

LEGISLATIVE ASSEMBLY OF MANITOBA
Friday, 6 March 1981

Time — 10:00 a.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell): If you will notice there was an error on the Order Paper on the time of sitting; it's 10:00 a.m.

Presenting Petitions . . . Reading and Receiving Petitions.

**PRESENTING REPORTS BY STANDING
AND SPECIAL COMMITTEES**

MR. SPEAKER: The Honourable Member for Radisson.

MR. ABE KOVNATS: Mr. Speaker, the Committee of Supply has adopted certain resolutions, directs me to report same and asks leave to sit again.

I move, seconded by the Honourable Member for Dauphin, that report of committee be received.

MOTION presented and carried.

**MINISTERIAL STATEMENTS AND TABLING
OF REPORTS**

MR. SPEAKER: The Honourable Minister of Labour.

HON. KEN MacMASTER (Thompson): Mr. Speaker, I have a statement which I'd like to make and I have copies for yourself and for the members opposite. Mr. Speaker, Sunday is . . .

MR. SPEAKER: Order please. Can you just wait till we get copies?

The Honourable Minister of Labour.

MR. MacMASTER: Mr. Speaker, Sunday is International Women's Day. The growth of March 8 as a day of special significance grew out of the struggles of the New York garment workers and out of the campaign by women of all political stripes for the right to vote. In recent years Canadian women have recognized International Women's Day by keying on various issues and problems whether they be social, economic, political, or legal. In Manitoba, women's groups and organizations have co-ordinated their efforts for a week-long focus on women. For example, tomorrow there will be displays in Eaton Place and Sunday afternoon a celebration has been scheduled at the Grant Motor Inn. On Sunday as well, Videon Cable television will be televising 13-1/2 hours of special programming beginning at 9:00 a.m. Staff in the Womens Bureau and the Pension Commission of my department are participating in two of the shows. The Womens Bureau is holding an Open House later today in its offices at 241 Vaughan Street and on behalf of the women, I would like to invite all members to the Open House, which runs from 11:30 to 2:30.

I would be negligent, Mr. Chairman, if I did not mention the Advisory Council on the Status of Women, which our government established last fall. Members of this House will recall that a variety of

womens' groups and organizations had recommended the council be formed as far back as 1972. I'm proud to be a member of the Progressive Conservative Government which responded to that legitimate request of many Manitoba women.

I would also like to mention that Manitoba was one of the five provinces which contributed to the Canadian Plan of Action which was submitted to the United Nations Mid-Decade Conference on Women last year in Denmark. Nobody can dispute that the role of women in society is changing. Those changes in the labour force, in our educational institutes and within the family have been well documented. Women today are less willing to accept traditional roles and some may say, why should they?. Rather, women are trying to improve and to equalize their position in society.

Mr. Speaker, our government is sensitive to the needs of women. Our concern for, and our understanding of, the special problems facing women is well known. Moreover, we appreciate the contributions of all women, those who chose careers as homemakers and those who chose careers in the workplace. I would ask all members to join me in recognizing International Women's Day in congratulating women for their achievements and thanking them for their contributions.

MR. SPEAKER: The Honourable Member for Churchill.

MR. JAY COWAN: Thank you, Mr. Speaker, I'd like to first assure the Minister of Labour that all Members of this House, I am certain, join in with those congratulations for women for the contributions they have made in the past and for the many contributions that they will make in the future, because if anything, I believe it can be safely said that the future is more promising for the women of Canada and the women of the world than is the past. We are especially pleased to be able to join in with those many women in the Province of Manitoba who will be celebrating the events surrounding International Women's Day, for it provides a focus to examine the contributions that women as a group have made for society. Those contributions are great and extensive. It also provides a way in which to assist and work together to help new contributions to be made by women in society, but it is also an opportunity to discuss the problems that women face in society and as well it is an opportunity to examine the solutions. For that reason, we join in with the Minister and his government and Provincial Governments throughout this country and the National Government in offering our support for women in this very important celebration and our participation with them in this very important day.

MR. SPEAKER: Notices of Motion . . . Introduction of Bills.

INTRODUCTION OF GUESTS

MR. SPEAKER: At this time I would like to draw the honourable members' attention to the gallery on my

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right where we have 18 students of Grade 11 standing from the Daniel McIntyre School, under the direction of Mr. Rohs. This school is in the constituency of the Honourable Member for Wellington.

We also have 20 students of Grade 9 standing from the Ken Seaford Junior High, under the direction of Ms. Roberta Carins. This school is in the constituency of the Honourable Member for Seven Oaks.

On behalf of all honourable members, we welcome you here this morning.

ORAL QUESTIONS

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. HOWARD PAWLEY (Selkirk): Mr. Speaker, probably I can commence the question period on the same kind of friendly note as we just heard in respect to the statement that was given by the Minister of Labour by commending the Minister of Natural Resources on his announcement this morning that he was giving consideration to an all-party delegation and participating in an all-party delegation, federal and provincial, to make representations to Washington pertaining to the Garrison project. I would ask the Minister, in view of his indication this morning, whether or not he has urged Ottawa to in fact, in establishing any such committee to form it on the same basis insofar as representation by members of Parliament and members of the Legislature.

MR. SPEAKER: The Honourable Minister of Natural Resources.

HON. HARRY J. ENNS (Lakeside): Mr. Speaker, the suggestion of a possible visit to Washington stems from the events in the House of Commons yesterday where unanimity was achieved which in itself is something encouraging in the affairs of this country these days, on a resolution put forward by Manitoba MPs, namely the Member for Lisgar, the Member for Marquette, calling on the Prime Minister to place the issue of Garrison very high on the list of priorities with the discussions next week with the American President. It was the Prime Minister that indicated in response to that resolution that should there be a feeling that a visit to Washington of the type and nature described by the Leader of the Opposition would be helpful that the Federal Government in co-operation with the Provincial Government would be prepared to undertake such a visit.

Mr. Speaker, it would be the intention of course if such a visit were to take place to clearly indicate to our American friends that on this issue it is an non-partisan issue, all parties within the province and in the country are concerned about the possible offending waters that could be transferred to Manitoba if the project proceeds.

MR. PAWLEY: Mr. Speaker, in addition to the Member for Marquette and the Member for Lisgar and, of course, the Member for Selkirk Interlake in the Federal House of Commons have joined in that all party spirit in urging such an all party delegation

to Washington. Further to the Minister, has the Minister made any representations as to the provincial representation that might be expected or should be expected from the Province of Manitoba?

MR. ENNS: Mr. Speaker, I believe that question is perhaps somewhat premature at this time. I would want to underline the hope and the very sincere hope is, of course, that our Prime Minister, who can on occasions be persuasive, can indeed have those kind of discussions with the President that would allay the fears of Manitobans on this question and that in that event may not necessitate the type of delegation that we are referring to, but should the occasion arise I'm sure that the honourable members opposite will be kept fully informed.

MR. PAWLEY: Mr. Speaker, it's widely expected that there may indeed be some further effort to increase the appropriation this forthcoming April in the United States in the Congress by the Congressional supporters of Garrison to increase the appropriation. In addition to the measures that were mentioned yesterday in Ottawa and also by the Minister, does the Minister contemplate any other form of action in order to bring about a halt to any sudden increase in Garrison fundings as took place last year?

MR. ENNS: Mr. Speaker, the government and myself am certainly open to suggestions of precisely what further kind of action we ought to be taking. I think that it must be said, having satisfied ourselves that it is on the agenda in a priority way at the very highest level, that is in the discussion next week with our Prime Minister and the President of the United States, that the action that is open to countries in dealing with each other in a civilized way are being pursued and being followed.

I'm well aware that the pressures for additional funding may accelerate in mid April and I think it is that date or at that time that Canadian Foreign Affairs Department, External Affairs Department and ourselves would be considering a possible visit to Washington to be able to speak directly to the Appropriations Committee, the Foreign Affairs Committee of the U.S. Congress in order to lend the strongest possible voice that we can in personal contact with the American Senators and Congressmen involved in underlining to them the very seriousness of this matter, and that surely an incoming administration in our country to the south of us would want to take that into very grave concern as to its future relations with this country.

MR. SPEAKER: The Honourable Member for Inkster.

MR. SIDNEY GREEN (Inkster): Mr. Speaker, I'd like to direct a question to the Minister to whom the Manitoba Telephone System reports and I'm not sure whether the Minister of Transportation . . . Can the Minister of Transportation advise as to whether or not there have been any developments or any new changes in the status of the MTS . . . loan with respect to a futuristic electronics project at Headingley?

MR. SPEAKER: The Honourable Minister of Transportation.

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HON. DONALD ORCHARD (Pembina): I'm not aware of any change, Mr. Speaker.

MR. GREEN: Mr. Speaker, if the Minister says he is not aware of any change, can he tell us that the last he is aware of is that the project is proceed with some hope of success or that the project is in danger of failing? What change from what?

MR. ORCHARD: Mr. Speaker, if I understood the member's first question, he wanted to know if there was any change in the status of the loan to the project that MTS had made and I'm not aware of any change in the status of the loan. The project I am told is very near the completion in terms of homes served, but as of yet is not completed with all of the homes having the type of services delivered that were intended and intended to give the Telephone System an opportunity to investigate the capabilities once that system is in place.

MR. GREEN: Mr. Speaker, with respect to then specifically the loan, does the Minister tell the House that the MTS, other than through paying it back themselves, are going to recover the loan, or is the loan in danger of not being recovered so that the MTS will be fully subsidizing this project?

MR. ORCHARD: I think it would somewhat premature to judge whether the company is going to be in a position to repay that loan. That financial indication will become evident probably later on this summer.

MR. SPEAKER: The Honourable Member for Ste. Rose.

MR. A.R. (Pete) ADAM: Thank you very much, Mr. Speaker, my question is a follow-up to my Leader's questions to the Minister responsible for Water Resources. I would ask the Minister why the government did not request that the Federal Government place on a high priority the question of the Garrison when Mr. Cyrus Vance visited Ottawa and met with Prime Minister Trudeau, as well when President Carter and Prime Minister Trudeau met in Ottawa? Neither of these times did the Province of Manitoba request that the Garrison be discussed. I asked the Minister as well, why the Conservative members in Ottawa did not lobby in Washington along with Mr. Sargent and Mr. Axworthy when they were down. As well, Mr. Speaker, I asked the Minister again — there were two delegations to view the Garrison last fall. Again Mr. Sargent was there, Mr. Axworthy was present, the Opposition in Manitoba was present represented by myself; there were native groups, Mr. Speaker, there was the Action Committee against Garrison, Mr. Speaker, the NFU sponsored — I asked the Minister why they boycotted all these delegations and as well, miss the splendid opportunity to have President Carter and Mr. Trudeau discuss Garrison.

MR. ENNS: Mr. Speaker, I really believe that we don't gain a great deal by attempting to inject a degree of partisanship on this issue. But for the honourable member's edification, the entire opposition, the entire Conservative caucus was on site and inspected the Garrison project in 1973 at

the time that the Honourable Member for Ste. Rose thought it was some fish species. We walked, the entire Conservative caucus at that time walked along the banks of the McCluskey Canal and looked at the Lone Tree Reservoir that was being built, that was in 1973. So I don't think we gain any Brownie points by attempting to suggest as to who is more concerned about the project and who isn't concerned; we are all concerned about the project.

The department, my department, was satisfied that the issue of the Garrison was on the agenda on the day that the visit of President Reagan was announced several weeks. We confirmed it and we are reconfirming it to make sure that it receives the kind of priority treatment that it deserves. Members who have attended conferences realize that there are many subjects on an agenda and I can imagine that the American President's first visit to Canada will have many such issues to discuss. In different parts of the country it's Fisheries issues that we have been at odds with with our American friends. I'm sure that the question of other important matters, important to different parts of the country will be discussed. We want to make sure that the issue that is important to Manitoba — Garrison — is on the agenda and is getting a fair hearing with the new American President on his first visit to Canada. I think that is being accomplished; it's being accomplished with the effort by all Members of Parliament, particularly all Manitoba Members of Parliament and I suspect and I know, all members of this House on both sides of the House, support all efforts that the government is undertaking to ensure that Garrison gets that kind of attention.

MR. ADAM: Mr. Speaker, I know the Minister doesn't have to answer my question but I still ask the question. Why was this not placed on the . . .

MR. SPEAKER: Order please, order please. The question is repetitive.

The Honourable Member for Fort Rouge.

MS. JUNE WESTBURY: Yes, Mr. Speaker, I have a question for the Honourable Minister of Health and I wonder if he would report to us on the threatened strike with the nurses at the Winnipeg Municipal Hospitals. I understand the Mayor of the City was in to see the Minister this morning and I hope that the Minister is trying to persuade somebody not to have the strike, which would so affect a number of the geriatric patients out there. Perhaps he can explain to us the difference in the salaries that are being received by nurses other than City of Winnipeg nurses, effective January 1st last and April 1st coming up, which make quite a difference in the salaries being received by other nurses and by the City of Winnipeg nurses.

MR. SPEAKER: The Honourable Minister of Health.

HON. L.R. (Bud) SHERMAN (Fort Garry): Mr. Speaker, the two-year agreement signed with the nurses, with MONA recently, called for an increase over the two-year period, an end rate increase, of 43 percent. It compounded out to 43 percent, approximately 26 percent in various stages over the first year and approximately 15 percent covering various stages over the second year and then the

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compounded figure amounted to about 43 percent. The rationale for that has been explained I hope satisfactorily. It lay primarily in the need to bring the nursing wage level in Manitoba up to a more competitive position with that being paid in other provinces.

I haven't been involved up to this point in time and don't expect to be involved in the discussions relative to the Municipal Hospitals, Mr. Speaker, other than insofar as I have a responsibility, of course, as Minister of Health to ensure that the 350 to 400 patients in the Municipal Hospitals, all of them long-term, chronic care patients, some of them polio patients, are cared for at the highest possible level of quality 24 hours a day now and into the future. I understand that the Chairman of the Municipal Hospitals Board is consulting with his board members, with his administration, and with the city as to the next steps that should be taken. The hospitals are operated by the city, as the honourable member knows, and I assume that city administration and municipal hospitals administration are hard at work on resolving this issue before it reaches a point of serious confrontation.

Certainly in respect to the request or the appeal by the honourable member that the Minister of Health do what he can to persuade the parties involved to reach amicable and early agreement, I will do that, but I have to do it in a hands-off way. I'm not involved in the administration of those hospitals, it's a city responsibility. I'll do what I can to achieve an amicable and early solution without interfering in that process, Mr. Speaker.

MS. WESTBURY: Mr. Speaker, I appreciate the Minister's remarks. I wonder if he would confirm that at the present time the City of Winnipeg nurses are being paid at a rate fifteen . . .

MR. SPEAKER: Order, order please. Questions of confirmation do not really add to the information requested in the Question Period. Would the honourable member care to rephrase her question?

MS. WESTBURY: Mr. Speaker, I would be interested to know, and I wonder if the Minister would tell me, whether the January 1st increase that other nurses are receiving place the city nurses 15 percent below the average wages of other nurses and whether the April 1st increase that they expect to receive will leave the City of Winnipeg nurses 20 percent below other Manitoba nurses.

MR. SHERMAN: I can't advise the honourable member precisely on those figures, Mr. Speaker, but I could put it this way, that were the city nurses to receive no increase, then by the end of the year the nurses who work for the Province of Manitoba would be receiving approximately 26 percent more than the nurses who work for the City of Winnipeg. The staging of those increases is included; implementation dates such as January 1st, April 1st, September 1st, but I'm not sure of the precise percentage breakdowns in each case. It may well be that what the Honourable Member for Fort Rouge is suggesting is the precise mathematical ratio.

MR. SPEAKER: The Honourable Member for Fort Rouge with a final supplementary.

MS. WESTBURY: In endeavouring to clarify the position of the Municipal Hospitals in the minds of the public and not wanting to change the status quo, having worked against any change in the status quo, would the Minister tell the House who pays the funding for the Municipal Hospitals excepting that they are administered by the city and belong to the city, who actually funds the costs of the Municipal Hospitals, please?

MR. SHERMAN: Mr. Speaker, there is a joint relationship in terms of funding of the Municipal Hospitals. I will take as notice that question of the honourable member and get her the precise information on that, but the Municipal Hospitals don't fall into precisely the same category as the other hospitals in the province that are funded fully by the Provincial Treasury. The important thing I think to keep in mind here, is that the whole administrative and hiring arrangement at the Municipal Hospitals is a city responsibility and I know that the city is very concerned with the situation at the moment, where the nurses at the Municipals are concerned. Our concern is that those 350 to 400 long-stay, chronic care patients receive the kind of nursing attention that they receive around the clock and I would take the occasion to reassure the Honourable Member for Fort Rouge and all Members of this House that the Province of Manitoba will ensure that this level of care and that intensity of care is maintained.

MR. SPEAKER: The Honourable Member for St. George.

MR. BILLIE URUSKI: Thank you, Mr. Speaker. I direct this question to the Minister of Agriculture. Mr. Speaker, the Minister of Agriculture during Agricultural Debates indicated that he favoured the continuation of the pool system, the one-pool system, in milk pricing in the Province of Manitoba. Could the Minister advise this House as to what role he is playing in the current discussions with respect to breaking down that one-pool system back to the old system of two pools?

