

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 14 July, 1986.

Time — 8:00 p.m.

**CONCURRENT COMMITTEES OF SUPPLY
SUPPLY - BUSINESS DEVELOPMENT
AND TOURISM**

MR. DEPUTY CHAIRMAN, J. Cowan: We are reconvening this section and considering 2.(a), Small Business and Regional Development.

MR. CHAIRMAN, M. Dolin: The Member for Portage.

MR. E. CONNERY: We were on the breakdown of grants.

MR. CHAIRMAN: Right.

MR. E. CONNERY: What program is in place for grants? What have we in the form of a program for giving grant money?

MR. CHAIRMAN: Mr. Minister.

HON. M. HEMPHILL: Mr. Chairman, right now the Core Area Small Business has wrapped up, waiting for the new agreement. There are some additional small grants for the Design Institute. Other than that, there aren't grants available.

MR. E. CONNERY: These ones under 1984-85, was that the end of the — what grants . . .

HON. M. HEMPHILL: Where are we, Core?

MR. E. CONNERY: No, Small Business Incentive Payments. Is that the end of Enterprise Manitoba? It's at the back of the book in there, No. 11 in the back of your book under the Grants, Small Business Incentive Payments.

HON. M. HEMPHILL: Oh, these are basically small amounts of money for feasibility studies.

MR. E. CONNERY: Then how would you justify the Daerwood Machine Works?

HON. M. HEMPHILL: I was just going to say, except Daerwood Machine Works because it caught my eye.

Mr. Chairman, I'm advised that we can get this information ready. It's a fairly complex issue, and we'll get it ready and give it to you tomorrow morning, the reason why they're getting that amount.

MR. E. CONNERY: At the same time, Daerwood also got \$12,000 in 1984.

HON. M. HEMPHILL: We'll deal with both of them at the same time.

MR. E. CONNERY: Could we have it for tomorrow?

HON. M. HEMPHILL: Yes, we'll have it for tomorrow.

MR. E. CONNERY: Miconex 84 and also Miconex 82, I guess they had a reorganization. That was the one that had the two grants. Okay, and they also had a grant, Miconex 82 in 1983 had a grant of 11,500.00.

HON. M. HEMPHILL: Mr. Chairman, we'll have to take that information too for tomorrow.

MR. E. CONNERY: Omniglass, 14,750 in 1983; 15,250 in 1984; and 2,185.00.

HON. M. HEMPHILL: Mr. Chairman, those are all help in planning or feasibility studies.

MR. E. CONNERY: That's \$30,000 in planning. That is a horrendous amount of money.

MR. CHAIRMAN: Have you got a question?

MR. E. CONNERY: Yes, how do you justify . . .

HON. M. HEMPHILL: Mr. Chairman, if it comes to \$30,000, he's quite right. It can't all be planning, but we don't have the information. The staff advises they don't have the information about the previous years here.

MR. E. CONNERY: When did Enterprise Manitoba wrap up?

HON. M. HEMPHILL: 1984.

MR. E. CONNERY: The 1983-84 year? Grays PVC Pipe Furniture had an IT and T for \$1,155, and 1,000 from BD, so they're not 50-50. In 1983, they also had an \$846 grant.

HON. M. HEMPHILL: I just repeat that, on this year, we're saying they're for feasibility studies and planning. For the previous year, the staff don't have the records, and advise they'll have it for tomorrow, if he can just let us know any of the businesses that he wants an answer on.

MR. E. CONNERY: We'll go through the . . .

HON. M. HEMPHILL: We'll go through the list, yes okay.

MR. E. CONNERY: It being a wet weekend, I had lots of time to go back over old statements.

HON. M. HEMPHILL: Too bad.

MR. E. CONNERY: I.D. Engineering. Now the confusion that I have is going from IT and T to Business

Development, one year with one, and one year with the other, when they're not a shared one. How do they get grants from both departments? My concern is that when they were split, is a company getting grants from two different departments when they aren't qualified to get them from two different departments. I.D. did it in 1985 with IT and T and 1984 with BD; Tantalum mines, 1985 with IT and T and 1983 with BD; Solv-X, once again, both of them. Now they changed. It was Solv-X Inventing and then Solv-X Inventions in 1985, so whether there was a change in companies. And Esper's Equine Products, 1985 with IT and T, and 1983, two of them, from BD.

HON. M. HEMPHILL: Mr. Chairman, I expect there are two reasons for funding from both departments. One is that under some cases there would be a decision to jointly fund because we have some common ground or share a common interest. In others it might be the needs, the things for which they are being supported are different, but all the information on the previous year's funding, and exactly what the purpose was, we'll get on all of these programs.

MR. E. CONNERY: I think the Minister can understand that there is a concern that we know what the funding was for, that one company isn't taking unfair advantage of the grant structures; but it's that big one that I'm really concerned with, when there was no program, how a company like Daerwood would get \$72,000 under Business Development, which is the Small Business. You can almost set up a very small business for that amount of money.

In the Industrial Infrastructure Program — and I will say I'm not sure on the R.M. of Russell, whether it was the R.M. of Russell the first two years, but the Town of Morden, three consecutive years got grants totalling \$1 million; and Russell, if it was all to the R.M., but it might have been the Town of Russell — I'm not sure in the other two years — \$4 million; and the amount of \$3,659,000 to the R.M. of Russell was to facilitate CSP Foods. What was done for CSP Foods?

HON. M. HEMPHILL: Mr. Chairman, it's my understanding that amount of money was basically for infrastructure, which would be sewer, water, and roads, to allow the plant to become established because the municipality did not have those resources, and the same thing with the Town of Morden.

MR. E. CONNERY: It was my recollection that CSP was being built in 1980-81.

HON. M. HEMPHILL: Mr. Chairman, it was, but the program carried through and the final payments are just being made.

MR. E. CONNERY: The final payment? You show the full amount in here. Was that the final payment?

HON. M. HEMPHILL: Mr. Chairman, it was the total amount, and it was paid out in the final payment.

MR. E. CONNERY: Does this show up in the other accounting, this figure, or does just the final figure show up in the books?

HON. M. HEMPHILL: Just the final figure.

MR. E. CONNERY: How much was the final figure?

HON. M. HEMPHILL: That is the final figure.

MR. E. CONNERY: No, no, but what was this last year's amount?

HON. M. HEMPHILL: Mr. Chairman, I've been advised that all payments were made in 1983-84, and that the accounting is showing in the 1984-85.

MR. E. CONNERY: Okay, that satisfies that sector. We might as well stay within the grant structure before going into programs.

HON. M. HEMPHILL: Okay.

MR. E. CONNERY: The Winnipeg Core Area, could you explain the program that is in place?

HON. M. HEMPHILL: Mr. Chairman, the Core Area Initiative Small Business Programs started in 1983. It was set up to establish and to encourage small businesses to either set up or to relocate in seven key sites in the general core area boundaries. The primary goals were to enhance the appearance of the core area, increase the level of economic activity within the designated key site areas, and provide employment opportunities to core area residents.

The program assistance to new businesses is at the rate of 40 percent of eligible capital costs to a maximum of \$25,000, and eligible capital costs included leasehold improvements, renovation, machinery and equipment, and project planning and consulting.

The applications went into the Core Area Small Business Assistance Program and they were reviewed by staff and sent to a Private Sector Advisory Committee made up from representatives at the local development corporations or small business owners in each of the key site areas, and it was their responsibility to judge the application, based upon the criteria of the program.

If they were satisfied with the staff's recommendation, the applicant was allowed to proceed and an agreement was signed. If the advisory committee did not agree with the staff's recommendation, it required that the application go to the management board of the core area for a final decision.

MR. E. CONNERY: There's a fairly large increase over last year. Is the program getting larger and is it going to continue to get larger?

HON. M. HEMPHILL: Mr. Chairman, it's wound down now for this part of the agreement and we're in the process of negotiating, of course, the terms of the program under the new agreement.

