think, would agree with me if he were here; he is on this commission. At any rate what I am concerned about here is that the implication is that the Lower Tax Commission will come up with recommendations for lower taxes of some type, although I notice in the description of activity identification, it says that, finally it will advise on the relative merits of targeted and general tax

reductions. To me, that sort of sounds as if we are hedging a bit, that may be there are not merits in simply cutting taxes because I do not know how any government of any party can expect to cut taxes without cutting services unless there is a considerable expansion of the overall provincial economy.

If there is an expansion of the economy, good. We will get the best of both worlds. We all want to cut taxes, and nobody really wants to cut services. We do not want to cut our educational system drastically or want to cut health care—that has been debated here. We want efficiency. Certainly we want efficiency; we do not want waste. There is always a degree of cost in there that could be some cost savings in that, but I do not think this commission is going to come up with that. So I think that the government has to realize that, if they do want to engage in any significant tax cutting exercise, they are going to have to identify which service areas they are going to cut unless they can predict forever and ever that they are going to have expansions of revenue. That is not going to occur because the minister only has to look at this own budget documents and see that four or five years ago we were not in that favourable position in Manitoba, in fact, revenues—I have forgotten what year it was, 1994?—actually diminished in this province. It was quite serious, and that is the same year, I believe—again I have to look at the book to refresh my memory, but I believe that is the year that we had our all-time record deficit.

**An Honourable Member:** '92.

**Mr. L. Evans:** Was it '92? My colleague from Elmwood (Mr. Maloway) says he believes it was 1992, but whichever year, it was the result, this huge deficit, the all-time largest deficit in the province's history, that was related to the recession, which caused the drop in revenue. So I am saying that, unless you can forecast continuing increases in revenue, government revenues, I do not see how you are going to cut taxes to any extent and at the same time not reduce services I believe that the people of Manitoba want.

So I am certainly looking forward to what they are going to come up with because they are

mandated to advise on the merits of general tax reductions, and maybe they will come back and tell you that there may not be that much merit in certain tax cuts. I think, though, it is worthy to have such a commission in terms of our tax structure. I am not opposed to looking at the tax situation. I would rather see it called a fair tax commission whereby we stress equity to ensure that the burden of taxes is shared fairly among the people of this province and among the businesses of this province and among the areas of this province. We are all for fair taxes, and I think that would have been a better name, a fair tax commission, because then that does not preclude lower taxes but it puts more emphasis on the equity side of it. To call it a Lower Tax Commission seems to predestine it to bringing in recommendations to cut taxes.

As I said—I am just repeating now—fine, let us cut taxes, or not so fine, let us cut taxes, just tell me what services are you going to eliminate. Are you going to go back squeezing the hospital system again? Because that is where the big money is, 35 percent or whatever it is, well over a third, or the education system which takes a large amount of money. Education and Health probably get us close to 50 percent of our total spending, so that is where the big bucks are.

**An Honourable Member:** Mike Harris is still running deficits.

**Mr. L. Evans:** Yes, as my colleague from Elmwood says, Mike Harris has been cutting taxes, but he has also been doing it while he is running deficits. I mean that is the other solution too. If you want to get back into big deficit spending, sure, you can do it for one or two years, but surely you cannot do it forever.

I want to make this point too. There is nothing so-called left wing or right wing about deficits or surpluses. Those are neutral. I mean a provincial government does not have its own bank. Ultimately it has to balance, I would say, certainly balance over the life of a business cycle. There is nothing magical about balancing in any one year, but it is not left wing or right wing to have a deficit.

We know of right-wing governments. The Devine government of Saskatchewan was

infamous for its huge deficits. Mulroney went into deficits and so on. We have Tommy Douglas and Allan Blakeney who always ran balances or surpluses. They just did not believe—that was a sin to have a deficit. Tommy Douglas believed in paying his way, and so did Allan Blakeney. They were very, very careful.

To have a deficit does not mean that you have engaged in a left-wing type of policy, by no means. It is neutral in terms of ideology, as far as I am concerned. I know a lot of very good people, very intelligent people on the left side of the spectrum who are totally opposed to any kind of deficit spending, particularly at the provincial level. They are totally opposed to it. There is no merit. None of us should welcome deficits, but as I say, there may be times in a recession that we get into that, and that helps to offset the recession. We should get out of it as soon as we can subsequently with a surplus to pay off the deficit. Having said that, I agree it is more easily said than done.

So I just say that this Lower Tax Commission has its work cut out for it. I certainly look forward to getting the report or reports that they will be forthcoming with. I am sure they will come up with a lot of interesting information, and I am sure it will be of use to the government, to the opposition, and to anyone in Manitoba who is concerned about public policy.

**Mr. Gilleshammer:** The first part of my honourable friend's comments I can agree with. Lower taxes, in themselves, do not an economy make. Certainly I recognize that the interest rate is a big issue.

I know I was recently in the United States, and there was talk about—I forget his title now, but the gentleman who directs the central bank there on interest, the federal reserve. I mean just the thought that he might schedule a meeting tended to make people speculate on what was happening with interest rates, so obviously a very powerful individual. Interest rates are certainly part of that, and I recognize it.

Similarly, the relationship of the Canadian dollar to the American dollar hovering around 67, 68 cents makes our manufactured goods exported to the United States worthwhile and

profitable. The Free Trade Agreement, all of these things contribute to the economy. I do indicate that I think the tax regime is also a major factor in companies deciding whether they are going to expand or not or relocate in a particular province.

I know my honourable friend would have some experience with the ethanol plant in Minnedosa, that governments, through the 1980s and 1990s, have given a tax break for the production and sale of ethanol. It has varied. I think it is 2.5 cents now, but at one time it was over 6 cents.