MR. SPEAKER: The Honourable Minister of Agriculture.

HON. JAMES E. DOWNEY (Arthur): Mr. Speaker, at this particular point, I have not changed position and have not been playing any role other than just discussing with individual dairy farmers, on occasion, what their feeling toward the situation is, but as far as I'm concerned, my position is the same and to my knowledge, the situation hasn't changed any from the time of Estimates.

MR. URUSKI: Could the Minister indicate what direction he is giving the Manitoba Marketing Council with respect to its involvement in respect to the negotiations that are presently being prompted by. I believe, the Milk Producers Marketing Board?

MR. DOWNEY: Well, Mr. Speaker, I don't particularly give direction to the Natural Products Marketing Council. However, Mr. Speaker, if they want my opinion they are quite free to read Hansard or to contact me directly and I will indicate to them,

as I have on an informal basis, but there has been no direction come from me to them.

MR. SPEAKER: The Honourable Member for St. George.

MR. URUSKI: Mr. Speaker, is the Minister prepared to intervene, should a change, a major change in the marketing structure of milk occur, be implemented in the Province of Manitoba? Is he prepared to intervene in movements in this respect.

MR. DOWNEY: Mr. Speaker, as the member is quite aware that the system is in place for the producers to proceed through their elected representatives to move in the direction that they feel is in the best interests of the producers and before any changes are made, have to be cleared through the Natural Products Marketing Council or in fact, don't have to be cleared but if producers want to appeal they can put their case before the Council, either the producers or any one affected by a decision of the Board. At this point I'm not aware of any move to the two-pool system that should be stopped. I understand that it's in the process at this particular time of being requested but not being moved on.

MR. SPEAKER: The Honourable Member for Springfield

MR. ROBERT ANDERSON: I have a question to the Minister of Highways and Transportation. In view of the unusually mild winter we have been experiencing, one of the mildest winters on record, could the Minister report on the condition of our northern roads.

MR. SPEAKER: The Honourable Minister of Transportation.

MR. ORCHARD: Mr. Speaker, I thank the Member for Springfield, for his interest in the Winter Road Program. As he indicated, the mild winter has indeed caused us some heartaches and some anxiety. The mild stretch in January delayed the opening by about two weeks and the sustained mild period in February, at one point in time, made it look as if our winter road haul would not be completed this year but to date, Mr. Speaker, with the last 10 days of more normal temperatures for this time of the year, the winter road system is open and all roads are operative. They're not, I wouldn't say in the kind of condition that they have been in previous years but they are all open and functional right at this moment, Mr. Speaker.

MR. ANDERSON: Mr. Speaker, could the Minister report further, related to the condition of the roads, the status of the freight haul to this point in time.

MR. ORCHARD: Well, the freight haul, Mr. Speaker, I'd like to divide into two areas. The northern roads which are primarily all north of PR 391, the freight haul has gone exceptionally well on those to date because they weren't closed as long as the roads on the east side of Lake Winnipeg and to date we have approximately 95 percent of the freight in on the northern winter road haul, with only about a dozen

loads that are committed, left to be hauled. So we are very close, Mr. Speaker, on the norther portion of the winter road system to having our freight haul completed and the community served by those winter roads. We have a somewhat different situation on the east side of Lake Winnipeg, where we ran into quite severe problems during the mild weather and to date we have probably 75 percent of the freight haul completed into those communities including the two additional communities that were added this year to the winter road system, namely Red Sucker Lake and Poplar River. There are a few over a hundred loads, about 105, 106 loads, yet to go into the communities served on the east side of Lake Winnipeg. It is expected that with probably another week or better of good weather or similar weather to what we've had in the last few days, that haul should be completed as well, Mr. Speaker.

MR. SPEAKER: The Honourable Member for St. Johns.

MR. SAUL CHERNIACK: Thank you, Mr. Speaker. With the absence of the House Leader, I wonder if I can address a question to the Acting House Leader. Referring to the Order Paper of last Wednesday, March 4, in dealing with Orders for Returns that were accepted in previous sections and not dealt with yet, I wonder if the Minister could undertake to make enquiries and report to the House as to the reasons for delay in the filing of these Returns and a reasonable expectation period when they could be filed. I refer particularly to the Minister, an outstanding order since May 16, 1979 from the Department of Agriculture and subsequent ones, the next one of which would have its first anniversary this month.

MR. SPEAKER: The Honourable Acting Government House Leader.

HON. WARNER H. JORGENSON (Morris): Yes, Mr. Speaker, I'll make those inquiries and advise my honourable friend.

MR. SPEAKER: The Honourable Member for Churchill.

MR. COWAN: Thank you, Mr. Speaker. During the Estimates of the Minister of Transportation he gave me an assurance that he would check in to determine whether or not there has been any government participation by either the Provincial or Federal Government in the construction of a winter road from Co-op Point to Brochet or Lac Brochet, the Minister took that as notice and advised me he would get back to me as soon as he could. As it has been a couple of weeks since that time and as he has such detailed information on winter roads available to him now, I'd ask him if he can provide me with that information.

MR. ORCHARD: The winter road that the Member for Churchill refers to was a winter road pushed through by a private haul contractor and in any investigation that I have made, it is indicated that no government funding went toward the construction of that winter road, either from the Provincial Government or indeed from enquiries we made, nor

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from the Federal Government. That road was constructed by the contractor who undertook to deliver certain quantities of freight and he undertook it at his expense, Mr. Speaker.

MR. COWAN: Thank you, Mr. Speaker, a supplementary question to the Minister on a somewhat different subject. On January 13, 1981, I wrote to the Minister of Economic Development and Tourism suggesting that the province participate in the International Cargo Handling Co-ordination Association 15th bi-annual conference in Edmonton, Alberta, on June 7 to 12th, 1981, which deals with the utilization of ports throughout the world. The Minister assured me, or wrote back to me, excuse me, indicating that he'd pass that request onto the Minister of Transportation. I have yet to hear from the Minister of Transportation as to the Provincial Government's involvement in that particular conference. I think it must be noted that this can be utilized as an effective way to promote the Port of Churchill and I'd ask the Minister if he has taken the advice which was provided to him in that correspondence and has arranged for any provincial participation in that cargo handling co-ordination conference.

MR. ORCHARD: Mr. Speaker, any time the topic of the Port of Churchill surfaces it is certainly this government and members of this side of the House who are indeed greatly concerned about the future of the Port of Churchill and its use and to give the Member from Churchill some further clarification, in conjunction with the Minister of Agriculture, the MLA for Dauphin, the Minister of Northern Affairs, we are in the process of attempting to arrange a conference hopefully in June of this year for the City of Dauphin, hosted by the Province of Manitoba, and inviting the Federal Transportation Minister and the Provincial Transportation and Agricultural Ministers to that conference to discuss the use of Churchill particularly from the standpoint of this season's grain haul. That is one effort that we've made in promoting the Port of Churchill.

Further to the member's specific question about the upcoming Cargo Handling Conference, I am awaiting, Mr. Speaker, advice from my Department of Transportation and Research as to what types of display materials are available to better show off the capabilities and the potential in the future for the Port of Churchill. I expect a report from them shortly, Mr. Speaker, and if we can put together on what is rather short notice for that kind of a Cargo Handling Conference an effective and very positive display for the Port of Churchill, Mr. Speaker, we would certainly intend to do that and show to Western Canada and indeed to the rest of the world, who use deep sea ports, that Manitoba has a very positive and very excellent presence and future in the Port of Churchill to service offshore customers in grains and deep sea port facilities.

MR. SPEAKER: Order please, order please. The Honourable Member for Kildonan on a point of order.

MR. PETER FOX: Mr. Speaker, I realize you have a very difficult role and you continually keep admonishing members to be brief and to the point. I

also realized that our procedures allow us many ways of members of this House presenting their points of view and if the Minister wishes to make a statement, I would suggest that he do it under the proper order of business where ministerial statements can be made. I'm sure that he is abusing the privileges of this House when he starts to give us a long lecture about what is happening. The question was very specific and all he had to do was give a short brief answer; instead, he went into a big elaboration.

MR. SPEAKER: Order please, order please. The point of order raised by the Honourable Member for Kildonan is well taken and I hope it is well taken by all members of this Chamber who, each and everyone, have a tendency to make their own statements during Question Period rather than asking questions.

The Honourable Member for Churchill with a supplementary.

MR. COWAN: Thank you, Mr. Speaker. Well, the Member for Kildonan has made it very difficult for me to pursue one of my normal preambles. My question to the Minister of Transportation is in respect to another subject which is of urgent concern and that is the replacement of the MU-2 air evacuation aircraft. Yesterday, the Minister indicated that they had tested out an aircraft which was found to be unsuitable because it would not accommodate a stretcher. The Minister neglected to give us the specific name of that aircraft. I would hope he would be able to provide us with more detail as to when that test was conducted and the name and type of aircraft upon which the test was conducted.

MR. SPEAKER: Order please. The Honourable Member for Inkster on a point of order?

MR. GREEN: Yes, Mr. Speaker, I wish to rise on a point of order. Mr. Speaker, I noticed that you very carefully permit a question and two supplementaries, and I do not believe that should be used, that procedure that you have used should permit a member to ask three different questions as if it were a question and two supplementaries. I think that there should be an answer to the question, Mr. Speaker, but I think that all members should be aware that they cannot have three questions. They can have a question and two supplementaries on the same subject.

MR. SPEAKER: Order please, order please. The Honourable Member for Kildonan on a point of order raised.

MR. FOX: I would like to indicate that I'm not aware that there is any rule written that we cannot have three questions. There is also no rule written that we can have supplementaries. We have had a custom in this House that has been going on for a long time and that was that members could ask a question and ask supplementaries. The problem that has arisen is that sometimes members do not wish to ask a supplementary and would rather have another question. Now the Speaker is not aware whether it's a supplementary or another question and I think the common practice has been that we've allowed members to have three questions generally.

MR. SPEAKER: The Honourable Member for Inkster on a point of order.

MR. GREEN: On a point of order, I would like to give the Speaker notice, Mr. Speaker, if that is the rule and I understand it not to be, but if that is the rule I wish to give notice that henceforth I will expect you to recognize me three times and I will ask three different questions of three different Ministers. Now I think that is a complete abuse of the Question Period and I say so and I would ask, Mr. Speaker, that you not permit me to do what I've just given you notice I would do if my learned friend's interpretation is correct.

MR. SPEAKER: Order please. The Honourable Acting Government House Leader on a point of order.

MR. JORGENSEN: The same point of order, Mr. Speaker. It has always been my understanding that the rule that we set down for ourselves was that a member would be permitted to ask a question and two supplementaries. By the very nature of the word, one would conclude that supplementary related to the original question. So I suggest, Sir, that the point raised by the Member for Inkster is a proper one and should be adhered to.

MR. SPEAKER: The Honourable Minister of Finance on a point of order.

HON. BRIAN RANSOM (Souris-Killarney): Yes, Mr. Speaker, on the same point of order, I should simply point out to the House and place on the record what happened earlier this week which is contrary to the description of the Honourable House Leader where you, Sir, did not recognize the Member for Roblin for a second supplementary and pointed out to the House that indeed it was not required by the rules to recognize him for a second supplementary.

MR. SPEAKER: Order please. May I point out to the honourable members that the use of the Question Period is for the members of this Chamber. If the members of this Chamber attempt to abuse it, then we become subject to some of the points of order that are presently raised. If all members of the Chamber are co-operative and willing, I'm sure we won't have points of order being raised at this time on such matters.

The prerogative of the Chair is the final one. I would hope that members would be courteous and attempt to follow an unwritten rule with respect to questions in this House. We now have two minutes left in the Question Period.

The Honourable Minister of Transportation.

MR. ORCHARD: Mr. Speaker, I'd like the opportunity to reply to the Member for Churchill's question. The reply — and I must apologize to the Opposition Government House Leader — this may take two minutes, Mr. Speaker.

MR. SPEAKER: I would suggest that the Honourable Minister give a written reply in that case.
The Honourable Member for Inkster.

MR. GREEN: Mr. Speaker, with respect to a question to the Honourable Minister of

Transportation with respect to the Brochet winter road, can the Minister assure this contractor, who has done the work on his own to get a winter road through, that if the public ever builds a road there, he will not be precluded by the Motor Transport Board having given advance use —(Interjection)— Mr. Speaker, it's a very serious question — have not given advance use and exclusive use of that road to a carrier that has never carried any freight to Brochet.

MR. ORCHARD: Mr. Speaker, that is a situation which of course is extremely hypothetical and at such time as the Province of Manitoba and our administration some 25 years hence possibly, builds a road to Lac Brochet, we will indeed give consideration as we have to carriers wanting to undertake freight haul into those communities.

MR. SPEAKER: Order please. Time for question period having expired, we'll proceed with Orders of the Day

The Acting Government House Leader.

MR. JORGENSEN: Mr. Speaker, I move, seconded by the Minister of Health that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Radisson in the Chair for the Department of Consumer and Corporate Affairs and Environment, and the Honourable Member for Portage la Prairie in the Chair for the Department of Labour and Manpower.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY — LABOUR AND MANPOWER

MR. DEPUTY CHAIRMAN, Lloyd G. Hyde (Portage la Prairie): This Committee will come to order. We are on Resolution 88, on the Minister's Salary.
The Member for The Pas.

MR. RONALD McBRYDE: It is my understanding from my colleague that we will be dealing with Workers Compensation under this section as well; is that so?

MR. DEPUTY CHAIRMAN: I would need advice on that.

MR. HENRY J. EINARSON (Rock Lake): Mr. Chairman, we are on the Minister's Salary now and the members have the liberty to make their final comments. —(Interjection)— Yes, cover the waterfront, and that's it.

MR. DEPUTY CHAIRMAN: As I understand, when we get onto the Minister's Salary, we can discuss the whole issue.

The Member for Churchill.

MR. JAY COWAN: At the beginning, the Minister will recall and I think substantiate, we decided mutually that Workers Compensation would be

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discussed specifically under the Minister's Salary. That was a decision that was made mutually and the Minister, according to my analysis of the situation, was in full agreement with. So that is why I had suggested to the Member for The Pas that this is the appropriate section to bring up problems dealing with Workers Compensation. We have, in fact, not been discussing those items and saving them for the Workers Compensation as per an agreement on the Minister's opening day.

MR. DEPUTY CHAIRMAN: As Chairman, I'm not aware that any agreement was made at the time. I believe we are open to general discussion on Resolution 88 and the Minister's Salary.

The Member for The Pas.

MR. McBRYDE: Mr. Chairman, I don't really like it when there is some sort of understanding that is not carried out, but I have no problem. I can talk about whatever I want under the Minister's Salary and I can ask him questions about Workers Compensation under his salary, so I'll proceed to do that. I hope it doesn't upset the Member for Rock Lake, but I'll proceed in that manner.

Mr. Chairperson, I would like to get (1) the Minister's comments; (2) the Minister's policy direction and, (3) what his thinking is at this time in terms of Workers Compensation. The Minister is well aware and it's been a problem raised many times in the past, but in regard to the disability, when a person is found to have a certain percent disability as a result of an industrial accident and that amount is fixed and a regular payment which is based on the person's salary at the time the accident occurred, a percentage of that. Anyway, it's fixed; at the time of the accident, a rate is fixed.

As the member is well aware, many pensions now and many payments are indexed. I mean, if you're on Social Allowance, you get an adjustment every once in a while; if you're a Member of the Legislature you get an adjustment based on the cost of living, etc. I wonder what the current thinking is and the current policy is and the current direction is in that regard. Will there be any effort made to index the disability pensions resulting from industrial accidents?

MR. DEPUTY CHAIRMAN: The Honourable Minister.

HON. KEN MacMASTER (Thompson): Mr. Chairman, the review of the benefits under The Compensation Act and the board and the services are always of concern. We have had a committee established to review what started out to be simply procedures. That review extended its tentacles into virtually the whole operation of the Compensation Board. I'm not sure what the Lampe Committee is going to recommend in that particular regard or if in fact they do but I would like to reserve my comments on whether we think we should put in an escalating type of a system. I understand, and I could be corrected, there may be one jurisdiction that does but I understand that there are really no other jurisdictions in the country that have indexed precisely those benefits. I'm not saying that's right or wrong. I know that the Lampe Committee reviewed a lot of aspects of the entire system. I have assured the members that when that report comes down I'll

make it public and it may in fact include some recommendations along that line. I have some indications of some areas which we discussed, I don't whether it was with the Member for Kildonan or Churchill during the Estimates; we did touch on compensation and certain aspects of it.

MR. DEPUTY CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Mr. Chairperson, just to clarify it for the record on the 19th of February the Member for Logan asked the Minister about Workers Compensation and the Minister's reply was, "That's a bit of debate amongst ourselves. If it's okay with the committee I am quite prepared to talk about it now or under the Minister's Salary. It's not earmarked as a division within the Estimates so let her go anywhere now or at a later date if you want to prepare questions." So that's where the Member for Churchill got his understanding that it would be quite appropriate to discuss it here.