MR. E. CONNERY: What did 1986 look like, the year end? Is it similar to this or is it much expanded?

MR. DEPUTY CHAIRMAN, H. Smith: Could the Member for Portage please repeat that?

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MR. E. CONNERY: I just wondered what the next year was like as far as the size of the program?

HON. M. HEMPHILL: Mr. Deputy Chairman, \$694,000 to March, 1986.

MR. E. CONNERY: That's down slightly from this year. Are people eligible for more than one grant?

HON. M. HEMPHILL: Generally not.

MR. E. CONNERY: Like I said, I did so much reading that there's always a chance for an error, but Robert D. Reiss Enterprises, I have here that they also had one in 1983-84. Maybe they could check into that.

HON. M. HEMPHILL: We'll check into that, what they got it for the previous year.

MR. E. CONNERY: In giving these grants, the idea was to make the core area more attractive, basically, to help businesses, but a lot of fixing up of buildings. Would that be the primary concern of the core area?

HON. M. HEMPHILL: Yes, increase the level of economic activity in the core, provide employment opportunities for core area residents.

MR. E. CONNERY: I'm looking at, for instance, Horstman Piling Contractors, which I would wonder qualifying under the Core Area Agreement. It's a contracting firm that wouldn't be doing business per se in the core area necessarily, it would be all over Manitoba, so it wouldn't really be adding to the core area.

HON. M. HEMPHILL: I'm advised that it might be relocation. It seems to me that in this case there was the setting up of some additional businesses. I can't quite recollect what they were but I think there was an add-on to the foundation business that did add businesses and add core area resident employment.

MR. E. CONNERY: It indicates that it was for relocation and that there were 10 additional jobs to be created.

MR. E. CONNERY: You say there was a relocation into the core area, I would assume, or out of the core area?

HON. M. HEMPHILL: Into.

MR. E. CONNERY: I'm having some trouble with this one because I don't know what it would do for the core area.

HON. M. HEMPHILL: Mr. Chairman, I'll have to check on this, but there was a necessity to move some core area businesses from areas in order to develop the Logan community area which had designated areas for residential and designated areas for business. I think it's possible that one of the reasons for relocation was not his request for relocation but the core area's requirement in their development plan for relocation, and that that probably was the reason.

Mr. Chairman, I was just going to indicate that we just handle the administration of it. It's largely managed through the Core or through the advisory committee, who reviews the projects, looks at the criteria and makes decision.

MR. E. CONNERY: The money does come out of B.D. then?

HON. M. HEMPHILL: Out of Urban Affairs, and it comes into our Estimates. It does, but it's not one where we have a hands on . . .

MR. E. CONNERY: So the money then is not coming out of the allocation of Business Development?

HON. M. HEMPHILL: Mr. Chairman, no, it's not, it's coming from Urban Affairs.

MR. E. CONNERY: As I recall, your department's involvement with the core area is the seconding of two people to work with them.

HON. M. HEMPHILL: Yes, that's right.

MR. E. CONNERY: The money comes from Urban Affairs.

HON. M. HEMPHILL: That's right.

MR. E. CONNERY: One other in this one. The Money Mart Cheque Cash — (Interjection) — that's what I thought, too.

HON. M. HEMPHILL: Have you got the page?

MR. E. CONNERY: It's in that carrying on of the next page in the grants. Just turn the page. It's the third from the bottom on that next paragraph.

HON. M. HEMPHILL: Mr. Chairman, this is under the category of a new facility. It's for upgrading and leasehold improvements, and there were two jobs to be created.

MR. E. CONNERY: Is this what is known as a cheque-cashing facility?

HON. M. HEMPHILL: Yes.

MR. E. CONNERY: I find it ironic though, if I recall past discussion, that the cheque cashing in the eyes of this government was one of the ones that were ripping off the people. I was wondering how you'd be giving them grant money when it was one of those businesses that you weren't too thrilled with.

HON. M. HEMPHILL: When you have advisory committees making decisions and reviewing projects and approving them, they sometimes do things that you're not thrilled with.

MR. E. CONNERY: I realize it's core area, but philosophically it is not in line with your party's policy.

HON. M. HEMPHILL: As I indicated what the procedure was, the advisory committee reviews the applications, the private sector advisory committee, and decides on approval.

MR. E. CONNERY: Okay, thank you.

I'll go to the Jobs Fund Projects, which is the next grouping. Is this funded under the Jobs Fund?

HON. M. HEMPHILL: Mr. Chairman, these were all grants, loans that were given for commercial planning to allow businesses and help assist them to develop their plans. They were tied into Main Street Manitoba, and we provided the planning money.

MR. E. CONNERY: Main Street Manitoba is now wrapped up.

HON. M. HEMPHILL: Yes, and so is this.

MR. E. CONNERY: Was this the area that Main Street Manitoba came under?

HON. M. HEMPHILL: Mr. Chairman, this was the commercial planning part of the Main Street Manitoba Project.

MR. E. CONNERY: When you say commercial planning, for the towns themselves to plan the street or their commercial downtown area?

HON. M. HEMPHILL: For the businesspeople.

MR. E. CONNERY: Commercial people.

HON. M. HEMPHILL: Yes.

MR. E. CONNERY: The Northern Options for Women — while we're on this page, we might as well just go through it. There's a \$3,500 Northern Options for Women.

HON. M. HEMPHILL: Mr. Chairman, I believe that's for a conference. It was an Urban Conference for Native women.

MR. E. CONNERY: Then maybe we can go into the various programs and go through them one at a time, two or three at a time.

Maybe just give us an overview of the programs, the role that I think 1329 Niakwa plays. Maybe give us an overview of how you go about assisting people through your programs.

HON. M. HEMPHILL: Mr. Chairman, this is largely management courses, counselling and consulting advice that is given to help strengthen the capabilities of small business, give them consulting services for retail and service sectors. We've developed a comprehensive Small Business Literature and Video Library, have a Small Business Information Centre. One of the major thrusts is the entrepreneurial development in the small business community.

MR. E. CONNERY: I think the Minister was referring to the case, and where I was referring to the total

programs that you have, like dealing with 1329; that deals more with cases than just case, it deals with the whole thing and I'd just like an overview of the total programs, where they originate from and then we'll go into each program, but if somebody walks into 1329 Niakwa, what happens?

HON. M. HEMPHILL: They walk into a business development centre that's designed to be a one-stop total resource centre for small business. It helps small business clients in central and eastern regions of the province in areas like management development, training business information, business counselling and other support programs. It received its new mandate in April, 1984. It's 100 percent funded now by the province, following the termination of Enterprise Manitoba.

The Advance Factory Space Program, a very successful initiative, both in numbers of firms and jobs created, is carried over under the programming of the Manitoba Research Council. Management counselling over the last year was provided to a significant level of small businesses in a number of communities.

The Business Information Programs have achieved significant growth with 50 percent increases in some areas. The overall level of support to small enterprise from this centre has experienced dramatic growth. It's now established as a resource centre for small business and its future role will continue to be greatly supported by its ability to respond to the needs of small enterprise.

The Manitoba Design Institute is part of the activity and has redefined its mandate and role. Various new initiatives for entrepreneurs, new immigrants and Native groups, including the launching of the CCNB's activities in Manitoba are under way, which will have an impact on Native and immigrant economic development, and a video library was established.

The Management Development and Training Program has held 46 courses and 58 seminars with 1,600 participants. The video library has established the counselling program, gave assistance to 634 clients and 207 rural clients. A small business information centre provided assistance to 6,000, nearly 7,000 clients in Winnipeg and 1,500 in rural Manitoba and we've put out a newsletter, a "Report on Small Business," which we've discussed. We have a series of "Self-Help" booklets, which are over there on the table.

MR. E. CONNERY: I recall you have the Winnipeg one, you have the Brandon and Dauphin centres, and then the Regional Development Corporations serve the remainder of the province.