**An Honourable Member:** Is there one for Izzy Asper right now?

**Mr. Gilleshammer:** Well, I am not sure, but as people across the world get more concerned about pollution and the targets that were set at Kyoto, there is great interest in the production and the use of ethanol. Again, major companies that look for expansion or the creation are very interested in the tax regime there. I think I said earlier that business, industry looks for certainty.

The member, I think, was in the House when the payroll tax was born and designed and put in place. I mean I do not know whether I have ever said it, but it had a tremendous negative impact on businesses that wanted to expand and hire more people. [interjection] Well, the member for Elmwood (Mr. Maloway) wants to get into the debate. He was bragging yesterday, I think, that he was the tax fighter over in the NDP caucus. He has all of these people making comments about taxation, and I think I have a few comments that I might get to later from the member for Elmwood. But he talked about believing in surpluses. He must have been badly bruised within that caucus with the comments made by your colleagues on taxation.

\* (1650)

At any rate, I did not say anything about left-wing governments, but for sure the left-wing government that Manitobans knew best did create new taxes and did raise all of the existing taxes that they could. I think it did have a negative effect on business expansion and development in Manitoba. I do recognize what

the member for Brandon East is saying, that there is more to a business environment than just the tax regime, and I accept that.

The member talked about the Lower Tax Commission and the fact that we used the word "advise" in there, and that is all it is, is advice. Ultimately the government of the day has to make that decision, that that is the way it always has been and always will be, that governments can set up commissions or go to outside sources for advice. But the final decision is made within government. The member mentioned that unless the pie gets bigger and there are increasing resources available, it is difficult to keep up the expenditures on priority departments. I would mention to him that, through the time when the federal government was making a major withdrawal of support for the provincial governments, some \$240 million, some \$260 million annually, we always worked very hard to find resources for health, education and social services.

At times, when we needed to look at ways of spending less money in government, we did to some degree downsize government, and I think all governments have looked at that, through the 1990s, without affecting services. There are fewer individuals working for the Province of Manitoba at the present time than there were at one time, and I think the level of service is still quite adequate. We have also looked at other ways of doing things more efficiently through the system of special operating agencies. I think they have been very successful, have been emulated in some other jurisdictions as seen as a better way to offer those services in a competitive environment. As a result, we are able to, in some ways, downsize government and spend less. Also, the use of the work week reduction, while it was not universally accepted, it was a way of saving, I think, around \$20 million a year when that was in effect with the 10-day work week reduction. It was Fridays taken off during the summer months and three days at Christmas. Again, other governments across the land, to a large extent, followed that lead. So there have been ways of assisting when government revenue has taken a bit of a downturn.

But I think one of the things that has happened is that we now have a very diversified

economy in Manitoba, and we are less susceptible to some of those ups and downs that happen. I mention particularly in the area of agriculture, with the loss of the Crow rate, the potato production plants in Carberry and Portage la Prairie have helped. The hog facility that is being built, I am not sure whether it is in Minnedosa constituency or Brandon East, but it is very close to the political boundary there.

Anyway, the value-added agriculture has been very important, and the fact that we do not rely on wheat crops to the extent perhaps that Saskatchewan does puts us in a little better position. This is not maybe a good year to talk about that with the disastrous conditions in the Westman area, but I know last year the number of acres sown to canola exceeded the number of acres of wheat for the first time. I think people who look at specialty crops and friends and colleagues who farm in the Portage, Winkler, Morden area are into a lot of specialty crops in terms of lentils and peas that they can sell directly, very profitable crops.

So that diversification I think will always be an advantage in Manitoba, and I expect we will see more of that. I know that meeting with Keystone Agricultural Producers and the AMM executive recently, and again not a good year to talk about water, but if we had more irrigated acres, it would be good for Manitoba producers. Maybe in the following months and year or two is a good time to look at more water retention, always a controversial issue in terms of building big dams, but maybe there are other ways of doing it. I know the zero till, for instance, has been very successful in moisture retention in fields and the prevention of erosion. This year it was a negative, because those were the last fields to get planted and some of them did not because the zero till practices that left the crop residue on the field retained that moisture, and those fields were very soft. A lot of them did not get planted.

But there are a number of things that can happen within the Manitoba economy. I know that here in Winnipeg industries like the aerospace industry and the call centre industry and others have been major employers and will continue to be into the future.

**Mr. L. Evans:** I do not want to drag on this particular item, but it is an interesting topic. We are talking about some basic economic factors here in the future of the province. I sort of smile when the minister was telling us how balanced our economy was, and it has become even more balanced, but I remember many years ago in the '60s I worked for CMHC, Canada Mortgage and Housing Corporation, as regional economist for the prairies. I had a boss by the name of Pickersgill. He was the brother of the famous Jack Pickersgill. A very bright fellow, I remember him impressing upon me, he said: Well, you are the regional economist, but you should know that Manitoba is a very balanced economy—this is 35, 40 years ago—and saying how, because we had all the data on housing starts and so on, and Manitoba was never necessarily at the head of the pack, but we were never at the bottom of the pack.

We had a fairly even level of housing activity. He related that to the fact that we had a fairly balanced economy, some manufacturing, some mining, some freshwater fishing, some forestry, some agriculture and different kinds of agriculture, and so on, and that is good. That is one of our advantages. In fact, I recall making many speeches when I was Minister of Industry and Commerce for eight years about our balanced economy in Manitoba and how fortunate we were to have that kind of an economy. Yes, we may not have had the great big booms that they sometimes have in B.C. or Alberta or wherever, but we did not have the busts either.

At any rate, Mr. Chairman, as I said, I do not want to belabour this. We certainly look forward to extending the discussion on this. We certainly look forward to the report of the Tax Commission, and we hope that there will be some interesting information forthcoming.

\* (1700)

The minister brought up a number of points, and I suppose we could debate them for a long time. Because our time is limited, I do not want to take an excessive amount of time on the debate, even though it is very interesting. So I would like to turn it over to my colleague from Elmwood (Mr. Maloway) who wants to carry on

and complete his work on the technology and computer area and also ask if there is permission of the committee for the MLA for Elmwood to sit alongside of me where he is.