I wonder if there is a compilation of cases in terms of hardship? I'm assuming that if somebody was injured 20 years ago with a fairly serious, like 80 or 90 percent disability, where they can't work now, what kind of a record is kept and is there the possibility of adjustments being made or does it have to be a legislative change in terms of all disability pensions being indexed or what is the current situation in that regard?

MR. MacMASTER: The benefits under The Compensation Act are in fact reviewed and upgraded every second or third year and I'm not sure whether the 20-year-old or 25-year-old pensions fall in that bracket or not. The indexing of pensions per se and going back to do them, I'm not sure of any jurisdiction that's considering that entire process at this moment.

MR. McBRYDE: Does that answer mean that the Minister is not considering it at this moment since there is no jurisdictions considering it and that it's something that the cost of which is just too high to consider?

MR. MacMASTER: It hasn't been considered to date, the upgrading of pensions under all sorts of circumstances. Widowers with dependants and with no dependants are reviewed periodically and brought before the House. The indexing per se, I have to say to the member, has not been considered at this moment.

MR. McBRYDE: Yes. On the same subject but a little bit different question, I wonder what the present status and the Minister's thinking is in terms of compensation. As I understand it, and I'm not an expert in this field and I'm not fully familiar with the exact nature of the Compensation Board and how they make their awards, but it's my understanding that, I guess you could say it's fairly mechanical, that is, it's determined that a person has so much percent inability to do what he was doing before, so he can only do half of what he did before or she can only do 75 percent of what she did before.

I'm wondering what the current direction is in terms of the other effects, like a serious injury of 75

percent disability or even a lesser, 40 or 30 percent disability can have a pretty severe psychological, emotional impact on a person and can affect their whole life. I think the Minister might be aware and I'm vaguely familiar with a couple of cases where, because of the disability and the accident, the case has evolved where in fact there has been quite a severe psychological effect. I think that in one case that I'm familiar with in another province, the person was quite functional and able to work on a steady basis with probably less than a 50 percent disability, then for some reason or other turned to alcohol and their whole life just changed and the family life was ruined, etcetera, yet there was no way, I guess, to consider that within the disability.

The other aspect of it is that in the psychological and emotional, it's an area that's not clearly understood but certainly a physical injury does affect the emotional and psychological state in some physical way which is not clearly understood. If your nerves are pinched, for example, with a spinal injury, the exact nature of the effect, in terms of emotional-psychological, is pretty hard to pin down at the time the award is made.

In another area of chemical poisoning or carbon monoxide where there's a brain defect, I mean it's almost impossible to determine the extent of the injury in that case. If a person is slightly brain damaged and it affects, let's say, one side of their body and they can't walk, you can see some physical effect. But you don't know if it has changed their ability to reason or ability to function, etcetera. It's very hard to determine, even with extensive testing, exactly what percent of the ability is lost.

There are other physical effects that certainly have a strong psychological effect. If a person's sexual function is affected physically, then the psychological effect is very traumatic and all those detailed kind of aspects.

I wonder what efforts are being made by the Compensation Board and by this government and the Minister in terms of the exploration of those areas and in terms of the upgrading of the ability to deal with those kind of situations that we are becoming a little bit better to diagnose, a little bit better to determine the effect but still there's a long way to go; it's still a very vague area. I wonder if the Minister could bring me up to date in terms of what the thinking is and what the direction is in that regard.

MR. MacMASTER: Mr. Chairman, your percentage is to try and remember the questions that were posed. The percentage is established by and large by some of the supposedly best medical authorities that we have today and it's always a debatable point. Not always, but after years of dealing with compensation claims I know that people feel its 20 percent. It should be more, 30 or 40. But the people rely, we rely, on the best medical evidence and opinions that we can get to establish that percentage.

On the psychological effect of an accident I couldn't agree with the Member for The Pas more. I have been an advocate for years of the philosophy, and again, I agree with him on an unknown degree of thought that I had; I couldn't medically, not being in the business, and I'm not sure that people within the business can determine . . . but I've always felt that

there were other degrees of proficiency by a person after certain types of accidents. I've witnessed it, I've lived with it, I've been partner to many people who have been hurt very badly and I have also been a great advocate going back 25 years I suppose, of better rehab facilities, better rehab treatment.

I've often felt, and I must clarify that, from a layman's viewpoint, that a lot of people are back at work too soon. I know of many instances where people have been severely hurt and in my opinion they are physically capable of work and yet they are not working. I know that it's in my expression, in their head. They just can't force themselves to go back into that situation again; they can't test themselves. There are those of us who disregard that and go back.

You know, I was injured very badly myself at one time and I forced myself back into the scene and I thought that was the psychological way I should do it. It worked with me but everybody isn't made the same way and some people just can't get back at it.

I didn't precisely tell the Lampe Committee what to look at but they certainly talked to me about some of my major concerns and rehabilitation of people that are hurt is well documented in the province. If you wish to dig out, going right back to the days when I was very active the Manitoba Federation of Labour, I was always talking about rehabilitation and was never satisfied with rehabilitation. I'm reasonably convinced that the Lampe Committee has listened and that they may be making some very substantial recommendations as it relates to rehabilitation of injured workers in the Province of Manitoba.

MR. McBRYDE: I would ask the Minister if there's been any specific action taken recently or whether he's waiting on the report before specific actions are taken.

MR. MacMASTER: Mr. Chairman, I don't want to play with words but it's been a demand of labour in the province and of others for many years that more emphasis be put on rehab. That's why it, I say with a great deal of inner self-satisfaction, I appointed that committee. It's probably, and the Member from Kildonan maybe remembers better than I do, but I think it's the first review of that type probably ever in the province. There might have been one in the Forties or the Fifties that I am not aware of. So, yes, I guess the bottom line answer is I'm waiting for that review and that report and those set of recommendations.

MR. McBRYDE: I guess one of the things that happens, Mr. Chairperson, is that a person isn't totally familiar with the Workers Compensation system until they do have an accident and they have the experience of it. Then, sort of, after the shock of the accident and the beginning of recuperation, etc., they start to look a little more closely at it and they can't help but make a comparison between other types of accidents, like an industrial accident where you get compensation and let's say an automobile accident where you end up in court and get quite a substantial award. Of course, that relates to the person's whole understanding of how compensation came about, because it was not possible for workers, generally, to get that through the legal system and through other means, to get fair and reasonable

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compensation. So the public, through their governments, decided to get involved in the compensation system to ensure that there was some assistance for workers who had been injured on the job. But I wonder if the direction that the Minister anticipates, will there be a moving closer to compensation that's available in the case where fault is proven in different circumstances, and the compensation to workers who are injured on the job, where there is not that court possibility in terms of, on the part of the workers?

MR. MacMASTER: I'm not sure what the question is and I'm not being saucy, I just don't know what the question is.

MR. McBRYDE: I'm asking the Minister if he sees that under the Workers Compensation system, will it move in the direction of fault and of compensation or damages that are available to people injured in other ways, for example, in an automobile accident where they can go to court with it.

MR. MacMASTER: I don't see see that happening at this particular moment. Now, if we go back 25 years, we didn't see a Compensation Board Act either, so that type of coverage may be something in the future but the precise answer is I don't see it right now.

MR. McBRYDE: One final area that is becoming more and more evident and I think the Minister has talked about this and my colleagues have talked about this in the past, but if the Minister could update me, in the area of new compensatable injury or disease, I would like to know exactly how that's determined, like how are those decisions made? How does it finally we end up that a new problem related to working in industry becomes compensatable? I'm thinking specifically of an incident that was talked about on the radio last night, or the night before, the effect of microwave on somebody working in industry, air traffic controllers and people that are working with this kind of radiation. The person in this particular case was from the States and the person was saying that for example, in the States that's not a recognized compensatable industrial illness or disease, or in that particular state it wasn't at least. But for example, in Russia it was recognized as a compensatable disease.

In this particular case, his client died from the disease that was directly related to his work and he thought it was probably the first death that was recorded from this particular illness as a result of industrial work, because in areas where it is recognized as a disease then they take the people off the job as soon as any symptoms appear, which is not necessarily . . . There should be more preventive measures than wait till symptoms to appear. But I assume from overhearing my colleagues in the past, and the Minister in the past, and previous Ministers of Labour, that there is an extensive effort to identify new problems, to improve the classification in terms of diseases that are industrially caused, that are directly related to the person's work. I wonder if the Minister could bring me up to date on how that decision is made and what efforts are being made to look at that and classify it and whether he has any information specifically on diseases related to microwave.

MR. MacMASTER: Mr. Chairman, the member made reference to the fact that allegedly a benefit is compensatable under the Russian system and it's not under the system in the United States or probably in Canada. I think you would find that the workers in Russia and similar to Poland, would probably trade that one alleged benefit for some of the freedoms that we have in our country, collective bargaining-wise and otherwise.

How is a situation decided, or how is an ailment decided that it's compensatable? I can give you an exact example in which I was involved. I was President of the Steelworkers in Thompson when a thing called nickel rash was occurring with the men working in the refinery. There was a period of time when it wasn't considered an ailment. The Union managed to convince the company to transfer some of these people and see what would happen to their hands and their arms and their necks. Lo and behold, and this is a difficult one because just literally hundreds of people work in a refinery and nothing happens to them, but the odd person it did. Of course, I guess the argument in those days was that it was the individual and not the condition and that made it even tougher. We managed to have some of them transferred. I presented the case. They were good people. They deserved a job, for a probationary period or otherwise; give them a transfer to the mine yard or underground, or smelter or mill or wherever, and let's see what happens to the neck and the arms and the rash, which turns I should tell you, into scabs. It's very, very sore. They transferred them. It worked well.

We then called in the Compensation Board, who reviewed all documentation, reviewed the cases, talked to the people. In a very short period of time anybody that contacted nickel rash, or eventually got nickel rash and was incapable of working to any degree, was put on compensation. From there came the step — I don't suppose there's been a Compensation case for that, for God, I don't know if it would be ten or twelve years — there might have been the odd one — because we worked it into the ideal situation where the company then realized that here was a situation that affected certain people. The second it showed up, the people were transferred out to similar jobs in other areas. So that ideally worked itself out. I suppose what you do, and it comes in different ways, asbestosis and silicosis, it took years years to establish some of these. A positive relationship has to be established between the worker and the environment in which he works.

The Member for The Pas is aware of a member that sits in his backbenches who has talked to me about the relationship to the work he's had in his life as it relates to some of the ailments he has today. I don't know whether we had ever established that but he and I have certainly talked about that. I guess the simplest way to say it is that if there is in fact some medical evidence before it's happening or some real evidence that can be presented to the company and employers and the Board, the Board then reviews it — sadly enough, it's usually in hindsight — reviews cases that have happened and tries to relate it in fact to the condition under which the person is working. If it has been established that the person got that ailment, injury or whatever as it related to the job and the work he was doing, then it becomes compensatable.

MR. McBRYDE: Mr. Chairperson, I just want to comment on the Minister's first comments that he made. I was not commenting on the political situation, I was just commenting that different jurisdictions have different authority. I was not in any way saying that there was something preferable in the communist Russian system, it's just that jurisdiction has recognized that disease. If it had been El Salvador that recognized the disease, I would have mentioned that as a fact, just to show that each jurisdiction has different ways of determining what diseases are compensatable and what diseases are not compensatable.

From the Minister's other comments, I sort of have the uneasy feeling that it's still basically up to the worker and the worker's union to begin to make some effort to recognize a new problem when it exists. Of course, if you have a strong, effective union then you have that kind of action; if you have a person that's working in industry that is not yet unionized or where the union is not that effective in the area of health and safety and compensation matters, then the person is left pretty well on their own hook.

I wonder if there's any kind of aggressive policy being established by the Workers Compensation Board or by this government or the Minister to seek out, explore, sort of to be in the vanguard in terms of saying, "This is a disease that — like this problem seems to be happening in this plant alone and it might be only a few people are effected by it," like the Minister's example, but to have a way to quickly deal with it on the part of the province and the part of the board so that it doesn't have to drag on for a long time or that it doesn't depend upon somebody else to make it happen. But the first time that there's any kind of a pattern developing or a disease appearing, that there be a way to investigate it quite fully at the start, so it doesn't have to drag on like asbestosis and other things did for such a long time before they were proven. I wonder if there is any aggressive effort on the part of the board or this government.

MR. MacMASTER: Your board is constantly reviewing trends, as the member has said. I suppose that's one area that I'd forgotten to mention. They are constantly dealing with other jurisdictions right throughout North America as it relates to other trends and other new established compensatable accidents and diseases.

MR. DEPUTY CHAIRMAN: The Member for Kildonan.

MR. PETER FOX: Thanks, Mr. Chairman. I have a number of areas that I want to touch on because I missed them due to the fact that I was called out and had to also attend the other committee for a while.

The first question I'd like to ask is if the Minister can indicate how soon we'll get the Workers Compensation Board Report? Also, in respect to Workers Compensation — I'll put a couple of questions together so that he can deal with them.

In respect to a hearing impairment, the Minister of Environment, I believe, just recently gave some parameters that they were looking at in regard to the environment as to what is determined as pollution. I

know that having personal problems in this particular regard, often you get a letter saying there's impairment there but it's insufficient to be compensatable. I just wonder whether the Minister could give us some rough guidelines as to what are the parameters within which this disability falls, because if a person isn't aggressive, he's not going to get the service that he requires. The disability may not necessarily be compensatable but nevertheless it is a disability and it creates a problem. If there are no other solutions to it, does a person have to stay in this no man's land of not being compensatable, and not being able to get real redress and at the same time having a problem. That's one area.

The other question that I wanted to ask: I had indicated to the Minister some concern in respect to the relationship between his department and the Health Department in respect to domestics and so on. I'm wondering whether he's going to get an answer back to me on that and there were a number of other questions that he took as notice and I'm not aware that we have received the answers to them. So if he would check with his staff they may have them ready now.

There was also an area in the Training and Development Branch — I had to leave early — I wanted to ask the Minister, in respect to special incentives in the private sector to employ female apprentices, could he explain to us what that special incentive is and how it works. In the area of new trades apprenticeship, tool and die maker was indicated as being one. Now, all the other trades had, I would imagine, some certification because when the graph was made out as to how many certificates were issued, how many apprentices and so on, there was indication that either there had been a grandfather clause or something because people had certificates. In the tool and die maker area, there was none. I'm just wondering, does that mean that tool and die makers were never certified before and if we're going into this apprenticeship program, will they all be certified only in the future, or what is the position of the Labour Department in that regard?

One other question in respect to pre-employment orientation: I don't believe we got any figures on how many students from the various schools had been put out for pre-employment training or orientation. What kind of industries were they involved in, aside from the construction areas, because I do know that they were also involved in the packing house industry but more in the trades area, that is the powerhouse area and the carpentering and the electrical and so on. I just wondered whether we could get a brief description of that.

Now I know the Minister may not have all of this information at his fingertips and I'm prepared to trust him that he'll pick it up if he hasn't and submit it to the committee at a later time or else to myself or any other member of this committee.

MR. MacMASTER: The report on the Compensation Board, the Lampe's Report, is at the printers.

Hearing loss is in fact compensatable. I know it's a difficult area. I know there are some great debates about the percentages that should and should not be allowed.

The Health Department thing, I tell the Member for Kildonan I will get that, that our relationship to the

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Health Department and the people that are working there . . . I'll get that. I'll get it documented, I'll give it to him, I tell him that.

The tool and die trade — the member's asking — it's going to be a possibility for people that have been in that kind of work, as others do, to take a shot at writing the exam. And yes, I can assure him that will take place. It isn't right there now; we've just proclaimed it as a trade and we have the curriculum established. We have the committee established; I've appointed the reps on the Advisory Committee. It's going; the same with the mold and pattern worker. We'll do the same with that. I can assure him that both of them will have the same opportunities as others. The numbers in the pre-employment categories at the schools — I'll have to get those numbers for him. I just don't have that. I have to tell the member in all honesty I don't know of any outstanding questions, maybe he can think of one.

MR. DEPUTY CHAIRMAN: The Member for Kildonan.

MR. FOX: One question flows from the answer and that is that tool and die makers have never been certified previously? That's one, and secondly, let me also ask him in respect to one female apprentice as a power engineer, could he inform the committee as to what category of power engineer? I understand power engineers as someone who qualifies for steam, refrigeration and electrical power engineer, or is this specifically related to Hydro's needs as an operator in respect to a power station operation?

MR. MacMASTER: It's strictly related to Hydro. The tool and die was not a certified trade by Manitoba in the fact that Manitoba didn't have a curriculum or a course, there were certainly tool and die tradespeople working in the province. The burning need for that, I think, was obvious to all of us. We just didn't have that trade established in the province and had to get on with it, if for no other industry, and there's lots of others, it was the aerospace industry. They were just crying for it. As I said to the member before, I am blessed with being in a good position now, not as good as I want it to be, but where I also have something to say about immigration.

We're aware that an awful lot of the tool and die people, some of the best in the world, came from Germany and from Europe and this is what industry has done over the years. My philosophy is pretty simple. I think there are a hell of a lot of Manitobans that can be trained, and some of them are already in the workplace that would love an opportunity to upgrade themselves. Some are out there, young people, middle-aged people, who want to get a shot at a trade that's going to be there for a long time. So it's established now and I can assure the member that there will be opportunities for those that have worked in related work to write for that exam or — I just don't know the exact system — how you can cut in at the fourth, third years' worth and upgrade yourself and write for your ticket.