HON. M. HEMPHILL: That's right.

MR. E. CONNERY: Is there something up North? What have you got up North?

HON. M. HEMPHILL: Mr. Chairman, up North we just have the remote community development officers who travel from community to community. We don't have a specific centre.

MR. E. CONNERY: And the Winnipeg Business Development Centre, is that 1329 Niakwa?

HON. M. HEMPHILL: Yes, Mr. Chairman.

MR. E. CONNERY: When we go into the various programs, and I guess the first one I'd like to start with is the Venture Capital one. Unfortunately, I didn't have the opportunity to ask the question in the House this afternoon.

After reading your release on July 11 and then seeing in the newspaper some of the problems that the Venture Capital Program is experiencing, can the Minister tell us what steps are being taken now? We know that when you're in a Venture Capital Program there is a degree of risk, but I think the amount of risk is what we have to minimize. Is the figure of five bankruptcies and two are being investigated, are the two part of the five?

HON. M. HEMPHILL: Mr. Chairman, I agree completely with the points made by the Member for Portage la Prairie, and that's why we made the changes and made the announcements, is that with a Venture Capital company it is high risk investment. We think that it's doing very well with \$5 million of the provincial investment to generate \$9 million of private sector investment, create 1,000 jobs, 67 Venture Capital companies and 37 operating businesses.

The five bankruptcies out of that total are higher than the number of regular bankruptcies doing regular business, so we do expect to take more risks and to have that figure be a larger one than a normal investment program. What we want to do is exactly what he's suggested, and that is minimize and make sure that there isn't any unnecessary risk because the regulations aren't clear enough, tight enough, or the control or the monitoring isn't adequate.

Those are the changes we made, so that all of the existing requirements that were there for the Venture Capital company, in terms of reporting, in terms of our access to the books, in terms of accountability, our ability to monitor, have now been applied to the operating businesses and that is a tightening of regulations and controls from the previous case. What we hope to do, is if there are any that are a problem because of abuses of the system, we close that loophole and only take the risks you would expect to take with a Venture Capital company.

MR. E. CONNERY: In Fiber Tech, the gentleman who lost all of his money in it, Schellenberg, was complaining that Fiber Tech was doing business with Flyer Industries and that the government should have had the opportunity to know if Fiber Tech was a sound company through their experience with Flyer. I have to agree with them on the surface that it looks a little bit that there wasn't enough follow-up.

HON. M. HEMPHILL: What is that?

MR. E. CONNERY: It's the newspaper article . . .

HON. M. HEMPHILL: Yes, I know. Mr. Chairman, it's my information that prior to the proposal being presented to the board, Mr. Schellenberg had numerous meetings with Venture Capital company to discuss the future viability, in view of the company's difficult previous

year, where it lost about \$100,000.00. Mr. Schellenberg advised he had made a thorough examination of the company's operation with the company's auditor and personally supervised the optimistic projections which were provided.

In terms of the point about Flyer, the company has been making fibreglass parts for Flyer Industries since its inception and will continue to do so to a lesser extent, as it now attempts to diversify into new products and customers. When they received a contract to manufacture buses for an American city, it had to implement a "Buy American" policy and, accordingly, Fiber Tech Industries Limited lost about 90 percent of its workload on very short notice and within sufficient time to establish new markets for its reciprocator.

One of the other points he made was that he thought there should be more monitoring and control and that is exactly what we built into the new regulations, is more monitoring . . .

MR. E. CONNERY: You have more Venture Capital companies than you have businesses that they're associated with. Did more than one company of the Venture Capital corporation go in on one company?

HON. M. HEMPHILL: Mr. Chairman, sometimes there are several Venture Capital companies investing in one.

MR. E. CONNERY: Could we have a breakdown of the type of ventures these 37 companies went into?

HON. M. HEMPHILL: Mr. Chairman, I'm sure the Member for Portage wants to hear the good news as well as the bad news, which we've been discussing with the bankruptcies.

While the staff is getting out the list, I can just mention that there have been some tremendous successes with Venture Capital programs. Three of them that I would mention would be Heritage Industries in Winkler, where the foundry operation formerly owned was taken over by a management team with a history of losses on the verge of closing. They did exceptionally well in the subsequent two years, increased employment from 50 to 85, then to 110; paid out Venture Capital's investment of \$750,000, of which \$262,000 was the province's share, and is presently resolving an environmental problem related to lead poisoning. Nemco Resources and Spiroll Kipp Kelly are two other examples where there has been a tremendous improvement and increase in the businesses. Those are the good news ones, we have to recognize those.

Mr. Chairman, if we go into the investments by the business sector, if we break them down into business categories, we've got Computer Software and Related, which is Homestead Computer Services, \$300,000; Genesis Research Incorporated at \$610,866.00.

We have Tourist Related, which is the Brandon Waterslide Park in Brandon, for \$164,000.00.

Under Manufacturing and Processing, we have what looks like about 15 to 18 individual ones: Nemco, Spiroll Kipp Kelly, Airflow, Border Glass, Fiber Tech, Lyon Industries, Speers McGonigal, Western Plastics, DermaLab International, Heritage, about 30. So there is a large group under manufacturing and processing.

Under Research and Development, ABI Biotechnology Inc. at \$672,000.00, one firm.

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Another category is Farm Equipment Repair, with Sidor Equipment, Wright-Sid Equipment, and Greenvale Equipment Ltd. of Morden.

Just to give you an indication of the sectors, the Computer Software and Related is getting 8.4 percent; Tourist Related, 3.3 percent; Manufacturing and Processing, 70 percent; Research and Development, 13 percent; and Farm Equipment Repair, 4 percent.

MR. E. CONNERY: The research and development company, what type of research and development is its into?

HON. M. HEMPHILL: Mr. Chairman, I understand it is biotechnology for the medical field.

MR. E. CONNERY: We're not extracting sugar out of wood in this case? You never know.

The amount of numbered companies, is there a reason that they are just about all numbered companies in the Venture Capital?

HON. M. HEMPHILL: I'm informed it's just a matter of convenience for the investors.

MR. E. CONNERY: The shareholders that are listed, are these the total number of shareholders within those companies?

HON. M. HEMPHILL: The list that you have there?

MR. E. CONNERY: In some places, there's only one person. Is it a sole investor?

HON. M. HEMPHILL: Yes, Mr. Chairman

MR. E. CONNERY: So the principals are listed. In one case, with Royden Richardson and Kathleen Richardson — it could be a coincidence — are they related?

HON. M. HEMPHILL: They're co-investors, but not cohabiting — we're not sure. We only know that they are co-investors; we don't know about the familial relationship.

MR. E. CONNERY: You are indicating \$4.9 million for this year in Venture. Has it been in operation three years now?

HON. M. HEMPHILL: This is the third, going into the third year.

MR. E. CONNERY: So you are doubling the activity within the Venture Capital sector then. You have done \$5 million in two years and you're going to be putting \$5 million in. What is the percentage of government money?

HON. M. HEMPHILL: Thirty-five percent government and the rest private investment, 35/65, which is why I was saying that for us to put \$5 million in and trigger \$9 million investment from the private sector is good.

MR. E. CONNERY: It is not that bad. You also have some other activities within the Core Area. The large

Chinatown development, that doesn't show up in these figures here do they?

HON. M. HEMPHILL: Mr. Chairman, that's under the Tourism Agreement.

MR. E. CONNERY: Okay. I guess we can just go through them quickly, one by one, the Feasibility Assistance for Small Manufacturers.

HON. M. HEMPHILL: Mr. Chairman, that's \$60,000, where we give Feasibility Assistance for Small Manufacturers and it's cost shared on a 50-50 basis.

MR. E. CONNERY: The total program is \$60,000, or to individuals?

HON. M. HEMPHILL: \$60,000, the total program.