**Mr. Gilleshammer:** Mr. Chairman, certainly, the member for Elmwood can sit wherever he wants and wherever he is comfortable.

But I would like to just maybe comment on the member for Brandon East's last comments. I did not have the benefit of hearing those speeches during those eight years, but I have no doubt that the member made many of them during those years when he was in Industry, Trade and Tourism or whatever it is called. I guess that through the wonders of Hansard, we could always go back and have a look at those. Perhaps, if I have time some day I will do that.

One of the things that has changed in the last few years, which I think has a dramatic effect on the direction Manitoba is going to go, is doing away with the Crow rate benefit, which always was there. It was historic. I am not sure, I remember listening to speeches from colleagues who talked about it being put in place—and my honourable friend can maybe help me—but maybe it was the 1930s, or was it earlier than that that the Crow benefit was put in place.

**An Honourable Member:** It was back in the 1890s.

**Mr. Gilleshammer:** The 1890s, okay. What that did, of course, was—[interjection] I recognize that my honourable friend did not speak to that at that time. What that did was, I think, greatly distort the economic activity in Manitoba.

I remember when the announcement came—and we were in the House here—that the Crow rate was going to be taken away by the federal government, and there was some funding put in place to transition a bridge to the new way of doing business. The speeches that happened in the House, I think there might even have been emergency debates at the time and people making statements about this being a terrible thing. Ultimately, I think it has turned out to be quite positive in that Manitobans have responded and found economic activity where we have an

advantage here. Instead of shipping grain continuously to port, now people are finding ways to use it here in Manitoba.

I think with that new way of doing business and with that freedom, we are seeing the diversification that has occurred and the value-added, and I mentioned the strawboard plant at Elie, the hog plant coming on stream in Brandon and the potato processing, and there are others. So what seemed like a dark day a few years ago when that Crow rate was abolished, has turned out to be very positive, I think. The other night when we met in Brandon with the coalition that is meeting to deal with the flood issues there, Marlin Beever from Rivers, who was the past chair, I think, of the Manitoba Cattle Producers, made the point that one of the changes in agriculture has been the tremendous growth in the cattle herds that are out there. I have a number of friends who were strict grain farmers and did some off-farm work who now are diversifying their own operations and going back into cattle. It is very hard work, but it tends to in some ways recession proof you against the vagaries of the market, and it gives you diversification on your own farm.

So I think that is one of the changes that has taken place that has been ultimately very positive. When we see that plant open in Brandon in seven or eight weeks and you have 1,100 people employed there and the hope of a second shift and 2,200 people finding work there, that is not going to only add to the economy of Brandon but the whole Westman area and indeed to all of Manitoba.

So there have been changes, and I think through a lot of the scientific research that is going on, we are going to see more and more specialty crops. I was recently at Wawanesa in a new part of the constituency that I am going to run in, and one of the producers I was talking to was telling me that he grew some hemp last year, but the downside was he never got it harvested because it got too wet. But I had never seen what a hemp plant looked like, so he took me down to this field, and I was amazed at the stand that was there. He was ultimately going to have to burn it to get it off the field. It was very wet in there. But I understand that



there are entrepreneurs coming forward to build a hemp-processing plant in Dauphin.

So all of these things, some of them very small, but as we get more and more of these activities going on, it tends to add to our diversification. I read recently where the Isobord plant is looking at perhaps putting up two additional plants in southern Manitoba, again taking a problem that was there when we used to burn that straw and create tremendous problems for other people and turn it into a value-added activity.

So I think that diversification, even though I accept that it did exist when the member was Minister of Industry and Trade, we are seeing more of that and some more strategic developments which will be good for our province.

**Mr. Chairperson:** Before the honourable member for Brandon East gets going, is there leave for the honourable member for Elmwood (Mr. Maloway) to ask questions from any seat in the House or just from the front row of the opposition? The honourable member has leave. [agreed]

**Mr. L. Evans:** Just a couple of comments. The minister made some interesting remarks, most of which I do not disagree with. I was just going to point out that what he is saying about the influence of the Crow rate, he makes the point that I was making maybe yesterday, and that is what happens to our economy in many ways is beyond our control. I do not care which party is in power. I mean, the provincial government can do a certain amount, can have certain policies, but we are influenced by the interest rate regime, by the value of the dollar but also by federal transportation policies, and here is where the Crow rate comes in.

Certainly, there is no question that it is contributing to the value-added production in the province, which is good. It is providing more jobs and hopefully more economic activity. But the problem with the abolition of the Crow rate, of course, was that certain farmers at that time felt that they were being hurt, that there was going to be an additional cost that they would

have to bear in transportation and that therefore their income was being negatively affected.

*Mr. Peter Dyck, Acting Chairperson, in the Chair*

There was some compensation, and I do not know enough about it to say whether that compensation was adequate and also whether enough of those farmers, or most of them, were able to diversify a bit to get into some of the other crops that the minister referred to or the other types of agriculture the minister referred to, such as livestock and so on.

But that was the real problem. The problem, as often, is equity. You change some major policy or some tax, and there are some winners and there are some losers. You just hope on balance, at the bottom line, there is more of a positive result than a negative result.

Just on the other interesting comment he made about zero till, maybe I should not do this, but my son-in-law has been president of the Manitoba Zero Till Association and is still a very active member on the executive. He and his father, who farm near Isabella, which is near Birtle, I can tell you have been able to put in a crop okay this year, even though they are still well into zero till, and even though there has been a lot of rain. So hopefully many farmers using that type of technology will be okay. But they were subject to a lot of wind erosion, and this is a way to overcome wind erosion.

\* (1710)

I appreciate also it is not that easy to bring that system in to every part of the province because the soil conditions are different. I think the Red River Valley, with very heavy clay, it is a little different situation. But this is where the straw comes in and the use of straw as a material for another product.