MR. FOX: Will the Minister indicate whether people who have been in the trade and are established and may not necessarily want to write the written exam . . . Is there a grandfather clause involved in respect

to some established tool and die makers who are now journeymen, have been at it and will not necessarily want to write for a certificate, can they get a journeyman's ticket?

MR. MacMASTER: Mr. Chairman, I'd rather not guess at it. I'll get the answer if there is a grandfathering clause, the same as we had with the Miners Apprenticeship Program when it first came in; a whole raft of people became tradesmen in that particular trade. I'll find out and get that answer.

MR. FOX: One question the Minister omitted and I know it was inadvertently, was in respect to the special incentives in the private sector to employ female apprentices.

MR. MacMASTER: Mr. Chairman, I suppose it's an incentive but it's in a different way. It's not an incentive given the company, it's incentive in the fact that we pay the person's salary and I don't remember the number of weeks, but it works its way out of it as time goes on, and I can get those figures for the member. But it has similarities to the New Careers Program where we do pick up the bulk of the salary when they are first coming on line and it works its way out of that, and I don't have that exact schedule in front of me. But it's not an incentive to the company *per se* to hire somebody, it's an incentive by the fact that we're paying the salaries to the company if in fact they'll employ the person in meaningful — and put them through the appropriate procedures.

MR. FOX: Does that mean that the employer will receive the amount and pay the apprentice or is it the other way around, the employee will receive the incentive, whatever amount it happens to be? Further to that, Mr. Chairman, how is this particular incentive publicized? Is it publicized at the school level or are the employers informed, or is just the industry informed so that people will be aware of this particular incentive?

MR. MacMASTER: All three parties in the province are aware of it. The Federal Government, of course you are aware, is quite deeply involved in this and I thought it had been reasonably well advertised.

MR. FOX: It may be, possibly I'm not reading enough industrial news because I wasn't aware of it until I noticed it in the Minister's Report. But I would appreciate a . . .

MR. MacMASTER: Schedule.

MR. FOX: . . . a schedule, yes, that would indicate where this is. Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The Member for Logan

MR. WILLIAM JENKINS: Thank you, Mr. Chairman, I believe this is a part where we deal with the Workers Compensation and I have some questions to the Minister with regard to compensation.

I think I raised with the Minister last year and perhaps the year before the thought of an expanded information service, for the Workers Compensation, dealing with making workers aware of what they should do if they are injured, how to file for their

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claims and things like that. We don't have that problem that much in organized shops but where I think the real problem lies is where people are working in unorganized places. I know that we have booklets and such going out, pamphlets, and while they serve a certain purpose, Mr. Chairman, — a number of years ago I think the Workers Compensation did a little bit of TV advertising; mainly it was entailed with safety, I think, at that time. But I think that what the department and the Compensation Board should be looking at is not only safety but also a program entailed with telling people how they would file their claims, emphasizing, — I think the Minister has already said when we were discussing Workplace, Safety and Health that people are becoming more aware, even when they get a splinter or a splinter, that they report them. That is one of the messages that we seem to have to be able to get across to the people.

I just wonder if the Minister has explored with the visual and audio media, mainly T.V. and radio, they have public service spots that they have at times, if the Board has explored that. I mean that would be one way of doing it, of being able to get that visual message, which seems to be in today's world the best way of getting to people, because if people see it, it's repeated at various times — we only have to look at the great battle that's going on today between various companies in the same field. Some, well I can throw one out for instance. The T.V. battle is going on today between Pepsi-Cola and Coca-Cola and surprisingly enough, the sales of Pepsi-Cola are increasing because of the message that they are getting across to the public on the testing of drinks. I'm not here to tell you which drink is better than the other. But I think and I feel that the Board itself would be doing a service to the working public of Manitoba if they thought a bit about that type of a program and perhaps not concentrate as much on the written word as they have in the past. Has the Minister given any thought to that or the Board?

MR. MacMASTER: Mr. Chairman, the member is correct that there are more pamphlets going out, more being distributed throughout the province, Part 1 or Part half of one, whatever that is.

What the member is really talking about is part of the concern that I had as a Minister responsible for that Compensation Board and that's a good chunk of the reason why that Lampe Committee was established, (a) to give us some recommendations in conjunction with the Compensation Board and all the briefs in the hearings and everything else that they heard on how to get the message out more, how to make people aware, how to pound it into people's heads that they should in fact report accidents. You know, we have talked about it for years and years and years. I hear, as I travel around the province, more people saying they are now doing it. There's no question in my mind; union leaders tell me, individuals tell me, that people now in fact are getting to that point where, the heck with it, if it's a twisted finger, rather than just wrap an old rag around it, they go and do something about it. I suppose when I was younger, I was as guilty of that as everybody else. I wanted to get the job done, get finished, and get out of whatever bad spot I was in and get away.

The Lampe Committee, I'm sure, dealt with that very precise thing. We wanted some very simple

things done and of course some complicated things. We wanted to make Manitobans aware of their rights, make sure they knew what they were and make sure that they knew that they should be reporting them, and make sure that the procedure in getting a claim established is simple and understood. I don't know the last time when the member looked at a Compensation form but to a lot of people who have never bothered with those types of forms, it looks like one of the new Federal Income Tax forms. You know, it's sort of baffling to a lot of people and I know over the years many people have said, the hell with it, it's only a cut finger, I'm not going to bother even filling it out.

So that was part of the role of the Lampe Committee, to find out from people, as they travelled around the province, how aware they were of their rights, and then do some thinking about how their rights should be established and how people should be made aware of it, and to get their procedures pretty simplistic so that the average working man and women in the province can fill out a form and feel comfortable that they are not tied up in such a jungle of bureaucracy, that something is really going to happen.

MR. JENKINS: Well, I think what the Minister has said is quite true, that the safest thing that you can do if you're injured, and it doesn't really matter how minor the injury is, is that you report the accident, and that if there is a complication, that you get a claim and a claim number. I think that is the big thing and I hope that the committee, when it reports, will have dealt with that. It's one that I have been very interested in for a number of years because I think that many of the problems that people come to MLAs with, after the fact, is that many of the problems were the inability or the lack of care of reporting and actually getting a claim established. That has been a real problem and if the Lampe Commission comes up with something, I certainly hope that the commission, when it reports, will deal with that aspect, because I think that one of the problems is to get that message out to the people. And if the Minister is saying that through his travels through the province, that people are doing this more and more now, are reporting, that is indeed good news. I imagine he, like I, will not be satisfied until 100 percent of the people are doing it. That is a real problem that we have, getting that message across. That is why I suggested, and I have suggested, and I guess as long as I'm here I'll keep suggesting that we keep working at it and I hope that the Minister will.

There is another problem, too, that I have raised in the past. I raised it when we were government; nothing was done, and nothing has been done. I raised it with this government, and that has been, has there been any thought of establishing rehabilitation centres for people who are disabled so we can work them back into the main workforce stream, because many of the people are not able to go back to the type of employment that they were employed in previously. I think Ontario has been able to do this quite well because they've been able to set up, from what I understand, rehabilitation centres where they retrain people to make them able to get back into the workforce. Just where and what stage are we in Manitoba at the present time? Are we just

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using the Rehab. Centre here in the City of Winnipeg at the Health Sciences Centre or are we anticipating setting up centres at various parts of the province? It might be better if we could take these people away from the environment where they were and set them out into nice areas where we can set up the type of workshop where we could rehabilitate them. Some people may not be able to go back to the type of work that they were involved in. What kind of training programs have we got at the present time? What is the Board itself thinking, and the Minister, with respect to setting up of rehab centres here in Manitoba?

MR. MacMASTER: Well, I don't know at this moment the total need for the word rehab centres. I have said just in the last-half hour that rehabilitation is a pretty high priority with myself. I have never kept it a secret; I've been talking about it for many years. The Lampe Committee is aware of that being a pretty strong personal desire of myself that better rehab services be provided to injured people in the Province of Manitoba. I have reason to believe that the Lampe Committee will be dealing with that issue pretty reasonably.

MR. JENKINS: Has the Board itself done a study of the rehabilitative services such as they have in Ontario, with the thought maybe of — if there were places available where we could send some of our workers that were injured for rehabilitative services, if there were places available in the Ontario system

MR. MacMASTER: I know that our Board is certainly aware of what facilities and what opportunities are available for injured workers in other provinces. I suspect that they think that they're reasonably satisfied with what they have in place now in Manitoba. I suspect that, by practise, because the last twenty some-odd years I've been involved, they have been updating them a little bit, but no great dramatic change in rehabilitation services in the Province of Manitoba. Again, I'm sort of pleased with myself I guess, that the Lampe Committee was established and that I certainly made the message loud and clear that I have a little more than passing concern in the rehabilitation systems that are in place.

MR. JENKINS: Thank you Mr. Chairman. Has the Minister met with the Injured Workers Association? I believe that they were requesting that there be some financial support for this association from the Department of Labour. Now, I'm not asking the Minister to declare a policy or anything, but has this request been made of the department? They seem to be having difficulty since their only sustaining funds it seems at the present time are from memberships and a small grant that they've received. From what I understand, they're finding it very difficult to carry on their organization, and I just wondered if they had been in touch with the Minister on this problem.

MR. MacMASTER: I've met with the Injured Workers Association on different occasions. I think at one particular time, and I'm guessing that it was a year-and-a-half, two years ago, they did in fact ask for financial assistance and it was declined at that

time. I think I've displayed a little more patience, if you wish, with that particular organization than my predecessor of five or six years ago. As the amusing story goes, the difficulties he had with some of that particular group in his office — and we sort of smile in retrospect when we remember the difficulties he had. The organization in question has been talking to governments of all stripes in this province for I don't know how many years. They made some pretty strong representations to the Lampe Committee and that's really all I can say about that particular association at this moment.

MR. JENKINS: Has there been any research by the Board into lost time being avoided by companies paying full wages to employees to have them sit around, rather than go on compensation in order to avoid having their premiums raised? It's a problem. I know it happens. It happened where I worked at one time. I don't know how it is now, because I haven't been there for a while, but it was a problem. Employers thought that rather than have workers go on compensation, they would rather have them at work, than being paid on compensation. I blame the employee just as much, because it takes two to tango in that sort of deal, but I just wonder if this sort of a practise is still going on and whether the Board is looking into that and has made any research to see if that this sort of practice is not on the rise, but is being discontinued.

MR. MacMASTER: I don't know that they're doing any research into it. I know that it was a fairly substantial problem that I was involved in myself many years ago. I can't say 100 percent that it's not taking place, particularly in the northern mining communities. I know it's nothing like it was 15 years ago, and by and large, I think the practise has ceased; now you can always find an exception or two to that.

As union leaders we sometimes had difficulties with our members, company employees, telling us in no uncertain terms what to do. They were quite satisfied to be doing what they were doing. They were happier to be where they were. They were convinced they were better off where they were and they sort of told us where to go, so it was quite an education program that we had to go through; education process with our executive and our union stewards to try and get the message across that the person in fact, wasn't doing himself a favour or really the company a favour, by being there. I don't believe it's a widespread practise anymore. There may be occasions where it takes place and it's sometimes a little difficult with the employee who dogmatically says, this is my life, my business, keep your nose out of it, sort of thing, and sometimes much more harshly.

MR. JENKINS: Yes, I agree with the Minister. This is one of the problems that we had in the past and quite true. The unfortunate thing is that sometimes that injury, by the fact that it was not reported in that way, later led to complications that made it very difficult for the person to get compensation and that is the reason that I asked the question. I hope that the practise is practically vanished. However, I wouldn't swear that it has, but nevertheless if the Minister says he thinks there is less of it going on, let's hope that he is right.

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There are some other questions that I have that are not dealing with Workers Compensation. They were with others that kind of slipped my mind at the time and I just want to throw them in at this time. How close does the department work with the Winnipeg Technical Vocational High School and the Composite High School here in the Province of Manitoba in recruitment of young people into the apprenticeship system?

MR. MacMASTER: I know that our apprenticeship people are working very closely with all the colleges and schools, the Department of Education and the entire system. I can't tell the member just how close, but I know that in the last few years we've been advocating a great deal of that.

I've been on a bit of a kick, and a lot of the department now is getting on it, where we're trying to get the message out that university isn't the only way to go, that to be a tradesman is a very professional, credible way of life. Maybe it's easy for me, because I was one myself, but I just believe that very strongly. I really also believe that the whole future of our country depends on us educating people to the fact that if little Johnny wants to be a pipefitter, that's a damned good profession. It shouldn't be frowned on by the neighbours. I guess there's as much education to do with the parents as there is with the kids. You walk around, you don't hear too many people saying that my son is going to be an electrician or my daughter is going to be a painter, but you sure hear a lot of people bragging about little Johnny is going to university — doesn't really know what he's going to be but he's going to university. I don't think that's absolutely, necessarily the way that society has to go. When you look at what's happening in our country with the major massive developments that are going to be taking place in the near future, our country depends on it. It's a heck of a good way of life for young people to be encouraged to get into it.

MR. JENKINS: Yes, I agree with the Minister; that was one of the problems that we had when I was on the Winnipeg School Board, was to get the recruitment of young people to go to the Winnipeg Technical Vocational High School. It unfortunately seemed to have a bad reputation, that that was where people who couldn't make in the general academic stream had to go. But that is not the case because we turned out some very excellent students out of the Winnipeg Technical Vocational High School. We turned out some very excellent students out of the R. B. Russell, which was a junior vocational high school. I just wonder, in the main, where do we get our recruits for the apprenticeship programs in Manitoba? Are they in the main from technical vocational schools, composite high schools or are they from the general academic schools, or if there has been any research into that? If the Minister doesn't have it available, I would be quite happy to have him give me that later on.

MR. MacMASTER: Certainly the technical schools are great advocates of it and the more people are made aware of what they are and what they prepare you for, there are more people coming to them. But I think we're going to see — I guess I'm just a believer in my own philosophy — but you're going to

see more parents encouraging their young people to go that route. So it's a combination of a lot of areas now but certainly the technical schools are being just exactly what they are, advocates of that, and the more people become aware of what's available there and what future those young people have, the more people naturally are going into the trades.

MR. JENKINS: That's quite true, Mr. Chairman, and I think that school boards, not only just the Minister, but Boards of Education have to be great advocates of technical and vocational education because I think that is a field that we have neglected. I know that the costs of these types of schools are more expensive than the ordinary straight academic stream but if I can give you an example, I remember when I was a member of the Board of Education of the City of Winnipeg, that we visited technical and vocational schools in Eastern Canada, the Eastern United States and the City of Buffalo, which was at that time about the size of metropolitan Winnipeg with 12 . . .

MR. MacMASTER: That was before the Sabres and Gil Perreault.

MR. JENKINS: Before the Sabres, yes. It had 12 senior high schools and of the 12 senior high schools, six were technical-vocational senior high schools. The boys and girls that went there, many of them while they didn't go into the trades, they went on from there to university, especially in the chemical industry and they got very good grounding in those schools in order to carry on and go into university. I believe the City of Toronto also does the same thing with its senior technical-vocational schools, which has a five-year program as an entrance to university in the technical industries.

So I agree with the Minister, it is not a type of course for those who can't make it in the academic stream; there are some very good students that go there. My two boys went to the Winnipeg Technical Vocational School. They also subsequently went to Red River Community College and graduated in the technology. So I think that it's a good course; it's one that I believed in and it's one that I advocated and I still advocate; I think it's a very good course.

Speaking about incentives, are there — and these are not incentives just for the women in the workforce — are there any incentives to the apprentices going into the program, financial incentives from the province in the field of apprenticeship training? I know there used to be at one time. I just wonder if it's still being carried on.

MR. MacMASTER: I'd rather not guess at it; I just don't know.

MR. JENKINS: Well, if the Minister could find that out and he can let me know at a later time.

That, Mr. Chairman, pretty well sums up what I have to say about the Workers Compensation. I hope that the report will soon be available. I'm sure that he's looking forward to receiving it; I know I am. I'm sure the Member for Churchill is looking forward to receiving the report.

I want to thank the Minister for the answers that we received. I think we've had a fairly good discussion of his Estimates. We're not always satisfied with the answers that we receive but then

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that's part and parcel of the whole process of examining the Estimates in any department.

MR. MacMASTER: I'm not always happy with the questions.

MR. JENKINS: The Minister says he's not happy with the questions.

MR. MacMASTER: Not always.

MR. JENKINS: That's fair ball; I think it's true. I just want to raise one other issue with the Minister. I hope that his department is going to look into — he's promised that they would — look into seeing if these young people who are working have adequate insurance coverage. I'm talking about the young boys and girls who are working as entrepreneurs on their own. I hope that the Minister and his department will look into and see that these young people do have adequate insurance coverage in case they are injured.

MR. DEPUTY CHAIRMAN: (1)(a) — pass.
The Member for Churchill.

MR. COWAN: Just as a side note. If possible, the Minister should have told us at the beginning that he wasn't always satisfied with the questions and perhaps we could have done something about it, although I doubt it, seriously.