MR. E. CONNERY: Feasibility in whether they should establish a plant, or is it a market study, the resources and that sort of total feasibility?

HON. M. HEMPHILL: Yes, Mr. Chairman.

MR. E. CONNERY: How many have you had under that program?

HON. M. HEMPHILL: About 12, Mr. Chairman.

MR. E. CONNERY: Did they get involved in the hog plant at Neepawa?

HON. M. HEMPHILL: No, Mr. Chairman.

MR. E. CONNERY: The department wasn't involved in the hog plant at all?

HON. M. HEMPHILL: We weren't, IT and T was.

MR. E. CONNERY: What about the plant at Teulon, I think it is, the cheese plant?

HON. M. HEMPHILL: Not our program; not our cheese plant.

MR. E. CONNERY: It's not your cheese plant, but would it come under IT and T or Business Development?

HON. M. HEMPHILL: Mr. Chairman, most of the development agreements are under IT and T.

MR. E. CONNERY: What kind of a breakdown, do we get a fairly good split between Winnipeg, Brandon and the smaller towns? Where does the interest come from?

HON. M. HEMPHILL: Mr. Chairman, it's my understanding that most of them are Winnipeg and the rural.

MR. E. CONNERY: Does this assistance then come initially out of the RDC's in the rural area or the Brandon Parkland?

HON. M. HEMPHILL: Some of them would, Mr. Chairman, but more of them would be in the Winnipeg area.

MR. E. CONNERY: The DASP, Design Assistance for Small Projects?

HON. M. HEMPHILL: Mr. Chairman, we have six or seven projects under the Design Assistance Program and one of them is for Pham Foods Inc. to develop a package designed for a soybean-derived frozen treat, which is called Tofu Treat. It was to increase customer awareness of the new product, which is an alternative to dairy ice cream, and to generate sales. The total cost was \$1,590 that was shared.

Another one is to give qualified design service to improve and expand company image by design. It was the company logo, letterhead, envelope design, price list, wholesale and retail, both in U.S. and Canadian invoice. That was for Elizabeth Warbansky Ukrainian Arts and Crafts Ltd. The total cost was \$3,500, of which we paid \$1,000.00. Tai Foods Inc. to develop a package design, we've done that. It's a soybean.

Birds' Fine Feed in Winkler, to develop bird feeders to increase the sales of bird feeders, our department share was \$1,000.00.

MR. E. CONNERY: Would they, on that particular one, work out of the Technology Branch?

HON. M. HEMPHILL: It works out of the Winnipeg Business Development Centre.

Another one is Rich in Plant Food to design new product literature. The final brochure will be used for sales promotions such as support to sales representatives, trade shows, sales aids, and dealer support. It doesn't say what our share was, about \$1,000, I guess.

Malcolm Tait Marketing design work for labels for product packaging, we gave \$872,000.00.

MR. E. CONNERY: It would appear that this program isn't being excessively used or used to any great degree when you're looking at those few numbers when you're thinking of the designs that are going on in the province. Are people not interested in it or do they not know about it? You said, seven programs or something you had, and I can . . .

HON. M. HEMPHILL: Mr. Chairman, I'm informed that most large firms do their own. It is a small amount of money, but we've been attempting to do better promotion. It's available through a number of vehicles, and we do staff consulting as well under this program.

MR. E. CONNERY: You said it was done out of the Winnipeg Development Centre. That's located where?

HON. M. HEMPHILL: On Niakwa.

MR. E. CONNERY: Well is that not the Tech Building? They wouldn't do it in the other building where you have the counselling offices. It must come out of the Tech Building.

HON. M. HEMPHILL: They are both in there, Mr. Chairman.

MR. E. CONNERY: But they're separate buildings. Is it not the Tech Building I'm thinking of that they'd be working out of?

HON. M. HEMPHILL: It's in the same building.

MR. E. CONNERY: Is there any job relation figure put in here, or is it just the design and jobs aren't developed?

HON. M. HEMPHILL: Just design, Mr. Chairman, to improve productivity, to improve image, to improve marketing.

MR. E. CONNERY: Under your General Business Consulting, would you give us a little more detail than the brochure?

HON. M. HEMPHILL: Mr. Chairman, the purpose of the program is to help with the formation of new enterprises; creation of jobs in the manufacturing sector; to provide assistance for small manufacturers that are in financially critical positions; to provide counselling and information on government programs to existing and potential entrepreneurs; to assist firms in identifying and evaluating new opportunities; and to assist with feasibility studies.

In 1985-86, we placed less emphasis and effort on assisting manufacturers in trouble during this year. The branch experienced the following level of activity: General Counselling, 210 firms; New Venture and Expansion Counselling, 140; and Crisis Support, 20. The level of activity has resulted in the branch influencing or supporting the creation of 450 jobs, saving 200 jobs in about 70 firms.

MR. E. CONNERY: This would be a pretty wide range of consulting areas from financial to marketing to production. It would cover pretty well the waterfront in consultation?

HON. M. HEMPHILL: Yes, Mr. Chairman, and cover it by sector as well.

We also undertook two major initiatives that I might mention. One was Prospect '86, which was a Manitoba business opportunities exchange where 32 major exhibitors in both private and public sectors, display products purchased outside of Manitoba which could potentially be resourced in the province, and over 1,200 existing or potential suppliers of these products attended the exchange to investigate opportunities. The Prospect '86 Manitoba Business Opportunity Directory identifies the purchasing requirements of all exhibitors in Prospect '86 and their general purchasing policies.

MR. E. CONNERY: When the government is giving out grants and so forth to businesses, do they investigate to see that they have the business ability before giving the grant out and do they ever recommend that the business do some business consulting before they're granted money? Is this part of the program?

HON. M. HEMPHILL: Yes, we do it in almost every case, if not every case, Mr. Chairman, and not only do the examination but give them advice and then following up counselling and support for additional help that they might need.

MR. E. CONNERY: In my opening statement, I mentioned the fact that 80 percent of new businesses

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go broke within the first two years, and this is quite a tragic figure. What are you looking at, as a department, to try to overcome some of that loss?

HON. M. HEMPHILL: Mr. Chairman, I would think that a lot of the support we give is done through our counselling, through the consulting services that we offer, through the programs, the courses and programs that we offer which often have to do with business or with management of business, and through the support that we give for feasibility studies and sort of consulting and help before they go in to expand or before they go into the businesses where we're giving them as much advice and help as we can ahead of time. Then I think we continue that after they've set up. We continue working with them and giving them help that they need.

MR. E. CONNERY: Is there any general incentive help being considered in the area — I'm thinking of a business starting up that is paying the sales tax. One of the areas that I think maybe could be pursued is to postpone the collection of sales tax until a period of time when they become viable. I know this can be quite a drag on a new company, different things along that line. Have you any plans along that area?

HON. M. HEMPHILL: It sounds like an interesting idea, Mr. Chairman. We'll look at it. Do you have another question?

MR. E. CONNERY: I was just wondering if you had something. Gems of wisdom I thought were forthcoming and I was eagerly awaiting.

In the smaller communities then, if they go to the RDC's, they wouldn't have the potential for giving them the support. Then they will go to the place of business in the country or the business people can come into Winnipeg, Brandon or Dauphin. Do Brandon and Dauphin have the capabilities of giving the type of assistance, business consulting?

HON. M. HEMPHILL: Yes, many of the RDC's do offer that kind of assistance and if it's not adequate they can get the help from the bigger centres.

MR. E. CONNERY: What is the total staff complement at Brandon and Dauphin?

HON. M. HEMPHILL: Brandon is four; Dauphin is one.

MR. E. CONNERY: I would wonder then that the person at Dauphin having that sort of capabilities to be the wherewithal for business counselling.

HON. M. HEMPHILL: They refer a lot, Mr. Chairman, but they're the first contact. They do what they can with the resources they have and then they will refer them to places where the resources are.