At any rate, I do not want to continue this, although it is very interesting, and I turn it over to my colleague from Elmwood.

**Mr. Gilleshammer:** I already agreed with my honourable friend earlier that there are other factors besides lower taxation. I did agree on the

interest rates and on the American dollar and trade patterns. I would agree, too, that federal government policy does have a tremendous impact on a province's ability with the transfer payments that have been historical that are changing, and also, in this case, the loss of the Crow rate.

You know, it always amazes me that the federal government sends up signals, and a number of those things come to pass. They often will say: We will continue this for another two years, but after the third year you are on your own. It is a classic form of downloading on the provinces that, because they put that lag time in there, there is sort of a delayed effect before that comes into effect, but ultimately it hurts, and you do have a chance to adjust, but, you know, at the end of the day, those changes are made.

I recall when I was Minister of Family Services and the federal government paid social assistance for aboriginal folks who lived off reserve. They unilaterally made that decision, and I think it cost us \$20 million that year. It is money that has to be found within the system. So I do agree that federal government policy is also a factor in budgeting and in the way that a province develops.

*Mrs. Myrna Driedger, Acting Chairperson, in the Chair*

Even today, the gasoline tax is an annoyance that I think is getting more and more publicity. The gasoline tax that the federal government takes out of Manitoba is over \$150 million, and none of that is put back into our road system. It is used as a transfer payment often to the eastern provinces to help build roads. I was down there last fall and could not help but notice the number of signs on highway construction projects that said: This is a federal-provincial initiative. I know that they are getting additional pressure to look carefully at that to put some of that money back into the highway system here in western Canada. All of the western provinces are saying that, as well as all of the municipal governments. It is something that just has to happen. We are falling further and further behind in our abilities to keep that infrastructure in place as highways are used more, as the trucking industry grows.

Again, it is a lever the federal government has that we do not feel they are using wisely. In fact, how you can extract a gasoline tax and not dedicate it to the rebuilding of roads and infrastructure is beyond me. I think that debate is going to get louder and louder in the coming years, because all of the western provinces have the same concern and complaint, and we all have deteriorating road systems that have to be addressed.

Similarly, the UI or the EI system, we are net losers in Manitoba of, I am told, about \$350 million that leaves our province. I know that they spend this in other parts of eastern Canada. We lost the Crow benefit here, and we are adjusting to it. I mean, it is a sad thing that there are no fish in the ocean, but there has to be other economic activity taking place, or, in a free country, people have to relocate to where the jobs are. We have said here in Manitoba that we have the lowest unemployment in the country. We have many jobs going wanting. I know you cannot tell people they have to move, but maybe there should be some incentives to get people to move.

When I was Minister of Culture, Heritage and Citizenship and had some relationship with the federal government on immigration issues, we desperately were looking for more people to work in the garment industry here in Manitoba. There were hundreds and thousands of jobs going wanting. We eventually went to the federal government and said, listen, we think immigration is part of the solution. Before they would give us any special dispensation to attract people from outside the country, we had to advertise across the country to see if there were garment workers. There were plants that had closed down in Ontario and Quebec, but as far as I recall there was not one of those people who were prepared to relocate to get a job. Whether you do it by policy or whether you do it by incentive, there has to be a way in this country to have people move to where the jobs are.

I am not sure whether I have ever heard the member speak about social assistance and policies related to that, but I know when once I talked about workfare in the early 1990s there was quite a loud outburst against it. And it was not until Bill Clinton mentioned it in the United

States that people became more concerned, I think, and more ready to say we have to have training for people who do not have jobs; we have to give them incentives; we have to be able to get them to move to where the jobs are. So this is a problem. I agree that the federal government does have levers at their disposal that they can play either a positive role or a negative role in the economy of different provinces. I have just cited a few examples where those policies can have an effect on Manitoba.

This whole issue of transfer payments and equalization payments is such a large part of the work we do in building a budget. You would like to have more certainty in knowing what the rules are for a longer period of time so that you can do that planning. But they do have the ability to make those changes and have an impact on our policies and our budget. So I do agree with the member that there are things other than lower taxes.

But we were talking about the Lower Tax Commission, and we do think it makes a positive change in the economy of our province. Something I meant to comment on earlier, the member talked about surpluses and deficits and debt not necessarily being a right-wing or a left-wing idea. Certainly he gave examples of governments that have done both, balanced the budgets or run deficits. But it has been our commitment since 1988 to work in that direction, to balance the budget and not run deficits and not create new taxes. I think there was a time when the member was part of a government that always looked at ways to create new taxes, particularly during the 1980s. I noted, just before I brought this budget down on April 29, there was a social activist group in Winnipeg and probably some of them in Brandon as well who got together and brought down what they called the budget of choice, and it was just full of new taxes. I would be interested to know where the member for Brandon East (Mr. L. Evans) is on that.

They were talking about increasing personal income tax on the highest income earners by creating an additional 2 percent surtax. They were talking about creating consumption taxes that were going to raise another \$115 million.

They talked about a gasoline tax on larger vehicles, and they were going to increase the gasoline tax by I think seven cents. That was going to raise an additional \$40 million. They were going to tax overtime hours.

\* (1720)

So when I say that lower taxes will stimulate the economy, create jobs and economic activity, I believe that they will. But when you have taxation initiatives—and I reference the payroll tax that was brought in by the member's government in the 1980s being very damaging in terms of expansion of business and creation of jobs—these ideas are still around, and I think still around the NDP caucus room, that there are people who want to create a higher personal income tax and additional gasoline tax and green taxes and the overtime tax. I think there are a number of others here on pesticides and fertilizer. These are the people that the member for Brandon East has been identified with in the past, and I have not heard anybody over there come out and say they no longer believe in those things.