I'd like to talk a bit about Workers Compensation and have been waiting to do so throughout the Estimates, having been given an indication at the beginning that this was the proper area in which to discuss the matter. I'd like to talk first about the injured workers association. It's an association that we are all familiar with and when I say we, I think I mean every individual member of this Legislature has at one time or another had some contact with that group and representatives of that group. I think I could also say without fear of much contradiction that probably every Member of Parliament and every municipal officer from time to time has had contact with them; they're a very active group and a very dedicated group and bring forward, among many ideas, some very good ideas from time to time.

One of the representations which has been made to me consistently by representatives of that group is in respect to a statement that was made by the then Labour critic under the previous administration. The Honourable Member for Fort Garry was at that time Labour critic and he had indicated when discussing this matter, I believe in Estimates, to the Honourable Member for Transcona, who was then Labour Minister, that this group should receive some recognition. There was an implication; perhaps I should rephrase that. There was an interpretation by representatives of the Injured Workers Association that that meant monetary recognition by government and they have asked me on numerous occasions to bring this matter to the attention of the Minister. I believe we have in the past and I think it's probably appropriate at this time to ask him if he has considered that option on the part of the government and if so, if he can provide us with any update as to his thoughts in respect to providing some financial funding for the Injured Workers Association to allow them to continue on in their efforts.

MR. MacMASTER: Monetary assistance has not been considered.

MR. COWAN: Well, perhaps the Minister could be more explicit in his comments. Does that mean that they are not going to consider it? Does that mean that it is out of the question right from the start, or does that mean that there is an option for consideration of the same and that the Minister is willing to take that back to his department and to his colleagues?

MR. MacMASTER: I'm always prepared to receive justification for assistance from my department. I have not been satisfied yet, that in any conversations that I've had with the Injured Workers Association that justification is there at the moment.

MR. COWAN: Well perhaps the Minister can provide us with some insight as to how he perceives the function of the Injured Workers Association with respect to his own portfolio. I'm not asking him to give us a wide ranging treatise on the Injured Workers Association, but does he perceive it to be playing a useful role in providing information to the government and providing representation to the government in acting as a lobby group and in that way as a pressure group on the government, regardless of their political stripe? Because as the Minister indicated, it does not matter which political party has the government at the time, the Injured Workers Association is going to make their representations just as stringently and just as strongly as they have in the past and will in the future. Perhaps he could provide us with some of his own observations on what role that group plays, because that would have an important effect on whether or not he would see justification for funding to be an option to them.

MR. MacMASTER: I suppose my rationale is very similar to previous Ministers of Labour for years in the province. I'm quite happy to receive the Injured Workers Association, listen to their presentations, take from it, what I deem as possible to review and look at. I have arranged numerous appointments for individuals associated with that association with the Compensation Board, to review their cases, to present their cases, and that really at this moment is the limitation that I see as the role of that particular organization.

MR. COWAN: The Minister perceives it to be a self-financing organization which has taken upon itself the responsibility of lobbying different Ministers, different government officials, different elected officials and other persons on behalf of individual members. Is that a correct analysis? The Minister indicates that it is. I'm not so certain that those remarks won't be taken by the association in the future to be interpreted as a commitment to funding, although I can assure him that they're not intended in that way. But it is a question that they'd asked me to bring forward on their behalf and I have done that.

Perhaps in the future they will be bringing it forward to a government of a different stripe who will have to deal with that problem, make those decisions at that time, as to whether or not they find that request to be a justifiable request. I think the record should be clear on that.

In regards to Workers Compensation, we have heard a great deal of discussion lately about the accessibility of records by the employees who are appearing before the Compensation Board, by persons representing those employees, and there seems to be some difficulty in gaining accessibility to records that are kept by the Workers Compensation Board on behalf of — that's the wrong phrase, excuse me — are kept by the Workers Compensation Board on cases which they are actively considering or inactively; not actively considering. I would ask the Minister if he can provide us with a policy statement as to what records are accessible to a worker, what records are not accessible to a worker and if he can provide some inside as to why those decisions have been taken?

MR. MacMASTER: It has been a standard practice across our country that the records are, in fact, confidential. Boards in all jurisdictions will argue it for a variety of reasons, but one of them — they feel that the doctor's opinion will not be as candid, open and as honest if they know that it's going to be reviewed in relationship to the intricacies that take place when you're trying to establish a compensation form. Whether that is valid or not . . . I know there was just recently a court ruling in, I'm guessing, I think it was British Columbia, for a particular individual, on a particular set of circumstances, where they felt that the individual should be permitted to look at his file. I don't know whether that will, and I can't remember whether it was British Columbia, be received in that jurisdiction as meaning that all files in the future are open. I do know that the Lampe Commission was presented with that particular problem. I expect, knowing the three individuals involved in that commission, that they'll deal with the majority of problems that they are presented with, and it's going to be interesting to see what their viewpoint on that is.

MR. COWAN: I'd like to discuss this in a bit more detail with the Minister because it is an area of some concern and I think the Minister hit the nail on the head, if I can use a colloquial, when he said that the reason the records are confidential and the reports are confidential is that doctors — and I don't mean to single them out — other persons, that would be making representation to the Board would not be as candid, open and honest. I think those were his words; candid, open and honest; in respect to providing opinions, if they felt that there would be an opportunity in the future for those opinions to be reviewed by the individual who was making the appeal or making representation to the Workers Compensation Board for a compensable claim. I think that is a problem. I think that the doctors should be candid, open and honest and I think that the doctors have a client-patient relationship, a doctor-patient relationship, a doctor-client relationship with their patients, and that when they say something to the patient in respect to their injury, in respect to what they are going to say before the Workers Compensation Board, they should be willing to say that to the Compensation Board as well. There is only one way to check that. There are only two people that are privy to that information, one is the doctor and the other is the

patient, and I would hope that the patient would be able to check what the doctor is saying behind the closed . . . that can't happen because the patient can't get access to the doctor's remarks that are made at the hearings. I would ask the Minister if he agrees with that assessment, and if he does agree with that assessment, is he willing to do something about it?

MR. MacMASTER: I think you may find, in prefacing the remarks I'm not saying that is a closed file, no pun meant, sort of a situation in my mind. It's something that I've been aware of for a long time and have mixed opinions on. But there is a very real possibility that after hearing those types of presentations, and I know in fact the same case that the member has presented, maybe he prepared the presentation for someone who made that to the Lampe Committee, but those types of words were presented to the Lampe Committee when they were travelling through the Province of Manitoba. I think in fairness to them, we should let them see — on an overall basis, they have reviewed the entire system pretty thoroughly. They may have some pretty revolutionary sort of recommendations to make and that may be one of them. I guess in answer to the question, if it is, I am prepared to deal with it.

MR. COWAN: Well, just to assure the Minister, I don't recall having written any representations for that committee, so I don't believe that was the case. However, I may have had discussions with people who were making representation to that committee, not about their representation but about the general problem.

But I can assure him that the problem is a grassroots problem that has been brought to my attention by numerous persons who have had to deal with Workers Compensation Boards and have found this to be an impediment to what they believe to be their right to full information. If we can use the term that's banded about too much, freedom of information, or perhaps it's not banded about enough, I don't know. But the fact, is this is certainly an area where they do not have freedom of information and yet the information that is being compiled is about them. There is no reason for them not to have freedom of that information and access to that information. So it's an area that I believe demands attention. I don't know what the committee is going to say on it; I don't know if the Minister knows what the committee is going to say on it.

However, regardless of what the committee has to say on it, the Minister has to make a decision. If the committee does not deal with the problem at all, then the Minister has to make a decision whether or not he wants to initiate action. If the committee does deal with the situation and they say that this is fine, that in fact the system is working and it is an appropriate system, then the Minister has to determine whether or not he wants to accept that recommendation. If they make the revolutionary recommendation which would be that this system is not working, that people should have more access to information — and I use revolutionary because that's the word the Minister used — then he will have to make a decision as to whether or not to act on that decision. So the fact is that the decision is going to boil down to the Minister in the end, no matter what the committee says.

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I would be somewhat hesitant to ask the Minister's opinion on this if that committee was still in the process of compiling their report and developing their recommendations, because that could definitely steer the results of their recommendations. It could definitely have an impact on their recommendations. However, that report is in; it's before the printers and therefore any remarks that are made today at this time will have no impact on the recommendations of the report. They have been decided; they have been discussed and they have been made.

Further to that, the Minister says that he is going to deal with it. Actually, he said if the committee makes a recommendation he's going to deal with it, but I would suggest to him he's going to have to deal with it no matter what because it's a problem. I would like to know from the Minister, because he says he is of a mixed opinion on this subject, what benefits he sees to opening the books more, to opening the records more, and what disadvantages he sees outside of that which he had suggested was a disadvantage earlier and that was in respect to the candidness of persons making reports to board?

MR. MacMASTER: Mr. Chairman, I use the Minister's rights in this particular case and say I'll deal with that at the appropriate time and I don't think right today is the day to debate the pros and cons of that and try and boil it down to a decision.

MR. COWAN: I think we may have to have that discussion again and I know I can't force the Minister to answer the questions and I accept that he does have a prerogative not to answer the questions if he so desires, but I would wish we had been able to get more answers to that.

On the question of assessability of records and the Workers Compensation, are there any outside agencies or persons not directly related to the case and not empowered by an individual who has a case before the board, who can gain access to the records of the Workers Compensation Board?

MR. MacMASTER: I don't think so.

MR. COWAN: I didn't think so either but I'm certain the Minister is aware, or if he is not aware he should be made aware now, that there is a group and I don't have my detailed information available to me right now, but I believe it is called Equifax, which has sent out circulars to employers suggesting that they have access to Workers Compensation records on employees. Let me explain what I remember that correspondence to say and to assure the Minister that I think I can get a copy of it if I don't have a copy available now. But what it says — it's a circular to employers — and it says that the employers, by subscribing to this service, will be able to have information given on specific employees for which they request information respecting their time off work, respecting any claims they have made to Workers Compensation in the past. The implication is, because it was sent to Manitoba employers, that it is a Canadian service although I'm not certain whether that group operates out of here or the States. I would ask the Minister if this situation has been brought to his attention and if so, what action he has taken in respect to investigating where that information is coming from?

MR. MacMASTER: It has never been brought to my attention, Mr. Chairman.

MR. COWAN: Well, having brought the matter now to the Minister's attention, I'd ask him if he could check with his department and check with other Compensation Boards across the country to see in fact if they have experienced any difficulties in respect to the leakage of information and to see if they can come up with some analysis as how this firm is able to provide this kind of information.

Further to that, I will try get a copy of the circular to the Minister so that he can have that before him when he makes those investigations. It is an area of some concern and as the Minister says, he's of mixed opinion on the accessibility of information to the employee, but I'm certain that he is not of a mixed opinion on the accessibility of information originating from Workers Compensation cases to other employers or to persons outside of the actual case and that this an area of serious concern in that respect.

I don't expect the Minister to have the information before him now, but I would hope that he would be able to provide a list in the near future of those industrial diseases which are considered to be compensable industrial diseases by the Workers Compensation Board and if he can provide some statistical background as to how many cases in each area have been accepted by the Board and how many cases have been rejected by the Board. We can get the accepted figures fairly easily from annual reports, although they don't break them down into specific diseases. They do in certain instances but the breakdown in the reports does not go far enough to provide the detail which we need. However, what we don't get is the number and the types of cases which are not accepted, and I think that's important. Now I don't expect the Minister to have that information before him now; I hope he can transmit to me by correspondence at a later date, so that we can have it for discussions in the future.

But I would ask the Minister now if he can indicate how it is the Board decides whether or not a disease which is suggested to be industrially related will in fact be compensated? What criteria do they use to extend whatever list exists now to accommodate new information, to accommodate new data and to accommodate new cases that come forward to it?

MR. MacMASTER: I think a lot of it relates to experiences in other jurisdictions; a lot of it relates to established documents that do in fact verify that something can and should be considered compensable. I think a lot of it, unfortunately, relates to past tense, of those who have had problems and it's been established that in fact it was directly industrially related.

MR. COWAN: If there were an industrial disease that was new to the Board and representation was made to the Board for compensation for that disease, they would do a literature search of what had happened in other provinces? They would do a literature search of what happened in our own province and then using that information, they would attempt to determine whether or not there was justification for a decision on their part to include that in their list of compensable diseases and in fact

to compensate those individuals that made the case to them. Is that the proper analysis? The Minister indicates that that is.

The problem with that system is that the individual who is making the case each time must do so on an ad hoc basis. In other words, it is up to the individual worker to prove the case. Now, the Board will do the research but the fact is that the individual worker must first make representation to the Board that he or she believes that they have a compensable disease, and that does involve a lot of time and a lot of effort and a lot of work. That's one of the areas, by the way, where the Injured Workers Association can provide some great assistance, but that's an aside, as well as the labour organizations. I don't mean to belittle the effort of the different organizations that have made representation on behalf of workers to the Board in the past; they all have an important role to play. But I think the department has an important role to play as well, and that role is to try to get one step ahead on the situation and start to develop a list of diseases which they believe to be compensable and then make that list known, because as the Minister knows, we are in an area now where the advancing technology and advancing knowledge is of such a nature that we are going to see more and more of these sorts of cases come forward, and if the Board has to decide on every instance in an ad hoc way, they are going to get bogged down in trying to make that decision. So, we'd like to see something more positive in that respect.

I noticed the hour is fast approaching 12:30 and I don't mean to prolong the Estimates, although we would like to make a couple of concluding remarks. But I wanted the Minister to know and to give him this assurance, that we don't mean to prolong the Estimates unnecessarily but we did want to talk in some detail about Workers Compensation because we believe that it is an area of great concern to the Minister. He's indicated in the past that he's very concerned about it and it is one area where I think we get the most calls as individual MLAs. I don't know about the Minister but I know I get more calls about Workers Compensation cases than about any other specific area.

MR. DEPUTY CHAIRMAN: The hour of 12:30 having arrived, Committee rise for Private Members' Hour.

SUPPLY — CONSUMER AND CORPORATE AFFAIRS AND ENVIRONMENT

MR. CHAIRMAN, Abe Kovnats (Radisson): This Committee will come to order. I would direct the honourable members' attention to Page 31 of the Main Estimates, Department of Consumer and Corporate Affairs and Environment, Resolution 38, Clause 3. Corporate Affairs, Item (a)(1) Salaries — pass — the Honourable Minister.

HON. GARY FILMON (River Heights): Mr. Chairman, if I may, I did give opening remarks on the Corporate Affairs area in my opening statement, but in the House on Tuesday, I believe it was, or Wednesday, I was asked a question about whether or not the Astra Trust Company and the ReMor Management Investment Corporation have been

registered in the Province of Manitoba. I stated at that time that I did not believe they had been and that I would look into the matter and bring it forward with my Estimates, so I have the information. The Astra Trust Company was incorporated under federal law and of course, these federal corporations are automatically required to ensure public deposits under The Canada Deposit Insurance Act. Federal trust companies have the fundamental right to carry on business in any province. However, if they had wished to come into Manitoba, they would be required to be registered under Manitoba law. No application for Manitoba registration was received by the Corporations Branch.

With respect to ReMor Management Investment Corporation, it appears that this company was involved in many types of activities and had they sought to solicit public funds or issue securities in Manitoba, they would have been subject to review and supervision of the Securities Commission. Similarly, if they had wished to engage in mortgage brokerage activity, they would have been required to be registered under The Mortgage Brokers and Dealers Act and for the purpose of such registration, their activities would have been closely scrutinized. They did not endeavour to expand their activities in Manitoba and therefore are not registered in Manitoba. There's no record of any enquiry regarding registration in the records of the Registrar of the Mortgage Brokers or the Securities Commission. In 1977, the Corporations Branch received an enquiry as to the availability of the name "ReMor", the name was reserved for that company for a period of five years. However they did not proceed with a registration application.

MR. CHAIRMAN: (1) — pass; (2) — pass; (a) — pass; (b) Insurance Branch, (1) Salaries — pass; (2) — pass; (b) — pass; (c) Securities Commission, (1) Salaries — pass — the Honourable Member for Elmwood.

MR. RUSSELL DOERN: Mr. Chairman, I'm not sure if this is the precise area, but I wanted to raise a couple of questions with the Minister.

One is that we had a problem a year or two ago, with travel agent companies or corporations going bankrupt and this as you will recall caused some considerable inconvenience to Manitoba citizens, wherein one particular case, the travel agency went bankrupt and I think people were stranded and/or lost the amount of money that they had invested in their holidays.

MR. CHAIRMAN: Order please. I think, to the Honourable Member for Elmwood, this was discussed under The Consumer Protection Act, under Item 2, Consumer Affairs, as of yesterday.

The Honourable Member for Elmwood.

MR. DOERN: Well, Mr. Chairman, I assume that the Securities Commission has as a responsibility, the checking of corporations or should have the checking of corporations, Manitoba companies that are established, to see that they are properly financed and to see that they meet certain minimal standards.

Now I think that's more than corporate — it is or course consumer protection, but I also believe that the Securities Commission is the organization and

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the proper heading under which the establishment of those companies and their monitoring and their actions are considered.

Presumably that is the intent of this particular Commission, otherwise anybody can set up a company and do whatever they like and we'll then worry about consumer protection, so I think it's six of one and half a dozen of the other.

So I want to just say to the Minister . . .

MR. CHAIRMAN: The Honourable Minister on a point of order.