MR. E. CONNERY: I think it doesn't matter what business we're in, that business management is, I think, the greatest cause of most business failures. There are circumstances often beyond the wherewithal of the individual. Things can change, especially if you're dealing with the international market. Dollar values,

Canadian dollars versus the European currencies can change significantly and have a drastic result, but if we don't have adequate business consulting, I think this is an area that we really have to put an emphasis on because the tragedy of a business going into receivership often means that small entrepreneur has put his life savings into it and has lost it all.

HON. M. HEMPHILL: Mr. Chairman, if I can touch on a couple of the activities, in 1985, the centres were equipped with computer systems and software and training of the staff. This technology has given new opportunities in business planning, communications, information resources and administrative systems.

The Community Information Program was continued in 1985, which means all rural communities, 35 of them, within the western region were visited and liaison with secretary-treasurers of the town, village or rural municipality councils was established.

Information was continually exchanged on the communities concerned regarding business and economic development and departmental resources. The centres responded to approximately 1,200 business and tourism inquiries annually, 500 originating from rural areas.

Quite a bit of support in the last year in the area of management development, and the businesses were both urban and rural. The consulting areas covered were financial, grant preparation, marketing production, human resources, accounting, bookkeeping and technical design.

MR. E. CONNERY: Does the department put on seminars where groups from a similar type business can go? I know they have done it in the past; I've been at some.

HON. M. HEMPHILL: Yes, Mr. Chairman, we sponsor courses like that. The RDC's sponsor some courses, some school divisions do and the colleges do; so there are four groups that are sponsoring programs, courses.

We've got 30-hour courses on bookkeeping, how to start your own business, seminars on tax tips, employment standards and source deductions, Limestone purchasing seminar, effective selling techniques, effective merchandising, business information sessions, Manitoba marketing network.

We've done 10 workshops on an introduction to microcomputers. Women in business is another area.

MR. E. CONNERY: Well, I think we can . . . We mentioned Case earlier. Is it we're using retired businessmen to go to . . . So it's a reasonably successful program. Or, once again, do we do anything to try and ferret out, to encourage people before they get in trouble? I know in agriculture, a lot of these farms if they could get them three years before the bank calls, often they could save them. And the problem is that there's a little bit of pride or people aren't aware and so they don't go for assistance in time and, by the time the banks call, then it's too late to do anything about it. What can we do to encourage people?

HON. M. HEMPHILL: Mr. Chairman, I think we're trying to communicate always with the business community

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that we're available early on, or the earlier the better that they come to us for assistance, the more help we can give them, and we have the retired, we do still have that program where retired business people are . . .

MR. E. CONNERY: I think the tragedy is the people who need the help the most are the most reluctant, and those who need it the least are the ones that take advantage of programs and it would be nice to see a more balancing of that sort of approach from people. I know it's difficult and I'm not sure how you do it myself but, if we could, it would make for a lot less heartache. The Commercial Planning and Development Program.

HON. M. HEMPHILL: Mr. Chairman, that's the program we're phasing out that was under Main Street Manitoba. We were offering assistance to communities to look at all their potential for business development in the community, helping them with feasibility studies and planning, but that program is now not in existence because it was under Main Street Manitoba.

MR. E. CONNERY: Is it not being replaced by any other program?

HON. M. HEMPHILL: Mr. Chairman, the RDC's are doing part of that work now.

MR. E. CONNERY: Is the Minister familiar with the program of the RDC at Portage with the computer and what they are doing out there?

HON. M. HEMPHILL: Mr. Chairman, I'm informed that we assisted them, that they took the lead and that we gave them assistance with that program.

MR. E. CONNERY: I know the staff will know, but what I gather what they're doing is they're doing statistics on all of the towns within the central range, with all of the population, what's there, so that if a company is looking to develop that they have on computer very quickly what's there and are people interested.

HON. M. HEMPHILL: Yes, Mr. Chairman, what they're developing are community profiles and we're helping them develop a network through all the regions.

MR. E. CONNERY: I think the advantage of that, and if they can get tied into the North American computer system, then people all over North America can very quickly look to see what we have at our various regions, to see if they have any interest. I think that this kind of a program should be encouraged. I don't know how much money is being put into it. What are your plans and thoughts on that?

HON. M. HEMPHILL: Mr. Chairman, we put about 60,000 into the computer network, and I think we agree that it's a very good initiative and half of that money was for consulting and half of it was for computer hardware and software.

MR. E. CONNERY: Is it the department's plans to tie in all of the communities in Manitoba into a similar system?

HON. M. HEMPHILL: Just the regional development centres.

MR. E. CONNERY: Then I gather that Winnipeg won't be tied into that particular system.

HON. M. HEMPHILL: Mr. Chairman, no, we also work with the Winnipeg Development Corporation, Winnipeg Development Centre so they're not precluded.

MR. E. CONNERY: But are you going to interface the different systems?

HON. M. HEMPHILL: Mr. Chairman, I understand we've had some discussions with them about the possibility. They're a little more advanced in what they're doing and they don't all quite fit with the other program.

MR. E. CONNERY: It seems to me that we have here with computers and tying into the North American, and I gather the United States if I'm not wrong, has a fairly good system going that people from all over will be able to find stuff that they need and also for companies that are looking for expansion. I think this would be a tremendous opportunity for Manitoba to be viewed by North America and maybe even the world. So I think the possibilities of selling ourselves without going and doing a lot of selling, because I'm sure entrepreneurs that are kicking around and love computers will be ticking little numbers and seeing what's all over the place.

HON. M. HEMPHILL: We are looking at how we can tie into these networks because we agree with the Member for Portage about the potential.

MR. E. CONNERY: One that I missed earlier in the grants, and I finished that particular program, the Fort Garry Hotel had a grant for something . . . it came through on an O/C.

HON. M. HEMPHILL: The only one that we can recall was under the Tourism Agreement. It was the Fort Garry Consortium who developed a brochure, I believe, on the changes in money, exchange rate for . . . That's the only Fort Garry grant that we can think of. I think it's \$14,000 or so and there were four or five groups. They developed a brochure to communicate the advantages of the exchange rate that is going to be distributed to potential high markets.

MR. E. CONNERY: Is that just this one hotel?

HON. M. HEMPHILL: No, it's a consortium of four or five groups.

MR. E. CONNERY: But they just went under the name, Hotel.

HON. M. HEMPHILL: They went under the name of Hotel, Fort Garry Consortium, I think.

MR. E. CONNERY: The Management Development and Training Program — here you do get involved in

seminars; I gather this is for training management people.

HON. M. HEMPHILL: Yes, Mr. Chairman, it's essentially the courses and workshops that I outlined just a short time ago.

MR. E. CONNERY: What kind of numbers did we get through there?

HON. M. HEMPHILL: These were also some of the figures that I gave previously, but the Small Business Counselling Program provided assistance to 634 Winnipeg clients and 207 rural clients. The Small Business Centre provided assistance to 6,976 clients, and 1,604 clients in rural Manitoba, in the form of advice, counselling and information.

The Management Development and Training Program has held 46 courses and 58 seminars with approximately 600 participants.

I also mentioned the establishment of a video library, we have something like 100 tapes, and it's now being delivered through the school system.

MR. E. CONNERY: These tapes, are they being encouraged at all to have courses in the schools on this sort of thing and to use them as part of their curriculum?

HON. M. HEMPHILL: Yes, they are. We were just saying that we make the tapes available to the school system, that some of the courses that are provided are provided by us. Some are actually provided by the school system, the public education system, and the colleges are looking at doing much more in this area, and also the Federal Business Development Bank is providing courses.

MR. E. CONNERY: Is there an overlap between the federal and provincial programs? It seems that even within the federal they have more than one area of counselling. Is there room for some joint working together to try to cut costs?

HON. M. HEMPHILL: Yes, we do work together; there is a committee. We use their tapes and they use our tapes and we talk about what each one of us is developing, so there is continued communication and sharing of the tapes. On course development, we do exactly the same thing. What courses are you going to put on; what course are we going to put on, so that there isn't an overlapping.