There was a report from the Canadian Centre for Policy Alternatives last week that said that the Manitoba economy is a flawed experiment. I think there were a couple of university professors who are very closely associated with the member for Brandon East who spoke very negatively about the Manitoba economy. It was counteracted in the Winnipeg Free Press on Saturday, and it talked about the weak logic and socialist diatribe. So there still is, I think, various schools of thought on taxation. I think that we believe very strongly here that lower taxes are one of the things that influence business and industry in the creation of jobs.

**Mr. L. Evans:** Well, Madam Chair, I was not intending to continue this debate, but the minister brings up a few points. I just want to make a couple of rebuttals, and I do not want to spend a lot of time, but he makes reference to the payroll tax, which originally has been called and I guess still officially is the Health and Education levy tax, and it was brought in simply because of the need to pay our way. There were a lot of additional expenses incurred, and we noted there were other provinces such as Quebec

and I believe Ontario where they levy premiums that obtain certain monies. But the idea always was to be able to get some money out of federal corporations or the national corporations and so on that we would not otherwise be able to obtain.

The fact that this government continues with that tax speaks volumes, Madam Chair. The Premier (Mr. Filmon), then the opposition Leader, was categorical in his statement that he would eliminate it, not cut back on the companies that had to pay it but would totally eliminate it. It would be gone from the face of this earth. But that tax has continued to be a very significant source of revenue.

I do not want to accuse anybody of hypocrisy, which means pretending. Let us not pretend. That is a very valuable source of revenue, and this Minister of Finance (Mr. Gilleshammer) cannot do without it. If he really does not like it, bring down the budget and eliminate it, but he cannot because we do not have that fiscal strength in this province to do that. No government of any stripe wants to bring in new taxes, but from time to time you have to if people are requiring certain services. Let us face it, there was an expansion of services back in the '80s, various kinds of social services, housing and so on.

Having said that, I want to remind the minister, in fact, I get him to look back at the NDP years under Mr. Schreyer, for eight years. We were not plagued with any huge deficits. In fact, and this is from memory, I have to go back and look, I think most of our years we were in surplus and certainly balanced, and we brought in a lot of new programs, including very significant reduction in taxes. Let me put it this way. It was a more equitable tax system that we brought in when we eliminated medicare premiums, which was a flat rate tax. Whether you were a widow of 90 years of age or a very wealthy businessman living in Tuxedo, you paid the same amount for health care.

*Mr. Chairperson in the Chair*

So this was the flat rate premium tax which we eliminated, and we made no bones about it. We put a couple of points on income tax because

we thought that was a fair way of going, but generally speaking, I think we lived within a tax regime that we originally had and because of buoyancy of the economy and so on, we were able to bring in a lot of new programs. You can look at the numbers, and you will see that the debt problem was very minuscule.

I just want to make one other point. I agree with the minister when he talks about the need for mobility in this country. I think that may be the ultimate solution for a lot of people living in Atlantic Canada, although I know many people do not wish to leave. I know it can be very disruptive and so on, but in terms of pure economics that may have to be a solution or the major solution.

I am one who believes that everyone who is capable of working should be given a job and be able to work. I would go beyond just people working who are on the welfare roles. I would go to everyone who is unemployed, who is looking for a job. There are more people looking for a job than there are on welfare. We were hoping to move more dramatically in that direction when we set up the Department of Employment Services and Economic Security, the department of which I had the honour of being the minister, and we brought the welfare money in the same department as all the job programs. We identified people on welfare and others who were unemployed, and gave them jobs through the Manitoba jobs program. Those jobs were not government jobs. They were in small business and nonprofit or not-for-profit organizations, and we got federal welfare money.

I attended a meeting of our ministers, and I suggested—Flora Macdonald was then the minister—that the provinces be allowed to use welfare money to apply to job programs and to training on the job, and we got that agreement from the federal government. The minister can check with the various provincial officials who were involved at that time, and some of them may still be around, and they will confirm that we were able to do that. That was our major thrust in the late '80s, and that is to be able to identify the unemployed in this province and to give them training and to give them an opportunity to be hired, and to work towards the

ultimate ideal which would be zero unemployment. This is the ultimate ideal, which we can never achieve, but as they said: man's grasp must exceed his reach or what is a heaven for?

At least we have to move towards a direction of getting everybody off welfare and getting everyone who is competent and capable of working in this province to a job. There are various ways of doing it. I thought we were doing it in a very positive way where people were getting jobs, where there were real jobs, not just sweeping the streets or moving stones around, real jobs in small enterprise and nonprofit organizations. We were talking about thousands of people. We did not get zero unemployment because there were a lot of other factors at work but at least we were moving in that direction.

So I have no problem and I know our party has no problem in having work for people. We all believe in work, not welfare. Work is far better than welfare, but the point is you have to bring about the programs in a very, hopefully, progressive and positive way where you give people a chance to get off of welfare into work opportunities that are meaningful and are productive, that we need, that are jobs that we need in this province that will add to our standards of living as opposed to putting people into sort of work activities just for the sake of activity. I mean, that is a very negative way. There are so many good things that have to be done, important jobs that have to be done for which there may not be money through the private market system but which could be legitimated through some form of public expenditure, which is going to happen anyway through any kind of workfare program. It has to happen that way anyway, but that is a challenge for all of us.

The ideal world in Manitoba, as far as I am concerned, or any economy is to have zero unemployment. That is the ideal, but it just cannot happen through the market system itself. Governments have to be involved. If we just left it to the market system we would have perpetual thousands of people, not Manitoba, I am not trying to pick on the particular present government or confining my remarks to

Manitoba, I am just saying in any economic zone or any sector or any province or any nation, if you leave it to the market itself, ultimately, from my experience in economic history, you always have a fair amount of unemployment.