MR. JORGENSON: My honourable friend presents a plausible argument, however, last night at the insistence of the Leader of the Opposition, that matter was allowed for discussion under the preceding item, and my honourable friends are not going to have it both ways. You're going to discuss it under one item or the other. And it was discussed last night. Questions were asked, similar to what my honourable friend is asking right now and those questions were answered. And I think, sir, that we have simply got to determine what item certain matters are going to be discussed and having determined that, then stick to that item, and having passed that item, then you go on to another one. That item was discussed last night and answers were provided to the very questions that my honourable friend is asking right now.

MR. CHAIRMAN: The Honourable Member for St. Johns on a point of order.

MR. CHERNIACK: Yes, Mr. Chairman, just on the point of order. What was discussed last night by the Leader of the Opposition and not on his insistence, but on the basis that it was properly before us, was the question of the deposits that have been left with furniture companies which had become bankrupt.

The point I believe that the honourable member wishes to discuss is the role of the Securities Commission, its investigatory and licensing powers. And I too want to discuss it, not in relation to travel agencies, but in relation to another aspect of consumer protection.

Now it may well be, Mr. Chairman, that we have interlocking and overlapping areas, but the honourable member who was not here last night — the Honourable Member for Elmwood who was not here last night — nevertheless plans to discuss this under the role of Securities Commission. And I who was here last night, also want to discuss the role of the Securities Commission in that aspect of consumer protection where it has jurisdiction. And I submit, Mr. Chairman, that it's a proper case to do it.

MR. CHAIRMAN: I can see nothing wrong that we follow that type of questioning. The only thing that I suggested to the Honourable Member for Elmwood, was that the particular questioning that I could see was going to happen had been thoroughly discussed yesterday —(Interjection)— On the travel agencies.

The Honourable Member for Elmwood.

MR. DOERN: I don't wish to labour this point. There are two matters I want to discuss here. This is one, the other is the Winnipeg Mortgage Exchange, so

maybe the Minister could make some general comments here.

MR. CHAIRMAN: The Honourable Minister.

MR. FILMON: Just because I know that the member was not present during the discussion of the travel agency area and although it is available in Hansard, because my remarks will be brief, I'll just repeat the answer.

Firstly, the selling of goods and services comes under the Consumer Protection legislation in the province, whereas any type of corporation that endeavours to sell a security, would come under the Securities Commission and the type of transaction that the member is dealing with, was respect to travel agencies is not a selling of a security and consequently, did properly come under the Consumer Affairs area yesterday, and we did deal with it.

My answer to the Leader of the Opposition or perhaps it was to the Member for Wellington on that particular item, was that as far as we were aware, the one incident that was reported about two or three years ago, of a couple having lost a \$2,500 deposit was the only incident that has occurred in Manitoba in which a consumer has lost their deposit by virtue of a bankruptcy or a folding of a company that was involved in the travel industry. We are in discussion right at this present time with the Manitoba Travel Industry Association, specifically through their Legislative Committee and that discussion was entered into and begun under my predecessor's jurisdiction as the Minister, and I have carried it on within the first week or so in my office contacting the industry, discussing with them where the development of self-regulating legislation was at and finding that this was their very busiest time of the year, they preferred not to meet with me until after the end of March. We will be pursuing discussions with them with a view to developing self-regulating legislation possibly by the travel industry, but that is in hand at the moment under that basis. We certainly are concerned with any aspects of protection of the public but it does come in that particular case under consumer legislation.

Now if you'd like to address the topic of the Winnipeg Mortgage Exchange we can proceed on that.

MR. DOERN: Mr. Chairman, I just had one other question there and that is in the Throne Speech in 1979 the government promised to introduce legislation concerning travel agencies and then that appears to have been dropped. Does the government intend to proceed along the lines it indicated some year-and-a-half ago?

MR. FILMON: Again, Mr. Chairman, I say it would not be under The Securities Act and I think I've indicated that we are intending to proceed and we are in discussion with the travel industry about legislation that would be acceptable to the government for the purposes of regulation of that industry. I would hope to be able to bring that forward perhaps by the next Legislative Session, but at the moment I can only say that I'm discussing it with the industry. In other words, Mr. Chairman, we have not dropped the idea; it has not materialized at the moment.

MR. DOERN: Mr. Chairman, I'd point out to the Minister then that two Sessions will have gone by since the government made this commitment in view of a public outcry and I think a public need that the government did indicate it was going to do something a year ago and it didn't. It's not going to meet that goal now and now we're talking about the future. So I simply want to say to the Minister that I'm somewhat disappointed that whereas notice was served that something would be done to rectify a situation that the government has fouled it up to the extent that some two years minimum will lapse before any action is forthcoming.

Mr. Chairman, I want to turn to the Winnipeg Mortgage Exchange which has been I think an issue that has concerned hundreds of Manitobans, namely the investors in this company which made investments and presumably had the government stamp of approval in the sense of it was a bona fide company that operated for several decades in Manitoba and then all of a sudden one morning the announcement was made that the company had gone belly-up. As a consequence, many people, many of whom were small investors, finally found themselves, many of them being pensioners, found that their life savings were wiped out and that their investments in some cases which had extended some 20 or 30 years with the company, were of little value. So ever since that time it's been like a tennis match with the ball being hit back and forth across the court — I'm not even certain at this time where that ball is because on some occasions there was going to be a pooling of everyone's investments and everyone was going to receive in accordance to what they had invested — something along the lines of "from each according to his ability to each according to his need". This was a case of determining the percentage a person had invested in the company, I suppose, or in a division, and then payment for that particular purpose. However, half the time it seems that the courts have ruled that this is not the way it was to be handled but that certain people had preferred investments and that there would be a preferred line of investors or creditors or debtors, whatever they are, and that some people, therefore, would share the pie and the others wouldn't. There have been endless meetings, court appearances, payment of legal fees and so on.

The tragedy here, Mr. Chairman, is two-fold. One is that the legal profession, to a large extent, is the beneficiary. That is not necessarily their decision, but that is the effect of what is happening, that because of a prolonged court battle and different decisions being taken in the courts, much of the money is being eaten up. There are several million dollars available but I fear that many of those dollars will be siphoned off because of prolonged court battles. There have been rulings made by judges that I think were applauded and cheered by the investors and then the next thing you know that decision was reversed and then reversed again and it's extremely confusing to the investors. (Interjection)— I am not going to bite on that from my honourable friend; I am worrying about the government smokescreen, I don't want to get a Progressive smokescreen as well, then I won't be able to see anything.

I simply say, can the Minister indicate where that whole issue is now in terms of the investors and the courts?

MR. FILMON: Mr. Chairman, firstly, I would like to say that certainly the Securities Commission and the government are not responsible for any delays that may have taken place in any respect to the distribution of the assets of the bankrupt company. In fact, in the receiver's defence, he has long been prepared to make a distribution on a pro rata basis to the shareholders of the defunct company, but the intervening court action, which was precipitated by some shareholders who felt that they had specific claims on particular assets within the company, has caused the whole delay because it has taken a number of different court judgments and hearings to try and arrive at that.

Just in response to his suggestion that this whole delay has eaten up some of the returns that may have been available to the shareholders, it is my advice and understanding that rather than being eaten up, their situation has improved markedly over the past six months by virtue of the fact that they have been able to dispose of some of their assets at very favorable prices in some of their property holdings, and more so than that, they have been able to make investments at very advantageous interest rates so that now the position is better on a pro rata basis than it ever has been in terms of distribution of assets. But if I can just read from the recent report of the receiver to creditors of the Winnipeg Mortgage Exchange about what is happening with respect to the current court proceedings, perhaps this will summarize the situation.

"A large number of creditors had filed with the trustee proofs of claim indicating that they claimed a secured position. All of these creditors were notified by a notice of motion made on behalf of the trustee in the Manitoba Court of Queens Bench, returnable January 27th, 1981, for an order to set aside the claims for security. A number of other creditors instead of claiming a secured position, had filed with the trustee proofs of claim to property alleging that the mortgages allocated to them by Winnipeg Mortgage Exchange Limited are held in trust for their benefit. As trustees, the receiver disallowed all such claims to property and the disallowances were all appealed to the Court of Queen's Bench within the statutory time limit. By order of the court made January 27th, 1981, trials are to be held to determine certain questions which appear to have a direct bearing on the status of the investors' claims and which may aid significantly in the resolution of those claims. The attention of the shareholders is particularly drawn to the fact that the court order provides that the trials of the issues referred to therein shall be without prejudice to the right of any investor to have his or her claim adjudicated by the court. Nevertheless, matters of principle may be decided by the court in the specific cases to be tried, referred to in the court order. As these may have a direct bearing on the other cases all investors were recommended to consider that it is in their best interests that a submission be made on their behalf at the trial."

The first actions are going to be proceeded to trial on the 27th and 28th of April in the claim of people who claim to be secured creditors. This may lead to other actions. I'll leave it at that. The situation is being complicated by the specific claims by those who claim to be secured creditors and until those

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court actions are dealt with the receiver is not in a position to act. But I repeat, that the receiver has always been of the view that he would act on a pro rata basis as soon as possible, as soon as he's allowed to by the courts and secondly, that there has not been a deterioration of assets during the process, there has been enhancement of the assets.

I'll just read one other bit of information on it. "In the meantime Thorne Riddell Incorporated as receiver manager, continues to administer the ongoing affairs of the companies and in particular to recover as much as possible from the mortgages and properties in the name of Winnipeg Mortgage Holdings Limited. In some cases they have been more successful than they had formerly anticipated would be possible, partly because of abnormal increases in value which have taken place in real estate in certain areas of British Columbia. In other cases the mortgage investments were such that little if any realization could be made. They are continuing to do everything possible to recover as much money so that the distribution to creditors, when the basis is finally determined by the courts, will be as large as possible."

MR. CHAIRMAN: The Honourable Member for Elmwood.

MR. DOERN: Mr. Chairman, I wanted to try to get one thing straight and also talk to the Minister about this particular point, and that is once the Winnipeg Mortgage Exchange was declared bankrupt or went into receivership, a lot of people were hurt. Hundreds of people were hurt and millions of dollars are at stake and the case continues. I just want to clearly understand, once the company was out of commission, what role did the Securities Commission play from that point to the present?

MR. FILMON: I'm advised that the Securities Commission has been participating with the RCMP in an very intensive investigation as to the events that led up to the bankruptcy and the RCMP has taken over completely this investigation and are preparing to make recommendations as to what if any charges might be laid.

MR. DOERN: I therefore conclude that the bankruptcy or receivership, I'm not sure what the correct term is, maybe both apply — both — I assume that this came as a complete surprise then to the Securities Commission.

MR. FILMON: The bankruptcy certainly did come as a complete surprise not only to the Securities Commission but to the firm's own auditors who audited financial statements annually that did not indicate the trouble that later surfaced. As a result of a rumour of a slow payment of a cheque, within 24 hours the Securities Commission instituted an investigation and when they got into the Corporation's information they were able to determine that things were in a shambles and that led almost immediately to the bankruptcy, that declaration and the receivership.

MR. DOERN: Mr. Chairman, I think the issue that I'm ultimately interested in here, I'm first of all especially interested in the Winnipeg Mortgage

Exchange, but I'm also interested in what role the Commission could have played or should have played, because I really think that when you have a disaster or a tragedy, whatever you want to call it, and it is for individuals, that we have to try to learn from this and go on from there to see whether there's anything that could have been done, and that any action that might be taken in the future to prevent similar recurrences.

We know that in Canada, in addition to companies going out of business for a variety of reasons of supply and demand and managerial incompetence and so on, we also know that there are sometimes crooked activities or we know that there are shrewd operators who set up corporations and then dupe the public or wind up declaring bankruptcy and somehow or other the corporation goes broke, but the main investors or partners or owners wind up as multi-millionaires and are able to pull money out or dissipate all sorts of funds.

I'm sure, Mr. Chairman, you must follow boxing as I do, even though tonight instead of going to the fights, I'm going to see the Yehudi Menuhin play his violin. He's a middleweight, but he's a heavyweight in terms of his ability. I want to remind you that only a few weeks ago, in the United States, that the corporation that was most closely associated with Muhammed Ali, I think took the Wells Fargo Bank for some \$23 million, and I assume that there was some —(Interjection)— Pardon? —(Interjection)— Wells Fargo Land Company, but they have a bank as well. No this is before the time of — the Member for Minnedosa is in the old stagecoach western days. At any rate, they had a bank and they had a company, a boxing corporation that I think took the bank for \$23 million, which is, you know, I spoke to a number of friends of mine, as a matter of fact about that issue and I said, you know, how could a bank, you know we all believe in banks to a degree, there's something sacred about banks, especially Canadian Charter Banks, how could they be so foolish as to allow all this money to be invested and presumably bilked from the corporation by a couple of fancy operators. These people obviously were able to get unlimited credit from the bank and they threw a lot of money around, they appeared to be high rollers, but in the end the bank is out \$23 million.

Now the Atlantic Acceptance was another Federal fiasco where millions and millions and millions of dollars, in what appeared to be a strong company, were lost.

So we then go to the local scene of the Winnipeg Mortgage Exchange, and I'd just like to know from the Minister and from his staff, once a company sets up and operates beyond the first year and over a period of years, what checks are there on that corporation? For example, if you establish a company and you meet the minimal requirements of the government, does that mean from that time until the company disappears, due to market conditions or preferences of management or because of the fact that there was fraud and incompetence exhibited on a large scale, is that all that the operators have to worry about? Or is there an annual system by which the Securities Commission investigates or requires information from these particular Manitoba corporations.

MR. FILMON: Mr. Chairman, one of the difficulties is that we are not in a position and probably

wouldn't be in a position short of having a small army of staff to do all the kinds of investigations, spot audits, that might go very much in depth, and in this particular case the irregularities that led to the demise of the corporation occurred in the manner in which the investment portfolio was being administered and all of the procedures of a normal audit by a large Canadian accounting corporation didn't uncover that in their annual audit in the financial statements they produced for us, and obviously for the distribution of the shareholders. At the same time if we were to have the kind of, and it would probably take a small army of staff to be able to get into any and every corporation on a spot audit basis and duplicate, and, in fact, more intensely cover the kinds of things that even their own annual audit didn't uncover.

It seems almost impossible, if not impractical, to be able to do and I site for you the kinds of things that are being done by Securities Commissions in provinces that have 10 times the staff that Manitoba has, and they are still encountering major, major and more widespread financial disasters in corporations and I speak of . . . or ReMor or Astra that the Member for Burrows referred to the other day that I responded to earlier today. These are taking place under Securities Commissions that in some cases have 10 times the staff we do. Alberta, B.C., Ontario, where they have many more issues of securities going through their hands, and yet they are not able to insure to anybody that this kind of thing can never happen under them. In fact it's happened much more regularly than it has ever happened in Manitoba.

The difficulty is that if people want to carry on questionable practises, devious activities that lead to this kind of improper management of securities, cannot be prevented and the only factor that might ultimately rectify it, is that if the RCMP investigation uncovers something that leads to criminal charges and obviously that, you know, that is the resolution to that aspect of the problem. We could not guarantee, even increasing our staff tenfold, that we could be in a position to uncover something like this.

MR. DOERN: Mr. Chairman, a couple more points here and then I'll yield the floor to my colleague from St. Johns.

I am interested in this point that the Minister just made, of provinces having 10 times the staff. Now, they clearly don't have 10 times the population, so let us just say that they have a significantly larger complement of staff than we do in Manitoba. I want to ask the Minister how many staff man years he has that would do this type of activity and how would that compare to Alberta, Saskatchewan, and B.C., etcetera. I also might ask the Minister about the Maritimes if he has any stats on their staff.

MR. FILMON: Currently we have 18 SMYs, going to 21. It's the investigative staff that I was referring to in terms of the tenfold increase. In Ontario, their total SMY complement would probably be in the range of 150, and it's not in relation to the population of a province, it's in relation to how many prospectuses and new issues are coming through generally and are registered in this province. Since sort of the centre of many financial activities, most financial activities, is probably in Ontario, with the exception that on the resources side it is in Alberta

and B.C., that's the difference between the numbers of issues and the numbers of corporations that would be registered and come through our hands, versus the other jurisdictions.

MR. DOERN: Mr. Chairman, I'll largely conclude here by making a comment and an appeal to the Minister in regard to this particular section of his department. I think that it is essential that there be a qualified staff that will either undertake annual investigations of Manitoba corporations that are listed under the Securities Commission and deal in such products or, if it can't be done annually, then it has to be done on the basis of spot checks, either on a revolving basis or on an any-time-it-may-occur basis. I am reminded of this technique by the fact that, I think last week, I received a notice from the Health Services Commission, just a small piece of paper saying, "Did you see this doctor on such and such a day for such and such an examination," the idea being, I guess, that they just on occasion check up whether or not this doctor is billing correctly. I just looked at it. It said, "If this is correct, don't bother sending it in; if you didn't see him on this day for this examination, then please notify us."