MR. E. CONNERY: The Core Area Development Program, I think we've basically covered it. On the Main Street Program, I'm not sure; did I ask if all the towns that wanted assistance were given assistance, or did some die on the Order Paper?

HON. M. HEMPHILL: Mr. Chairman, we're reminded of how pleased we are, all of us, on both sides of the House, I'm sure, with the great success of this program. It was under Municipal Affairs, and we believe that most people who applied received funding, although the feeling is that there may have been a few that did

not. We wouldn't have the list of them, but can get it for you if you wanted.

MR. E. CONNERY: The funding didn't come out of Business Development?

HON. M. HEMPHILL: Our funding was just for the studies and the funding came through Municipal Affairs.

MR. E. CONNERY: Maybe we could move into the Masters of Business Administration Student Consulting Program.

HON. M. HEMPHILL: This is the program where we normally have somewhere between 10 and 15 senior students who work to give help and support to businesses. The Masters of Business Administration Student Consulting Program assisted 30 small business clients in the summer of 1985 and gave counselling assistance to Small Enterprise Program, assisted 125 clients in Manitoba by cost-sharing of consulting fees.

MR. E. CONNERY: There's no danger that they're taking business away in areas where there'd be legitimate businesses? My only concern is I think the program is probably a good program as long as it doesn't interfere with people that are already in existing businesses.

HON. M. HEMPHILL: You mean the concern is that the students that work in the consulting work that the students are doing would be done by somebody else that would get a job if the students weren't getting it?

MR. E. CONNERY: Well, as long as they didn't take it away from an existing business that needed the business.

HON. M. HEMPHILL: Mr. Chairman, I'm informed that in most cases the price is so low that it's not likely that anybody but business students would be interested in taking it. It is seen as an internship where they get some money, some pay, and get practical experience while they're doing it. So they're providing a service but they're learning at the same time and I think that you have to be students to do that.

MR. E. CONNERY: The Youth Entrepreneurship Program.

HON. M. HEMPHILL: Mr. Chairman, this program is in its second full year of operation. It provides information to students on career options of starting their own business at both the Winnipeg and the Brandon Career Symposium. Some 6,600 "Serious Pursuits in the Small Business World" brochures were distributed. The interest shown by both students and their parents in entrepreneurship is really encouraging. Under this program, we also give departmental support to young Manitobans applying for the Government Youth Business Start Program.

I think I mentioned these two things before, that some 91 businesses have now been started, ranging from hothouse operation to retail stores to bakeries. Last year's evaluation indicated a very low failure rate. So that seems to be quite successful.

MR. E. CONNERY: In the RDC's, is the role of the RDC going to be expanding, staying the same? What is the future of the RDC?

HON. M. HEMPHILL: Our feeling about the RDC's is that they are becoming more and more useful both in terms of what they can provide in their skills. The computer network that was set up gives them access to resources and information that they didn't have before. They're getting involved in more and more counselling, in marketing programs, and helping with marketing. I would say that we see the RDC's as being useful and helpful and increasing their usefulness and ability to provide service to the communities, to the regions that they serve.

MR. E. CONNERY: Are they getting increased funding? I know at one time funding was pretty tight for them.

HON. M. HEMPHILL: It's just a little bit more than it was last year, but it's \$1.1 million, which is fairly generous funding for the six centres.

MR. E. CONNERY: I mentioned earlier the community futures that the Federal Government is working on. What is the relationship there between the provincial and the federal, as far as working together?

HON. M. HEMPHILL: Mr. Chairman, I understand that our major role there would be to make known what is available and to assist them with their applications.

MR. E. CONNERY: Is there a danger of conflict here when you have the federal with their thrust and the province with maybe a different thrust? I would be concerned that there's going to be some overlap or . . .

HON. M. HEMPHILL: Mr. Chairman, on all of the programs, we simply try to make sure that we don't overlap, but that we know what the Federal Government is doing and that we complement or work with them.

MR. E. CONNERY: In programs that you have in place, in the federal, they were advocating sunset clauses in programs and I think the desire or the ability of a sunset clause didn't mean that it had to end when that sunset period came, but at least it had to be re-evaluated. Are there other sunset clauses in your programs?

HON. M. HEMPHILL: Mr. Chairman, I'm not sure that we would call them "sunset clauses," but we review the programs on a regular basis, not just after a specific period of time, but annually, on an ongoing basis.

MR. E. CONNERY: I think the danger where there is no closing period, that the program keeps going on and you add a new program and you've got an old one, rather than if you've got a program that is needed for a specific reason and when that time frame has lapsed, then you shut the program down.

HON. M. HEMPHILL: Mr. Chairman, what we do in most cases is establish a four or five-year plan, which gives an adequate amount of time and at the end of

that time, the evaluation is done to see whether or not they should continue.

MR. E. CONNERY: We've talked about the oil industry in Manitoba. What percentage or what part of the supplies of the oil industry is Manitoba supplying to the industry, Manitoba suppliers?

HON. M. HEMPHILL: Mr. Chairman, I understand it's relatively small, but to get the exact answer, we'd defer to Energy and Mines or get the answer for him tomorrow.

MR. E. CONNERY: I think there's an opportunity here, although the oil industry is in somewhat of a downturn. With ManOil we should almost have an easy in to some purchases, so I would hope that we could pursue it if there's an opportunity.

MR. CHAIRMAN: I would suggest there are two opportunities. One under the Public Utilities hearings under ManOil, which we've already passed; and the other one would be under the Estimates of Energy and Mines, if you wanted to pursue that in detail.

MR. E. CONNERY: Yes, but in this sector, we're talking about business and then business opportunities, and I don't think we've pursued that avenue. It might not be viable, but have any studies been done at all or any looking at what supplies are purchased and maybe what we're missing in sales?

HON. M. HEMPHILL: Mr. Chairman, I think those examinations are done, but the lead department is Energy and Mines.

MR. E. CONNERY: I'd like to get into the Small Business Development Program, the \$10 million one.

HON. M. HEMPHILL: I'm sorry, Mr. Chairman, I didn't realize there was a question there.

MR. CHAIRMAN: There wasn't.

MR. E. CONNERY: What is the program?

HON. M. HEMPHILL: Oh, that's the question I was waiting for. Mr. Chairman, I know the Member for Portage said previously that one of the things he wanted to talk about was the Small Business Loan Program and he hoped that we had the criteria and things available which we did not have when it came up under the first Loan Requirement Act in the House.

I have to tell him that I don't like to disappoint him, but we do not have them yet and I don't want to rush it. I indicated at the time that we were planning on setting up a consultation process with the people in the field and we're in the process of doing that. We're looking at establishing criteria and the establishment of a \$50 million program, not a \$10 million program and I want to take the time we need to make sure, No. 1, that it's going to work; but No. 2 — and probably more importantly — that it's going to serve the needs of the small business community.

What I learned when I met already with the manufacturing sector and we had had some thoughts

about the program, and they reviewed it, that they had some very good suggestions and had information that they gave us about top priority needs that we hadn't realized and taken into consideration, that are going to affect the way we deliver that program. I would certainly want to do the same thing with the small business loan fund. I would want to be flexible and open enough to hear how they thought it should be set up before we finalize the program. To say that you're going to consult and to announce all the terms is a mockery.

MR. E. CONNERY: What groups are you working with in developing your program?

HON. M. HEMPHILL: We're in the process of involving a wide variety of groups. I was talking to the Manitoba Chamber of Commerce at lunch time today and indicated that was one of the areas and one of the groups we would be talking to about this. What we'll be looking for is a good cross section of the business community, including financial institutions, we'll be talking to.