\* (1730)

**Mr. Gilleshammer:** Mr. Chairman, the member indicates that the payroll tax was okay because it was a way to tax federal corporations and that the government of the day needed the money. Part of the problem is that the government of the day was more apt to look on the revenue side than on the expenditure side for ways of balancing the budget. If he thinks taxing federal corporations does not have an effect on the economic activity in the province, I would say he is wrong. These are corporations that provide jobs here and often have the ability to expand anywhere else in Canada. It was very detrimental towards job creation and the economy of Manitoba when you take money out of the economy for government by creating a new tax.

The member talks about zero unemployment and that government has a major role in creating jobs. I think this is where we differ. I think government's role is to create the conditions where jobs are going to be created by private enterprise. If I recall, the solution of the government of the day was to create the Jobs Fund, my understanding that \$200 million was spent by the government of the day creating these jobs, none of which exist today, and that the Jobs Fund was a failure.

Now, the current Leader of the party the member belongs to was the president of the MGEU at that time and I think was very, very critical of the government. The member for Brandon East was probably largely responsible for the Jobs Fund at that time, so it must make for some difficult discussions in talking about job creation in the 1980s where the government felt that the only jobs that would be created should be government jobs.

But he leaves the impression that the only tax that was raised during the 1980s was the payroll tax. I would point out to him that between 1982 and 1987 the retail sales tax increased from 5 percent to 7 percent; the payroll

tax, as I indicated, was introduced. There was also the introduction of the personal net income tax and surtax at that time; increased corporation income tax from 15 percent to 17 percent; increased corporation capital tax from .2 percent to .3 percent; also introduced a .2 percent surcharge; increased the bank rate to 3 percent; increased the gasoline tax from 6.4 cents to 8 cents per litre; increased the diesel fuel tax from 5.7 cents to 9.9 cents per litre; increased the railway fuel tax from 3.8 percent to 13.6 percent per litre; introduced the land transfer tax; and increased the tobacco tax significantly.

So it was not just the creation of the tax we were speaking of, the payroll tax. There was a general desire to increase all taxes, and the record from 1982 to 1987 was of major tax increases. That is why, I think, Manitobans wonder if, when the Choices group come out with their budget suggestions—I think the member for Crescentwood (Mr. Sale) is a charter member and probably a sustaining member of Choices. This is not part of the thinking of the NDP caucus as we go into the future, that these taxes will be increased and created. I did not hear the member for Brandon East (Mr. L. Evans) comment on that, and it would lead me to believe that perhaps he is supportive of these endeavours that Choices brought forward in their budget.

At any rate, taxation I agree is only one of the issues, that interest rates, the value of the Canadian dollar, international trade all are part of what makes the economy what it is in Manitoba today. Again I go back to the whole idea of diversification, that Manitobans, I think, have responded well in this area and will continue to respond well.

**Mr. Jim Maloway (Elmwood):** I wanted to begin by making a few comments on the Lower Tax Commission that the Conservative government has set up recently. You know, Mr. Chairman, it appears to me that this is merely window dressing around an election campaign. I mean the government has had 11 years to bring in a Lower Tax Commission. Did it do that in the last 11 years while it was increasing the tax burden of Manitoba citizens? No, it waits until it finds itself in electoral trouble just before an election to do it. So I think that there would be

some credibility in this move if this government had set up this Lower Tax Commission a year or two ago and not to create false expectations around an election campaign.

Back just before the last election, they promised the balanced budget legislation to entice voters to support them at that time. What they are hoping to do this time, without actually doing it, is to just hold out that carrot, hold out that hope so that enough of the voters who have slipped away from their clutches over the last couple of years will be attracted back to it with the hope that they are going to have reduced taxes.

But, as the member for Brandon East (Mr. L. Evans) pointed out before, you cannot have it all. You cannot have reduced taxes, improve health care, improve education, balance the budget, do all of these things unless you have an expanding economy. That is the only way that can happen. We have gone through now eight solid years of expansion, and if you look through the history, you will find that expansions normally last maybe three years. They certainly do not last eight years, and we are running on a good string of luck right now, and it is bound to run out at a certain point in time.

You know in Ontario, the government there just won re-election, announcing further tax cuts, but all the while that it is doing this, it is running deficits. This government, this minister would not agree with that approach. I know he would not, and I do not think we would over here.

So let us recognize this for what it is. It is just basically election posturing, and whether we are going to see any tax reductions out of this is really highly unlikely and speculative at best. Having said that, I personally would favour tax reductions. But that has to be understood, that that is an unlikely proposition at this point in time.

So this is all designed for the Conservative election campaign and their advertising campaign, much the same way that this workfare legislation they are bringing in right now and other legislation they are bringing in are designed to create some momentum, because they do not have any momentum at the current

time. They are an old, tired government, 11 years old, and they do not have that crispness and sharp image that they had even as late as 1995. It is just not there. So this is what they are trying to do.

We all know how Conservatives operate. Essentially, this last budget, they make a lot about the NDP voting for the budget. The fact of the matter is what they do not point out is that it is practically an NDP budget that they brought in. They increased health care by a couple of hundred million dollars, exactly as we had been demanding over the last year. So what are we supposed to do when they actually do what we have been asking for the last couple of years. They actually do it, and they expect us to vote against it.

So there is a certain consistency, and the member for Brandon East (Mr. L. Evans)—who, by the way, celebrated his 30th year as an elected official five days ago—did mention that he was making speeches when he was in government that sounded very similar to what the Minister of Finance's speech today is. There seems to be a bit of a consistency there that when you get on that side of the House, you begin to defend the status quo, and when you are in opposition, it is our job to suggest improvements and criticize the government wherever required.

\* (1740)

Now I know we are running desperately short of time today, because I was counting on a couple of hours here on the IT section. So I would like to get into that right now.

The minister is aware that so far—to try to construct the picture here—we know that there are 65 Y2K projects costing roughly \$70 million. We also know that under Government Services is the desktop project which amounts to around \$162 million currently, and that deals with the whole government. What we do not know, what we are missing is the computer costs, the computer software consulting costs associated with the hospitals and also the Crown corporations. That is what we are missing. The minister told us yesterday that the \$70 million for Y2K includes the whole picture, that Y2K

costs include the hospitals, include the Crown corporations, include the whole works. That is what he said yesterday.