So I am simply saying that there must be something more than the Securities Commission involvement on day one when the Commission approves the affairs of a particular corporation and on the final judgment day when it suddenly blows up and everybody is wondering what went wrong. Somewhere in between, particularly at the beginning, but also on an ongoing basis, I think that the Department of Consumer and Corporate Affairs must be involved. It must be involved to protect the consumer and investor and it must also make sure that the corporation is operating on a legal and ethical basis because this also, in failures of this kind I think, gives a black eye to the specific company, to the business community in general, and also to the government because I think a lot of people feel that a bona fide company operating in the province is somehow or other approved by or sanctioned by the Provincial Government. I think that people are right in assuming that their government and their department and their Minister will be vigilant on their behalf.

So I say to the Minister, I think he should take a pretty close look at the procedures and the regular inspections of his staff. He should take a hard look and examine it of whether he has enough bodies — I suspect he doesn't — whether they are qualified and competent; whether they should be doing annual inspections on a regular basis or at least spot checks. Surely the spot checks are the bottom line. Surely these companies just cannot operate without reference to the Securities Commission throughout their period of life. I think that would be something that no one would want because otherwise, nobody really knows what they are doing and the danger is that one morning we wake up and find out that it was a shell or a hollow company, that all the moneys have been either thrown away or gambled away or taken out by some unethical means.

The Winnipeg Mortgage Exchange, I think, is what maybe lawyers might call a landmark case. At least it is something that all of us, I think, have been aware of and many of our constituents have invested in this company. Many hundreds of Manitobans have been

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hurt and a company that everyone thought was, you know, a stable, sound, pragmatic, hard-nosed business operation, turned out to be a bunch of flimflam. Mr. Chairman, we found that out in regard to the government. The people of Manitoba thought that they were hard-nosed businessmen, too, before they got into office, and they have proved not to live up to their expectations. I am simply saying to the Minister, will he attempt, since there is not much that can be salvaged — I assume that the Corporations Branch cannot play too much of a role now in the Winnipeg Mortgage Exchange. I assume that it is too far gone and that there isn't too much that can be done now. But surely we can learn from this experience and it might inspire the government and the Minister to develop new procedures and do something to prevent an annual recurrence or a number of these disasters taking place in Manitoba, because what happens in B.C. is something else; what happens to Manitoba investors in other provinces is tragic and is something that we would deplore, but this is our own operation. This is our back yard and I think that therefore we have an extra responsibility to be concerned that we don't have a repetition of the Winnipeg Mortgage Exchange failure.

MR. FILMON: I want to say that the increase to staff that I alluded to, from 18 to 21 SMYs, is in concurrence with what you are saying, that we should be doing more of the spot audit, or the revolving sort of surprise audit basis, an investigation, yes. In addition to, as the member referred, to the opening of a corporation, the investigation that goes in when the securities are registered and the corporation is begun in Manitoba, there are the annual financial statements, audited financial statements which are checked by our staff to look for anything unusual that they might be able to detect. Again, they are normally done by major, reputable audit firms. But unusual activities or sort of trouble senses, normally come from a corporation before something like this happens and our staff are well attuned to that and there normally are strong signals that they might pick up. But here you are dealing with a corporation that operated very successfully in Manitoba for over 27 years and as you say was almost a household word and people were referred to them by lawyers and accountants as being a good investment and so on and so forth and it is unusual that there was not one single complaint recorded at the Securities Commission on this company in 27 years until the whole thing fell apart, so that has to be regarded as a very unusual situation.

We too deplore the situation that has occurred to the very large number of small investors. I find it tragic as well because many of them are friends of mine, many of them are acquaintances, many of them are people who I know well and, you know, we're involved in this whole thing, but the fact of the matter is for the Member to suggest that any corporation that's registered, any securities trading corporation that's registered in the province, automatically gives it the assurance that they cannot lose by investing in that corporation, is not possible.

I want to just for the member's benefit, he probably already knows this, but one of the requirements of the Act is that when a prospectus is

issued it carries right on it the disclaimer that says, "No Securities Commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence." That's a disclaimer that's put on the prospectuses for corporations.

In addition to that, the Commission's legislation prohibits a registrant from advertising the fact that his firm is registered with the Securities Commission. This prohibition is designed to prevent registrants from colouring their offerings with an aura of respectability or reliability stemming from the fact that a government agency has granted them a registration. If the Commission discovers a registrant violating that prohibition it will take action against the firm, but obviously the Commission is not in a position to do so if the advertising is done without its knowledge, and sometimes that's done on private mail basis.

But it would seem to me that people who are investing in securities and I'm not referring to the Winnipeg Mortgage Exchange either in what I've said here or what I'm saying now, but if you're suggesting that any corporation that we allow to trade securities in this province, we should be able to guarantee that nobody is going to lose on it and that's the only obvious conclusion to what you're suggesting — (Interjection)— Okay, and I've assured you that is being done but that when there are very very unusual cases such as the Winnipeg Mortgage Exchange, we are not in a position to uncover anything and everything. My final saying was that, it would seem to me, that people investing in securities would take some sort of advice and counsel and not just say that because the Securities Commission has registered them, ergo they must be fool proof and fail safe. As I said earlier it would require an army of people and even then we couldn't ensure that because of somebody's ability to conceal what they are doing . . .

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, I believe I have some sort of conceit about this area of consumer protection because I got involved in this in this Legislature about 1965 or 1966, at which time I had difficulty persuading the Conservative Government of the Day to become really concerned about the various aspects. I've been watching development and I've been pleased to see development but, Mr. Chairman, I want to touch for a moment on the mention made by the Minister of the annual audits by the accountants that review the fares of various of the corporations that become involved in the sale of securities or certificates.

I want to tell the Honourable Minister that although I hold the accountancy profession in very high regard, and believe they have very high standards, nevertheless I was shakened when as Minister of Finance, I had occasion to discuss with the Provincial Auditor the entire question of private auditing firms doing Crown Corporations and we've been through this before and as you know, Mr. Chairman, our New Democratic Party Government adopted the policy of turning all accounting reporting of Crown agencies, boards and commissions, from the private accounting field to the Provincial Auditor.

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One of the reasons we did, aside from the effort to reduce the costs of the operation and did substantially reduce the cost because of that, was that I learned that the procedures of the Provincial Auditor were somewhat different and more stringent than that of the general accounting field.

Now, I discovered that the standards established by the Provincial Auditor for accountability were different when the auditor took the position, not necessarily of an adversary role, but certainly of a much more objective role, knowing that the client of the Provincial Auditor was the Province of Manitoba and as such the obligation was not to the shareholders or directors of the corporation, but rather to the people who had the stake in the future of the corporation as consumers as well as owners. When we made that switch, I thought it was a very sensible one, but the Conservatives fought it bitterly and changed it as soon as they could by reversing that. We've debated that. I don't intend to continue it, but I want to suggest to the Minister that although the chartered accountants have nationally tightened up their procedures and established national codes, which I believe have substantially improved the accountability, nevertheless, I am concerned about the fact that it should be somehow established that the duty of the accountants to the Securities Commission or whatever investigative body there is, is equal to if not greater than the obligation and loyalty that the accountancy firm would have to the people whose books they inspect. That makes it difficult, because the piper usually — what is the term? Whoever pays ensures that the tune is played in accordance with the payer's requirements.

It would be rather difficult, I should think, for the ex-bank — and let's talk about the chartered bank — which decides which accountancy firm shall work for it, and therefore it becomes a really important client to that firm; would necessarily impose a conflict within the minds of the auditor who has an obligation to his professional standards, which may come into conflict with the requirements of his clients, say that big bank, which is a very important one.

This could happen with lawyers. It can happen with any professional and one should not just assume automatically that there will be full accountability to the extent that there is a proper investigation. I'm wondering whether or not, we ought to be assured that accountant's certificate when presented and filed, the annual statement which is filed with the Securities Commission, carries with it the kind of onus that when there is something found to be wrong, there are sanctions imposed from the Securities Commission's side, or even more than sanctions, some kind of penalty.

I have to tell the Honourable Minister, when he says that major reputable accounting firms are used in the main, major is understandable, reputable is the reputation they establish amongst their own people which can be helpful, but does not necessarily ensure . . . I don't suggest criminal action, but I am suggesting the possibility of inadequate work being done on the assumption that the client is really running a good show and I for one wouldn't question my bank, The Royal Bank of Canada, that they would overall adopt policies that

would be adverse to the interests of their people or suffer to the extent where they could not be accountable, such as happens with smaller companies, such as The Winnipeg Mortgage Exchange.

The main concern I have, Mr. Chairman, is with this government. I'm glad that the Minister who preceded this Minister is with us today, so that he can hear me say that it is my clear impression that he has been a proponent for deregulating, rather than regulating and for insuring that a person is accountable for his own protection, rather than have a big brother looking over the shoulder in order to protect him. I very well understand the intellectual and let's say logical philosophy which would say, if you're going to invest money, you're going to place some of your funds at risk with a certain borrower or investor, investment firm, then it is your obligation to make sure that you're not being sucked into something, where you are indeed the sucker. I can well understand that kind of an argument. I can well understand that a person should take the counselling that this Minister talked about just a little earlier today; make sure that he goes to lawyer or goes to an accountant, goes to somebody who's role it is to protect him and enquires from him, as to whether or not it is safe for him to invest the money in this or the other investment group.

I understand that and I would say that in a sophisticated business world, that should be done. But in as much as there are many people who are induced to invest or to lend, who are in the unsophisticated side of society and they are many and they are the people who can least afford to lose and they are the people who are really most vulnerable, then there is a department like the Consumer Protection Department, there is an agency such as the Securities Agency, which plays that role, in spite of what I think is the philosophy of the Conservatives to let people protect themselves. Nevertheless, even the Conservatives have accepted the policy and I don't know the extent to which they enthusiastically follow it, and I suspect that they do not to the same extent.

I would ask the Minister then, the extent to which he considers it his obligation, and when I say his, I mean his governments, because he cannot stand separate and apart from his government, and I do believe his government's philosophy is to ensure that people protect themselves, whether or not they just react to complaints; and when he said the Winnipeg Mortgage Exchange never had any complaints, then can we assume that there was no investigation of the Winnipeg Mortgage Exchange, or can we assume, and now, Mr. Chairman, I want to refer to advertisements that I see every so often in the newspaper, which make me wonder as to the extent to which there is an investigation.

You know that many banks and trust companies advertise that they will accept moneys on deposit for certificates for 30 days up to five years and they quote rates and then they will often say underneath, member of the — I forget the term of the Canadian — Canadian Deposit Insurance Corporation — I thank Mr. Mason for reminding me of the name. And then you know, if you know enough about what goes on, that you are protected up to \$20,000 with a borrower, with one of these firms. I believe even

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then, that \$20,000 covers only the principle amount loaned and not the interest, and that the protection is limited and is limited not only to the \$20,000, but to the amount invested and then it takes up to two years to get your money back. People may not know that. I believe that certain firms are required by Federal law to be members of that and pay a premium for building up a fund for protection. But the advertisement that I see every so often is an advertisement for the sale of promissory notes, and I don't think it carries with it the statement that there is protection under this insurance corporation, this Federal one, where there's an obligation to belong and there is that kind of protection.

I'm wondering then whether the Securities Commission launches its team of investigation as soon as they see an advertisement of that kind. Or if they see something which seems to imply that like the Mortgage Exchange, there is lending not on security that is of a tangible nature or of some secured way, but rather just an unsecured loan to a corporation, which was the case in many cases of the Winnipeg Mortgage Exchange.

I'm wondering the extent to which they react to complaints. Are they complaint oriented or are they self-starters in investigation? I know that the team of investigators would probably have to grow tremendously if they were self-starters, because once you go there's no limit, but there has to be some sort of precedence, some sort of practise established. I remember hearing that after the Winnipeg Mortgage Exchange revelation, that I learned from some person who was involved in lending money through a syndication group, that the Securities Commission had made inquiries from that group. I was pleased to hear about it, because I knew of no way that group had to obtain licensing or submit to regulation or investigation, and I assume that this was something that came from the Securities Commission itself, and was therefore motivated by their learning that this is going on.

I want to conclude by asking the Minister the extent to which he believes there is a sufficient public relations or educational advertising program within his department to ensure that people become aware — the negative statement that it is an offence to imply that you have the review, by the Securities Commission, if you don't have it, as the Minister described, he read to us the notices that must appear under certain public announcements. That's negative and that is again something that the sophisticated or aware investor might notice. But I'm concerned about those people that we've discussed on the Winnipeg Mortgage Exchange, and like the Minister, I too know a number of them to whom the loss was devastating because their investment was small in the field of finance, but very large in the field of their own retirement portfolio. They had not the slightest indication or reminder by the government, and when I can see this government spending thousands of dollars on advertising, stay in Manitoba or Manitoba is a great place to live in, I'd like to see some money that is spent to the same extent with the same frequency and the same intensity to caution people about the pitfalls that are in the world of finance that can suck them into losing money.

The last occasion I dealt with the Winnipeg Mortgage Exchange, is when a former client of mine

came to see me and showed me all the certificates he held in the Winnipeg Mortgage Exchange and I discovered that all his savings had gone into that one outfit. Why? Because they were paying more money. And I said to him, were you not aware that if they're paying more money then there must be a greater risk on your part, because you could deposit your money in the bank and you're pretty sure you're going to get your investment well secured. His answer was, how was I to know. They came here and they had a record of what, 27 years, and there was no indication that there could be a problem and there's supposed to be securities back behind these notes and I didn't blame him.

Mr. Chairman, I didn't blame him and I was associated with a government which I believed was dedicated to protect the consumer, much more than, I believe that this government is, and I don't think that government succeeded in protecting that person in that way. So that I'm not being superior or purist in saying, well we know how to do it, you don't, but years have gone by since then and I'd like to feel that the department is better geared; that the Securities Commission is better prepared and properly funded and properly staffed, to plug all those loopholes that keep on being created.

So I'm not faulting the government for what happened. I am saying I don't believe that their philosophic approach is such as to really care that much, but at the same time I'd like to know the extent to which they have progressed with the knowledge that we've acquired as to the ways in which people can be inveigled into becoming losers, in that kind of an investment area. I'd like to hear more about the Minister's plans and his budget that would enable him to do a better job of informing potential losers and cautioning them in advance, rather than wailing and wringing hands in public as we all do when we see such a disaster to so many people with small amounts of capital.

MR. FILMON: Thank you, Mr. Chairman. I'm glad that the Member for St. John's has indicated that obviously this company did exist and did operate under his government's jurisdiction and essentially whatever was happening in that company was probably happening during some of his time in office. It's one of those things that doesn't necessarily fall within the ambit or the ability of the Commission to deal with. As I said before, no matter how many inspectors, no matter how many people we could put on staff, we would never be sure that we could detect fraudulent activity, and I'm not suggesting that that's the case here, that is under investigation but we don't have any conclusion on that. We would never be in a position, if people wanted to circumvent the normal methods of operation and get into unusual methods of dealing with their securities, we could never fully assure anybody that there was no possibility of this ever happening.

I think that we do have a role in government and I think that the Securities Commission does have not only the objective but the responsibility to provide whatever protection is reasonably possible under what is available to them. I'm advised that if we hear of something that specifically appears to be a con game or something, that we have in the past put specific ads in the paper warning people about the inadvisability of investing in this type of security. That

has happened in the past by the Commission. We don't have an ongoing educational program, probably because the volume of inquiries and complaints that come into the Commission indicate that the public seems to be well aware of the role that the Manitoba Securities Commission plays in this field of investigating and registering securities that are being traded in the Province.

I can confirm that there wasn't a spot audit done on the particular Winnipeg Mortgage Exchange by the Commission but as I said before, within 24 hours of a rumor of a slow-paying cheque, they were on to it, which precipitated the ultimate conclusion that we are all so unhappy about at this present time.

I'm glad that the Member indicated that the rate of return on an investment is always an indicator of the degree of risk that's involved in the investment. That's something that again is an educational process that hopefully all advisers, all investment counsellors, whether they be lawyers or accountants, would convey to the people who are asking them for advice and it's certainly something that has to be stressed and reinforced in this particular case.

We obviously can't duplicate the audit of the various numbers of firms of accountants who do annual audits on all the corporations under our jurisdiction, all the securities traders under our jurisdiction, but if the auditors are negligent, they certainly have a great potential liability in civil law and I think the member will agree that there is a powerful sanction at work prompting them to be very careful and accurate in their work.

In addition to that, he made reference to an advertisement of sale of promissory notes in the paper. This is a sale of securities and not a deposit, so therefore that's why it is not insured under the Canada Deposit Insurance Corporation. It does fall under the ambit of the Securities Commission, so that it would be something obviously that would have to have been registered with the Manitoba Securities Commission, and I'm sure that information can be obtained from them on this specific issue or the specific offering.

With the volume of work that does go through the Commission, we obviously have been complaint-oriented in the past, but I indicated that there is a substantial increase in budget and an intended increase of three SMYs within the Commission for this particular Estimates, so that we can perhaps start to move in the direction of doing some spot audits and some additional checking in the future in line with the kind of advice that the member has offered.

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIACK: Just a couple of points, Mr. Chairman. Firstly, in relation to these advertisements dealing with promissory notes, what does the Securities Commission actually certify to me as a prospective lender? Do they say that there's sufficient assets behind this note to protect it or do they say that they've checked the books and that there's an honest accounting or just what is it? There's no deposit involved. That's one specific.