MR. E. CONNERY: Going back to the Canadian Federation of Independent Business, one of the things — and to find it now would take too long — was their concern that maybe grants should be passed up, but there were an awful lot of other areas that they were more concerned about than grants. I'm not opposed to the grant program, per se, but I think if we do the grant program without improving the overall business climate, then we're throwing money away and not going to achieve the maximum benefits that we want to.

There are several areas where the business climate can be improved, and I know they don't fall under your department as far as ministering, but I would be sure that your various departments talk when you're developing programs. When we talk about the minimum wage, I'm sure that you must be in caucus when you discuss minimum wage levels, that the input from the business sector would have some weight, I would hope. Obviously to this point the previous Minister didn't, but hopefully the new Minister will have some weight, but the Federation of Independent Business makes some very . . . Now the Minister says she's listening to business and I have to agree, as a business person, with the comments they're making in here. I think that as the Business Development Department should be looking at them very strongly, very carefully, and going to caucus with recommendations that affect the 1.5 payroll tax, what is the minimum now? Where do they start to pay?

HON. M. HEMPHILL: Fifty thousand, Mr. Chairman, but about 70 percent of the small businesses are totally exempt.

MR. E. CONNERY: That has helped a number of small businesses, but I feel that there's another . . .

HON. M. HEMPHILL: Most of them.

MR. E. CONNERY: A which?

A MEMBER: A majority . . .

MR. E. CONNERY: A majority, okay, but still the right thing to do is to remove it to make all people competitive but, unfortunately, I don't think that's going to happen in this administration.

The lack of competition, the ability to compete, even if you're not an exporter, the ability to compete within Manitoba against firms that are looking at Manitoba markets, these can be very significant costs. We're keying on in the manufacturing and the processing sector and these are the areas that are labour intensive and that we are hurting to the greatest degree, the areas that we have to achieve greater success in Manitoba.

HON. M. HEMPHILL: A couple of points that the member made, I think, first of all, clearly, when any items come up that will affect the business climate or business community, they have and will be brought forward to Cabinet and caucus to be given consideration. I think they were before and that's certainly a part of my job that I expect to do.

In terms of the health and education levy, I think that I indicated that 70 percent of them, we believe, and it may be even a little larger than that, are exempt. I think we also have to remember that — and I can't quite remember what the total amount of the health and education levy is. Is it \$100 million?

MR. E. CONNERY: No, it's more than that. \$160 million?

HON. M. HEMPHILL: What is it? \$160 million, that's what I thought, about \$160 million. The use to which that money is being put is, overall, what is being done is benefiting all of Manitobans, benefiting the economy, benefiting the stability, benefiting business, and can't just be looked on as the cost to the 30 percent of the small businesses that are stillborn, but the overall impact of having \$160 million for the province to stimulate development, to stimulate growth.

MR. CHAIRMAN: If I might just mention to the Member for Portage and the Minister, although this is peripherally relevant, I would refer you to Rule 64.(2) which says, "Speeches in a Committee of the Whole House must be strictly relevant to the item or clause under discussion."

This is peripherally relevant so I've allowed it, but I would think we should stick with Item 2.

The Member for Portage.

MR. E. CONNERY: Mr. Chairman, we're talking about business development, and business development is business development; and if there are factors that aren't under the jurisdiction of business development, but do play a major role in business development, I think that as this department, we should discuss them.

MR. CHAIRMAN: I would suggest to the member that I have made a ruling. Under 64.(3), "The Chairman of Committee shall maintain order and decide all questions of order." I have allowed it, but I am suggesting it's not in order to continue this debate, that we should get back to Item 2.

If you wish to challenge the Chair, you're free to do so.

MR. E. CONNERY: It's what they call "open government."

HON. M. HEMPHILL: I just want to make one point about the taxes.

MR. CHAIRMAN: I would suggest to the Minister that that discussion should cease.
The Member for Springfield.

MR. G. ROCH: Mr. Chairman, is the Chairman suggesting that the payroll tax does not play a factor in business development?

MR. CHAIRMAN: No, I'm not suggesting anything of the kind. I am suggesting that Rule 64.(2) is very specific, and it says, ". . . must be strictly relevant to the item or clause under discussion." My interpretation is this is not strictly relevant.
The Member for Roblin-Russell.

MR. L. DERKACH: Mr. Chairman, can you advise me then under what section we can discuss the area of payroll tax?

MR. CHAIRMAN: Yes, it's under the Department of Finance. The Estimates of the Department of Finance will be most appropriate.

MR. L. DERKACH: Therefore, you're suggesting that it is not related to this?

MR. CHAIRMAN: I'm not suggesting, I'm ordering. I am giving you the ruling that I have made. It's very clear that the rules allow the Chair of Committee to make a ruling. I'm making a ruling that this discussion to continue for the rest of the evening is not in order.
The Minister of Education.

HON. J. STORIE: On a point of order. Perhaps for new members who haven't participated in the Estimates debate before, there are a number of opportunities where questions of any kind can be raised and there are no restrictions.

MR. CHAIRMAN: The Minister's Salary, for one.

HON. J. STORIE: Yes, when the Minister's Salary is being debated, there is time, opportunity, for open discussion of any item at any length and on any question.

The Chairperson is quite correct when he quotes Rule 62 whatever it is. From time to time, Chairpersons have attempted to enforce that rule on committees, and the way around it, obviously, is to wait until Minister's Salaries and bring out all of those items which do not quite legitimately fit under the agenda.

MR. CHAIRMAN: The Member for Niakwa.

MR. A. KOVNATS: Thank you very much, Mr. Chairman.
Yes, we do know that under Minister's Salary that it can reach far-ranging debate, but at that point, out of consideration to the Minister, she will not have her staff and it's kind of unfair when she has the opportunity

of answering these questions with her staff that are able to provide her with these answers.

I think, for the sake of expediency, that the debate be allowed to continue in the manner in which it is because it's not out of order. The Chairman has ruled it somewhat out of order. He hasn't made a decision that it is completely out of order. In fact, the Chairman has admitted that there is some sustenance to the debate being in order.

We're not challenging the Chairman's ruling, but I would strongly recommend that the debate be allowed to continue so that the flow of information can continue and the Minister will have the opportunity of answering or not answering. If the Minister was complaining, I can understand the Chairman taking the opportunity to make those remarks, but I have listened to the debate and found it very, very interesting.

I haven't contributed to the debate, but I would think that maybe the Chairman should kind of withdraw and allow the debate to continue for the sake of completing these . . .

MR. CHAIRMAN: I'm listening carefully to all the advice.
The Member for Springfield on a point of order.

MR. G. ROCH: No, for clarification. If I understand what you said right, it means any item under this department can come back on the Minister's Salary, can all be discussed there.

MR. CHAIRMAN: Yes, that's correct.

MR. G. ROCH: Can we be assured they'll be answered at that point?

MR. CHAIRMAN: No. One of the situations is there is no requirement for a Minister to answer any item under the Estimates. It's tradition that the Minister answers items to which it . . .

MR. G. ROCH: Where do we get answers then if we can't get them in Estimates or question period or anywhere?

MR. CHAIRMAN: If you'll listen carefully, the rules are that, similar to question period, a Minister is not required to respond to a question. However, tradition is that to the best of the Minister's ability, in order to keep the processes of the Legislature open and above board and to allow information to flow freely, that the Minister does respond where possible and where reasonable; so it is not the fact that there is information being hidden. It's the same thing as question period. It's basically a Minister is not obligated to answer a question, but a Minister usually does.

Listening to the advice of the members, I would allow the debate to continue but I would suggest to all members that we do not get too far away from the subject matter. We are dealing with Item 2., Business Development, Small Business and Regional Development.

Matters of payroll tax are peripheral and I respect the opinion of the Member for Niakwa who says it is relevant, but it gets less and less relevant as you go into items that become more and more peripheral; so

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if you wish to continue in this vein, I will recognize the Member for Portage.

MR. E. CONNERY: What is the role of the department under the MMN Program? That's the Native Business Development, MMN. It's in your glorious little book.