The Government Services minister fills in the hardware, software consulting for the government itself, the 9,200, I believe it is, units. We are missing the hardware, software, the consulting for the WHA, all the hospitals across the province and the Crown corporations. I wonder if the minister could provide us with that total now.

**Mr. Gilleshammer:** Well, before I get into that, I would like to comment on some of the preamble that the member for Elmwood has put on the record. He calls the Lower Tax Commission an unlikely proposition, that we are not going to do anything. But it reminds me of the comments made by the member for Elmwood and his colleagues when we announced the balanced budget legislation in 1995, and between mid-September and mid-October most of the members of his caucus had an opportunity to talk about the balanced budget legislation.

The Leader of the Opposition (Mr. Doer) at that time said: I know it is a cynical pre-election ploy. Now the fact is we did bring in the balanced budget legislation. It was approved, and we have had five consecutive balanced budgets. So the rhetoric coming from the member for Elmwood is the same today as it was in 1995. In fact, the member for Elmwood was quoted as saying: This is very much a public relations exercise on the part of this government.

We did pass the balanced budget legislation. The members opposite spoke against it, voted against it and have never supported it. The member for Radisson (Ms. Cerilli) said: I think it is really a political gimmick. The member for Crescentwood (Mr. Sale) said balancing a budget every year cannot be defended on any economic grounds. The member for Thompson (Mr. Ashton) said: this bill will not work. The member for Flin Flon (Mr. Jennissen) said that it was created for election purposes; this bill is not based on common sense.

The member for Dauphin (Mr. Struthers) said it is good window dressing, but when you look right into the bill it becomes a sham. The bill is nothing more than a gimmick.

The member for Swan River (Ms. Wowchuk) said no government needs balanced budget legislation. The member for Wolseley (Ms. Friesen) said it is one of the more unthinking pieces of legislation. The member for Brandon East (Mr. L. Evans) said it is unnecessary legislation, an election gimmick, an election ploy. The member for St. Johns (Mr. Mackintosh) said this silly bill and this silly public relations stunt. The member for Elmwood (Mr. Maloway) said what this government is doing is very cynically responding to the current flavour of the month. So my point is, the criticism—[interjection]

What did the member for Broadway say? Just give me a minute, and I will see if you are on the record here. Oh, yes, the member for Broadway (Mr. Santos) said the principle of balanced budgets, the principle of debt repayment and the principle of taxpayers protection, they are like three enticing bottles of perfume which give Manitobans pleasures to behold and to smell but if they swallow it, it will be deadly for them.

So I make the point that the criticism that the members bring about the Lower Tax Commission sounds an awful lot like the criticism that was displayed here on the balanced budget legislation. They were not believers and we did pass that legislation. It has been extremely effective, and it has been copied by many other jurisdictions in Canada. It is seen as a template for other governments to balance their budgets and to move forward and strengthen their economies as we have in Manitoba.

The member for Elmwood (Mr. Maloway) said he voted for this budget because it looked like an NDP budget. I would have to give him more credit than that, because an NDP budget between 1982 and 1987 displayed the following characteristics. It increased the retail sales tax from 5 percent to 7 percent. It introduced and increased the payroll tax to 2.25 percent of payroll. It introduced personal net incomes taxes and surtaxes.

So, when the member talks about this being like an NDP budget, I do not know where he is coming from. I do thank him for standing in his place and being counted as a supporter of the

budget. In fact, it is the first time in my 11 or 12 years in the House that I can recall him standing and supporting the budget, and any similarity to an NDP budget, I do not understand. I would like him to rethink that, and maybe he would make further comments on it, because this last budget had tax reductions in terms of provincial income tax. It had tax reductions in terms of small business tax, and we also created the Lower Tax Commission.

The member is saying it is a sham, it is a gimmick, that it is not going to produce anything. Now he is already at odds with the member for Brandon East (Mr. L. Evans) who indicated that he felt there would be some good ideas brought forward, and he looked forward to the results of a Lower Tax Commission.

#### Point of Order

**Mr. Maloway:** Mr. Chairman, on a point of order, I asked the minister a question about IT. He can use up the rest of the time if he wants just engaging in debate because that is I think what his intent is, but I would ask you to call him to order and ask him to answer the question that was asked.

**Mr. Chairperson:** Order, please. The honourable member was given an opportunity to put forward a number of points during his initial question that the minister has been working on. It is a dispute over the facts at this time.

\* \* \*

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

**Mr. Gilleshammer:** Well, I know when the member for Elmwood makes his introductory remarks and then wants to go to somewhere completely different that he surely expects me to respond to the things he said. In fact, I wrote them down, and I am only part way through it.

Your observations on the Ontario budget I think are correct. While they have put tax reductions in there, they have not yet done away with their deficit. It is not a balanced budget. He is correct there.



I would take some exception with the remark he made that it is just a string of good luck that has allowed us to balance the budget. [interjection]

\* (1750)

Well, I would urge him to look back at Hansard. I may be not quoting him directly, but he did say it was a string of good luck. I think it takes more than good luck to balance a budget. It takes some real commitment. It takes some discipline, and the balanced budget legislation that the member criticized and all of his colleagues criticized, the member for Broadway (Mr. Santos) in a very colourful fashion, that balanced budget legislation was passed, and it was more than a gimmick or an election ploy. It was the foundation of the budgets that we have brought in over the last five years.

Now the member was asking, I believe, about the Y2K projects. We did indicate yesterday that there were some 65 projects, and that over, I think, three budgets there was a cost figure for that. We are living within that budget.