The other is the statement by the Minister that an auditor is responsible in civil courts. I'm really not sure the extent to which that could be done. His

obligation is to the person who pays him, to the firm that pays him. His obligation is to the shareholders. I'm not sure that there is a tort or, well certainly not a contractual obligation to be accountable to an investor. I don't know whether his simple statement that they are accountable in a civil court is sufficient to — I don't know the basis for it and I invite him to tell us in what way they become accountable, other than for their deliberate concealment, but if it's oversight, if it's sloppy, I'm not too sure that there is that and if there is, I wish the Minister would elaborate on that.

MR. FILMON: With reference to the offering that was advertised in the paper, the promissory notes, what the Commission's role would be, that under the Securities Commission there is a requirement for full, true and plain disclosure of all the material facts that are behind the offering of securities for sale. This includes that if they fall within our jurisdiction, they would have to provide a prospectus to each prospective investor that includes a financial statement that would indicate, therefore, the assets that are behind the securities offering and so that's the manner in which that would be covered.

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. GREEN: Mr. Chairman, I just want to see whether The Securities Act would actually cover that. Now, let us assume that I have 10 people who owe me money on promissory notes and I'm a little hard-pressed; I've got to finance an election campaign. So, I put an ad in the paper saying I have 10 promissory notes which I wish to sell, can you phone me and see whether we can make deal. Does that have to go to Securities Commission?

MR. FILMON: It is a little complicated. If this were not caught by people, if it was in the in the shape of almost an ad in the personal column, that resulted in a transaction that the Securities Commission didn't pick up, but if the intent is an offering of distribution to the public of these notes, then they would come within the Securities Commission jurisdiction.

MR. GREEN: I'm not talking about by accident; I'm talking about — presuming everything to be known, if I had five mortgages payable to me and I wanted to sell them and I advertised it on the front page of the Winnipeg Free Press saying, if they would sell me an ad, that I wanted to sell these mortgages, would I have to go through the Securities Commission?

MR. CHERNIACK: While the Minister is being briefed, and still in line with this and my question about the obligation, the civil liability or obligation of the accountants, I wonder if he could deal with that as well as deal with what the Member for Inkster is exploring?

MR. FILMON: The Member for St. Johns has hit the nail on the head with respect to the obligation of the auditors being to the shareholders and that's exactly the situation that occurs, even in this Winnipeg Mortgage Exchange. That's one of the questions that the receiver will be seeking legal advice on, as to whether or not there was any negligence on the part

of the auditor in not providing the information or not ensuring that the information was properly elicited in the course of the audit. If that kind of thing can be, certainly the shareholders again have a comeback on the auditor through the civil law process.

MR. CHERNIACK: I wonder if the Member for Inkster and I could agree — we have launched into two separate matters and I don't care which we deal with first but I hope — I think it would be advisable if we could deal with one and then switch to the other. With the concurrence with the Member for Inkster, I'd like to just finish and try to explore this business about the auditor.

Auditor are responsible to the shareholders and the Securities Commission generally deals on behalf the shareholders, but we were talking about lenders, both lenders to the Winnipeg Mortgage Exchange and lenders to this company, whose promissory notes are being advertised and the people who may or may not be involved on the mortgages that the Member for Inkster has described as being for sale. What obligation is there of the auditor in the civil courts to be accountable to these people who may not even know the name of the auditor? How did he suggest that there could be a civil action against the auditor, which would make the auditor more cautious or more certain that he is doing the best he can?

MR. FILMON: I'm advised that the people in the Winnipeg Mortgage Exchange were investors and not lenders, that that's the way they were defined. — (Interjection)— No, they are not shareholders, but they were buying an investment in mortgages, which are securities, as opposed to being lenders to the corporation, and there is a difference.

MR. CHERNIACK: Where is the civil obligation?

MR. FILMON: Well, okay, it has been held, I understand, in American jurisdictions that — (Interjection)— Well, okay, it hasn't perhaps been the subject of a court action in Canada but it has been held in an American jurisdiction that there was a liability on the part of the auditor because the financial statements did not accurately reflect what was happening and, you know, we are into some new areas here.

MR. CHERNIACK: Again on this area. Since civil property comes under the provincial jurisdiction, could it be that the obligation could be set out in statute law rather than relying on the American jurisprudence, which has a different type of system than ours, to ensure that there is that kind of obligation? Because, Mr. Chairman, I'm still expecting to walk out of the room this morning having no feeling of assurance that the obligation of the auditor is to the investor or lender or whatever you want to call him, in spite of the fact that the Minister said earlier that there is a civil obligation. My impression is that there is not and he has not reassured me by referring to some cases in the United States. Therefore, I am suggesting to him, and let him take his time, like over the weekend, to see whether he can tell us that there is a way in which it could be more, either reassured that there is that kind of right, or assure that the government will look at legislation that might create that right.

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. GREEN: Mr. Chairman, I too believed that the Minister in getting up and saying that the obligation on the auditor to be exposed to civil liability was a little bit simplistic. There has been development and I'm not even that attuned to it at the present time, but we certainly have been exposed to cases where let us say, a person who issues a survey certificate to me and somebody else relies on it in the future, that there is a tort, rather than a contract with regard to that particular document. But certainly even I have put it simplistically and I don't think that there is a — and I could be wrong on this, and Mr. Peden is sitting there, maybe he's more attuned to it — but I don't think that there is a definitive body of law which makes a negligent statement to somebody, the cause of action for somebody else who may have relied on that statement, although there is a development involved — there certainly is, yes; I say that there is a development.

I don't know whether it would apply to an auditor making a statement about a company that somebody else . . . then seeing whether he's going to make an investment reach that auditor's statement, makes an investment and turns out that the auditor had made a mistake, whether that person would be able to sue the auditor, which I think is what is being discussed here.

Furthermore, before making statutory requirements, if that be the case, and perhaps it has developed further along than I know, that that would not be unexpected, but nevertheless, before making law to that effect, I want to know what the effect will be on auditors, and what will then my charges to the auditor be to protect him for this extra risk which he is now exposed to by virtue of that thing because, Mr. Chairman, in the United States, the medical malpractice suits have climbed as high as Mount Everest and it's all well and good that a person be able to recover from medical malpractice. But now before you walk into a doctor's office, a thousand releases are necessary and furthermore, the amount of insurance that is payable by virtue of this additional protection has made medical costs prohibited.

So for every action, so called, to ensure a protection, there may be a more than equal and opposite reaction dealing with the cost of it and I am concerned, I'm not denying that the area should be explored, but I wonder how much the general public or people who are generally making use of such services have to pay for what my friend, the Member for St. Johns, called the unsophisticated investor, etc. Every one of these bonding arrangements, every one of these additional protections, every one of these insurances, involves a cost to everybody who may be protecting themselves, and I don't deny the possibility of looking into it, but we should be able to have the results of it and how it affects the other people.

Now W. C. Fields. Mr. Chairman, said you can't con an honest man. And the fact is that many of the really tragic cases that have developed along these lines are by people trying to get the best of a rate, trying to get an added amount of money, and every time they do that they involve themselves in a risk. And it is satisfactory to have certain built-in

protections, but the ultimate protection is not available.

The ultimate protection is sort of belied by the fact that the Province of Manitoba co-operates in a program where we advertise every week on television, "This is Winsday. You puts up \$10.00 and you win a million." And we are encouraging that type of conduct. And whatever statutory requirements that you make to stop one con game, you will, somebody else will dream up another one, and ultimately the public should know that they are not protected, that the government does not protect them from every grifter who's going to come along and sometimes that grifter has a very personable face and a nice office and a nice building and nice doors and what have you.

Mr. Chairman, the anomalous part of this is that in early 1960s, I believe, there was exposed in Manitoba, a terrible situation — I use that word in brackets and also with some degree of feeling towards it — that there were people who selling siding and they charged for the siding a good fee, a high fee and then they had nerve 14 percent interest on their contracts; 14 and 15 percent. Mr. Chairman, the banks are now charging 18. Should we have an inquiry into the banks? I mean, these people were referred to as usurers; they were getting more than the existing rate. But they would only get it on the basis of their salesmanship, which was largely criticized, largely condemned, and there was an inquiry; I think it was the Tallon Inquiry that was set up to deal with these particular people.

So I am concerned, Mr. Chairman, with people making imprudent investments. I am also concerned with fraud. I'm also concerned with people doing this type of thing, but I also recognize it that this society encourages it. This society encourages that if you invest a buck, you'll make two bucks, and if you find the right place, you'll make more money. And every time society does that, there are going to be losers. Mr. Chairman, there are going to be losers. And I think that the best message that we'd send out to the public, is not that you are protected, but that you can lose and beware — caveat emptor — and I don't say that, Mr. Chairman, in a cold sort of way, because if you will trace back to the original Consumer Protection bill and I believe that Mr. Mason was here, that I was the Chairman. I believe the Member for Burrows was the Chairman of the Manitoba Consumers Association and we appeared before the Manitoba Committee that was considering consumer legislation before 1956. And at that hearing I presented a brief and at that time is the first that anybody could find of the words, caveat vendor.

And Maitland Steinkopf, the late Maitland Steinkopf at that time said, that phrase that you abuse, caveat vendor, is going to become the basis of Manitoba legislation protecting the consumer. And the presentation at that time, the presentation at time. Mr. Chairman, and I was not a Member of the Legislature, that the vendor should have the right to sue and get his judgment or recover the project and give up his suit. That originates in that brief and that was the first it was done.

So that I am not going to back away from steps to protect the consumer, which are reasonable. But the ultimate protection, Mr. Chairman, is to tell the

consumer that there are grifters about and they'll be taken in, because if they can't do it one way, they'll do it in another way, and I'm not suggesting that was the way of the Winnipeg Builder's Exchange. They got into trouble for various reasons. But certainly, certain lawyers have done that to people and they have had to try to recover from the Manitoba Law Society. And if it hasn't been lawyers, it's been other people who have gone to old widows and divested them of their money. And you can read about it on a monthly basis, and no government is going to stop that.

What the government can do, Mr. Chairman, with the greatest of respect, is to try to attack the issue at its roots and they'll never attack it at its roots. If the government is involved in saying, "You puts up \$10.00, you win a million," and we are heavily engaged in that, and the whole system under which we operate is that you too can be a millionaire, and that you can get the better of a certain rate. And if you do that, Mr. Chairman, I don't care how many statutes you pass. Just as every income tax act sets up a bunch of lawyers as to how to get around it, every securities act will do the same thing. But that doesn't mean that there should be — one should abandon the attempt — but one should place less emphasis on that attempt and do things that are far more productive.

MR. FILMON: Mr. Chairman, I thank the Member for Inkster for his remarks. Certainly I agree with him in the early part of his discussion about the fact that because it has been held in the United States, it doesn't necessarily mean that it will be held likewise here, the responsibilities. But I wanted to get back to the Member for St. Johns' suggestion and I'm sorry that he's not here to hear the response, but my original comment about the auditor's responsibility to the shareholders, was in respect to his broad statement that the Securities Commission ought to do more than just look at the audited financial statements annually, that there was no liability contained therein and that he didn't trust necessarily or have confidence in the results of those and it was not a specific one to the Winnipeg Mortgage Exchange, because as he points out correctly, these people are not shareholders in that particular, so I wasn't referring it to that, I was referring it to his broad general statement. He then took it and attempted to apply it to the Winnipeg Mortgage Exchange saying this will provide us with an answer to this, or else bring in legislation to do so. That isn't what I was intending to do. I was intending to respond to his broad general statement of the value of annual audited financial statements.

MR. CHAIRMAN: The Honourable Member for Wellington.

MR. BRIAN CORRIN: Thank you, Mr. Chairman. First I want to indicate to the Minister that the Member for St. Johns apologizes for having to leave the Chamber prior to receiving the answer, which the Minister has just delivered. He asked me to express his apology to the Minister and indicate that he had another appointment and simply had to leave the Chamber and will consider the reply when he reads Hansard next week, or whenever it should appear, Mr. Chairman.

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Mr. Chairman, I want to talk a bit about the Winnipeg Mortgage Exchange in the context of The Mortgage Brokers and Dealers Act and I want to also discuss something of which by way of caveat and it's an admonition to myself, Mr. Chairman, because somebody, well, making an admission as I will, that I do not have very much background or experience in this area, that I am not very knowledgeable in this area. Obviously the advice I'm about to give is worth what the Minister is paying for it and I'm the first to acknowledge and accept that. But I do know a little bit and sometimes a little bit of knowledge is dangerous, but nevertheless, I'll tread on thin ice, because I think it's worthy of discussion.

I understand, Mr. Chairman, that there is a new concept in mortgage dealing. I understand that it involves the establishment of a trading corporation, which is registered on the Securities Exchange and which presents a unit trust format.

I think, as I said, just from my superficial knowledge of this area, I think that a firm by the name of something like G.D.I., is one of the few Manitoba corporations that has issued a prospectus pursuant to the provisions of this particular approach. The reason I want to raise this, Mr. Chairman, is because I am given to believe that this particular approach is rather more wholesome and above-board, than the more traditional approach that has been employed by mortgage dealers, who are simply registering under The Mortgage Dealers and Brokers Act.

I think that there is a considerable difference as between the security presented by the unit trust approach and the rather ephemeral security often presented by the mortgage broker's approach. In saying this, Mr. Chairman, it's my understanding and here I am not very knowledgeable, again I issue a caveat, but it is my understanding that under the unit trust approach, that generally speaking what the investment consumer is purchasing is a trust unit in the corporation.

The corporation itself is established pursuant to rather stringent regulation under The Corporations Act. As I understand it that includes powers under The Corporations Act, given to the superintendent named in the Act, to have secured properties reappraised for the purposes of the filing of the corporation's annual return.

Now the thing that under the unit trust approach, that generally speaking what the investment consumer is purchasing is a trust unit in the corporation.

The corporation itself is established pursuant to rather stringent regulation under The Corporations Act. As I understand it that includes powers under The Corporations Act, given to the superintendent named in the Act, to have secured properties reappraised for the purposes of the filing of the corporation's annual return.

Now the reason I bring this up, Mr. Chairman, is because I believe that that sort of approach represents a considerably more secure format than the approach in The Mortgage Brokers Act. I think that the real nub of the issue, and I stand to be corrected if I'm wrong, but I think the real nub of the issue here is whether or not there is somebody in government, who not only peruses an audited report, but has the power to go behind the audited report

and say, listen, you have to present appraisals confirming the value of the securities, so that if you're going to invest in a variety of different real estate situations, we want to know that the values are representative of adequate security for the investment. By doing that the investor at least is assured that the company is not going in over its head on an unsecured basis. You know and that's really, from my standpoint, simplistic as it may be, Mr. Chairman, that is really the long and short of it.

The investor, no matter how simplistic in his approach, no matter how unknowledgeable, should have at least know that there is somebody who has the power to go behind. Now I'm not sure in The Mortgage Brokers Act that we have that sort of situation. Sure we have an audited report and I'm not suggesting that normally we can ever expect that the auditor would be negligent. I think the chances of a negligent audit are exceedingly remote. I appreciate that it happens from time to time, but I think it's a rather remote sort of situation. And I know in the Winnipeg Mortgage Exchange, most of the problem, I did a little research at the time for some constituents, most of the problem seemed to be that the investments were in properties that were literally cow pastures. They were absurd, I shouldn't say most, but some of the major investments that were made laterally, the high risk investments were with respect to properties that were speculative in nature, for the most part they were rural properties that had the prospect of future suburban development, but the prospect was purely speculative and was to some extent far fetched and fictitious.

So if somebody would have went in there and say listen, we demand that that property be appraised by a competent appraiser and under The Corporations Act that can be done. The superintendent can procure the appraisal himself at the cost of the corporation if the corporation won't do it. I think we would avoid that sort of situation from arising, and I think that would be a good consumer safeguard. It's an appropriate mechanism to be employed.

So what I would like to know and as I said, I don't know all the ins and outs of this, this is an esoteric area. Does the Minister feel that the present Act has that sort of protective capacity and would he move towards the protection that's been provided under The Corporations Act and as being employed by some of the very respectable investors and traders and through the unit trust concept.

MR. CHAIRMAN: The Honourable Minister.

MR. FILMON: I don't have obviously all the answers, but I'm advised by the staff in Securities Commission that these types of corporations have been around for eight to ten years in the province. There are several well known ones. They're in essence a mutual fund that's based on a mortgage portfolio, and they do have this reappraisal feature to them. Investor's Group have one; the Royal M Fund is another. They are sold on an over prospectus that's cleared with the Commission because their units are securities.

This is a different type of investment that's . . .

MR. CHAIRMAN: Order please. The hour is 12:30 p.m. Committee rise. Call in the Speaker.

Friday, 6 March 1981

The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again.

IN SESSION

MR. DEPUTY SPEAKER, David Blake (Minnedosa): The Honourable Member for Radisson.

MR. KOVNATS: Mr. Speaker, I beg to move, seconded by the Honourable Member for Dauphin that the Report of Committee be received.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable Acting House Leader.

MR. JORGENSON: Mr. Speaker, I understand that there has been agreement that we will not proceed with Private Members' Hour, so therefore I move, seconded by the Minister of Economic Development that the House do now adjourn.

MOTION presented and carried and the House adjourned and stands adjourned until 2:00 p.m. on Monday.