I am informed that the Y2K efforts for the WCA, the WHA and the RHAs include hardware and software replacement or refurbishment. The medical equipment, the cost of that was some \$19 million-plus, and the Y2K IT efforts in the RHA and the WCA showed an expenditure of over \$20 million.

**Mr. Maloway:** I wonder if the minister could repeat that information. I missed one of the figures.

**Mr. Gilleshammer:** Sure. Did you want me to start with the Lower Tax Commission and the—

**Mr. Maloway:** If you could break it down between the hardware and the software.

**Mr. Gilleshammer:** I am told that the Y2K efforts for the WCA, the WHA and the RHAs include hardware and software replacement or refurbishment. The medical equipment was upwards of \$19 million, and the Y2K IT efforts in the RHA and the WCA were a little over \$20 million.

The member had also asked about the Crown corporations. Crowns are only supported from a co-ordination point of view, and they fund their own equipment and refurbishment, both the hardware and the software.

**Mr. Maloway:** Mr. Chairman, when the minister referred to 20 million in Y2K, that figure, was that in addition to the 70 million or is that part of the 70 million for the hospitals?

**Mr. Gilleshammer:** Mr. Chairman, I am informed that is part of the 70 million that was referenced yesterday, which, I think, spans—is it two or three budgets?—three budgets.

**Mr. Maloway:** Mr. Chairman, I wonder if the minister could endeavour to get us the information for the next sitting on Monday or Tuesday of the information from the Crown corporations as to what their breakdown is between Y2K expenditures and—I cannot see it as being a really difficult job for him to do, considering that the reports are all available to his staff and he can make the inquiries. I mean, surely his department will know what the global picture is for Y2K and hardware and software IT expenditures in advance of the year 2000. I would expect him to know those costs. I would not expect us to have to chase around after these figures.

**Mr. Gilleshammer:** That is information that we do not have lodged within our department. I know the Crown corporations put out annual reports, and I would refer my honourable friend to the annual reports. I think that he would glean some information from those.

I know that, when I was responsible for the Workers Compensation Board, they were underresourced as far as IT equipment goes, and they were looking at not only having paid their debt off and achieved a surplus and reduced rates considerably, but they did have a surplus and they were going to dedicate some number of millions of dollars to IT equipment.

Of course, bringing that on stream at this time, it would be Y2K compliant, but I am sure either in the Estimates of other departments and other ministers or going through those annual reports might be a good source of information.

If the member for Elmwood does not have them, maybe we could locate some of those annual reports for him and get him that information.

**Mr. Maloway:** Mr. Chairman, I understand that the computer-equipment, software-consulting Y2K expenses, if there are any under the Legislative Building Information Systems, are not included in all of the information he has provided at this time. Is that true or not true?

**Mr. Gilleshammer:** Yes, I am informed that the equipment used in the Legislature is Y2K compliant.

**Mr. Maloway:** That is not the question at all. The Legislative Building Information Systems, I understand, is separate from everything else. This is just another component that has not been offered to me in terms of information. It is something I have to search around for. There are 400 units or something like that involved in this. I would want to know, is that included in those global figures you already gave me?

**Mr. Gilleshammer:** Mr. Chairman, I am informed that the Y2K component is.

**Mr. Maloway:** So the Y2K component of Legislative Building Information Systems is included in the \$70 million, but the hardware

and software component is not included in the \$162 million that Government Services gives me as a cost of the desktop project. Is that correct or not correct?

**Mr. Gilleshammer:** I am informed that it is contained within the Legislative Assembly's budget.

**Mr. Maloway:** But, when I asked the original questions, I was asking for global figures that the Finance department would have for the total costs to the taxpayer for computers, Y2K and software, all associated with the changeover to the year 2000. I was wanting the minister, if not for his own purposes, he should have this information, to know what the total costs are. So these costs for the Legislative Building have not been included in this cost that I have right now before me.

**Mr. Chairperson:** The hour being six o'clock, committee rise. Call in the Speaker.

#### IN SESSION

**Mr. Deputy Speaker (Marcel Laurendeau):** The hour being six o'clock, this House now adjourns and stands adjourned until Monday, 1:30 p.m.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, June 30, 1999

## CONTENTS

### ROUTINE PROCEEDINGS

<b>Presenting Reports by Standing and Special Committees</b>		Video Games McGifford; Vodrey	3745
Committee of Supply Laurendeau	3739	Education System Lamoureux; McCrae	3747
Committee on Law Amendments, 3rd Report Dyck	3739	Property Taxes Mihychuk; Gilleshammer; McCrae	3748
<b>Tabling of Reports</b>		<b>Members' Statements</b>	
1998-99 Annual Report, Manitoba Horse Racing Commission Tweed	3740	Manitoba Science and Technology Fund Sveinson	3749
2nd Quarter Report, April to September 1998, Manitoba Lotteries Corporation; 3rd Quarter Report, April to December 1998, Manitoba Lotteries Corporation Praznik	3752	Kelvin High School Graduation Sale	3749
<b>Introduction of Bills</b>		John Buhler Dyck	3750
Bill 43—The Highway Traffic Amendment and Summary Convictions Amendment Act	3740	Property Taxes McGifford	3750
Bill 39—The Medical Amendment Act	3740	Health Care System—Waiting Lists Jennissen	3751
Bill 40—The Employment and Income Assistance Amendment Act	3740		
<b>Oral Questions</b>		<b>ORDERS OF THE DAY</b>	
Flooding Doer; Filmon	3741	<b>Second Readings</b>	
Lamoureux; Filmon	3746	Bill 28—The Legislative Assembly Amendment Act (2)	
Norman Guimond Mackintosh; Toews	3743	Praznik	3752
Domestic Violence Legislation Mackintosh; Toews	3744	Ashton	3752
		Lamoureux	3752
		<b>Committee of Supply (Concurrent Sections)</b>	
		Urban Affairs	3754
		Government Services	3785
		Consumer and Corporate Affairs	3796
		Justice	3813