HON. M. HEMPHILL: Mr. Chairman, can we confirm the group we are talking about?

MR. E. CONNERY: It's in Investing In The Business Future of Native Canadians and I guess . . . No, it's the CCMB, sorry about that.

HON. M. HEMPHILL: Mr. Chairman, it's my understanding that our involvement with them was to help them set up the first founding meeting, which was the first meeting of its kind to take place across the country. And that having had that first meeting, that we are now having meetings with Jack Fraser to form a Native business network arising out of the founding meeting.

MR. E. CONNERY: Would it not stay within the business development sector? To me, if it's going to be to help them with business, this is the business department that has the counselling, that has the wherewithal to help Native people. This one I have a lot of sympathy for, and a lot of interest in, because it's the area that I think we should going with more of our Native people to make them self-sufficient, and business people where they have that ability. I know of many Native people that have that ability.

HON. M. HEMPHILL: We agree and we're providing assistance to them, as was described, taking on a mentor role and providing business assistance to them.

MR. E. CONNERY: Will this carry on in the future? Will you still be maintaining a liaison with them and helping them with whatever the department has available?

HON. M. HEMPHILL: Yes, Mr. Chairman.

MR. E. CONNERY: Is the Minister familiar with the program of where the thrust is and what they are looking at under the program?

HON. M. HEMPHILL: I'm informed that they originally set up a council for Native businesses and that they are 'white' businesses where people are taking on a mentor role and working with them and helping them with their development, and that also there is a possibility, in some cases, of the individual business being taken under the umbrella, and given support under the helping business.

MR. E. CONNERY: Would these businesses then be eligible for the Grant Assistance and all of the other things that come under Business Development?

HON. M. HEMPHILL: They would be able to get whatever grants are available.

MR. E. CONNERY: Have there been any successes to this point, or is it still too early in the planning stage to have any?

HON. M. HEMPHILL: Still too early in the planning stage.

MR. E. CONNERY: So, then, what kind of funding are you providing to the group through the Business Development, strictly personnel or is there going to be additional funding?

HON. M. HEMPHILL: Yes, largely personnel.

MR. E. CONNERY: I've got it right this time. The MMN, The Manitoba Marketing Network. How is it functioning?

HON. M. HEMPHILL: It's a network of marketing people who are offering their assistance free of charge. The purpose is to provide practical marketing advice to small- and medium-sized businesses in Manitoba. They call it a private-public partnership because the private sector members provide the organizational leadership and the practical business experience while the public sector provides financial, administrative and other support. It is made up largely of entrepreneurs and business executives who are currently active in running successful businesses. They are not consultants by profession, but they are successful marketing practitioners.

There have been several organizational planning meetings held by the network founders to bring it to reality during fiscal'85-86. It led, in the fall of '85, to the incorporation of a volunteer executive and board of directors representing business executives from Winnipeg, Brandon, Dauphin and Winkler. They have held two practical marketing seminars to date to launch the network publicity in Winnipeg and Brandon. We also do referrals.

MR. CHAIRMAN: The Member from Roblin-Russell.

MR. L. DERKACH: Mr. Chairman, with respect to information to businesses, especially businesses that have recently started, within my constituency there seems to be a problem in getting information as to the types of services that are available from the department to help in business development. And, even as far as myself, I have attempted to get some information and still am waiting, and it appears that it takes a long time to get information. It is also difficult for businesses out in rural Manitoba to get to the specific information. I am wondering whether there are any plans by the department to make information more available and more accessible to the businesses in rural Manitoba?

HON. M. HEMPHILL: Mr. Chairman, we would expect that the Regional Development Centres would be the first line. Maybe they might not be able to get all the information and advice there, but that would probably be the place of first resort, I suppose, that they would go to. I think if there is information that suggests they are having trouble getting information they want and need from anywhere then we would like to have that and to take a look at it and to try and find out why,

because they should be able to get it either from the Regional Development Centres or from our branch or department.

MR. L. DERKACH: I am wondering if there isn't a better mechanism to get the information out since some of the communities are a fair distance from the regional offices, and whether it is possible to get the small town councils or village councils and Chamber of Commerce at least the addresses of the regional offices, or the department, where information of this nature is available.

HON. M. HEMPHILL: I think we'll take that under advisement. We are going out into some of the smaller centres and it has been pointed out there is a limit to what you can do with a limited staff and we have to find ways to get the information out, not all of it being done directly by department personnel, which we don't have the capacity, but by getting it out into regional centres and other areas where they can tap into it, but I think we'll try and look to see what the problem is.

MR. L. DERKACH: Mr. Chairman, I'm wondering if you would allow a question on payroll tax.

MR. CHAIRMAN: I've said if it's marginally relevant, all right, but all I have suggested before, is that we not get carried away on a debate on the payroll tax at this time and place. It doesn't seem to be appropriate under this section, but certainly, if the Minister wishes to respond.

MR. L. DERKACH: My question to the Minister, of course, is whether or not there has been an evaluation done in terms of the kinds of employment opportunities that are lost because of the fact that businesses do have to pay the payroll tax. I suppose that I'm talking about the smaller communities in rural Manitoba who may, in fact, be employing some of the people who are in great need of jobs, and are not employing them because of the fact that there is this disincentive of the payroll tax. I'm wondering whether your department, Madam Minister, has made an assessment of whether there would be, in fact, a greater benefit to Manitobans if the payroll tax were removed whereby businesses would have the incentive of employing more people.

HON. M. HEMPHILL: Mr. Chairman, we have not done a study that gives us that information, and I would just suggest that one cannot assume that all the blame or that the lack of additional hiring or employment can be laid at the feet of the health and education levy. I mean, clearly there are a lot of complex issues there that they are taking into consideration, and that would be one of a number.

I also remind the members though, there is no alternative tax like sales tax. These things all have to be balanced out. It's not just a matter of picking out one thing, and saying this is the cause of all the ills and, if you would just remove it, everything would be wonderful. The reality is that it's a very complex business world out there with a lot of things coming to bear on it.

We think that exempting the large number of small businesses, the 70 percent, is a recognition of the

importance of protecting the very smallest businesses, because they are the ones that are probably hit the hardest.

MR. L. DERKACH: I don't want to prolong this for any length of time except to make my point very clear that, in a small town like I come from, you don't have to be a large business to be paying payroll tax. I think that has to be recognized. The \$50,000 exemption or the \$75,000 exemption is not a large amount of money to use as an exemption.

Several of the business places who employ a large number of people have indicated to me that, if that payroll tax were not there, they could in fact employ two or three people. It's a payroll tax that doesn't only hit the business place per se, the employer, but in fact impacts upon the employee because they are the ones who are out of jobs. The employer is not allowed to hire them, because of the fact that he's faced with this extra cost. The cost is not shared by the large majority of people. It's shared by those people who are in business and are creating the jobs within our community.

I'm wondering whether the Minister, in this next year, would at least take a look at the negative effects that payroll tax is having upon, not only the businesses in Manitoba, but also in terms of the people who are looking for jobs in Manitoba.

HON. M. HEMPHILL: I recognize that's a point that the member wanted to make on behalf of small businesses and businesses in his community, and I accept it.

I just simply say that, when we're looking at it, you have to look at it overall, what they're not paying here in this province like the health costs and things they are paying in other provinces. You have to look at the positive impact of the \$160 million on investment and development of resources in the province, which definitely is going to affect the business community.

So I just say that it's a big question. You have to look at all of it, not just isolate one single piece and say, look at that. That's the problem. Change it, and you've got all your solutions. As I said, all of our indicators show that capital investment, public and private, everything is up in Manitoba.

MR. L. DERKACH: That's all for my questions, Mr. Chairman, and I thank you for giving me the opportunity to ask these questions, even though they may not have been relevant.

MR. CHAIRMAN: The Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Mr. Chairman.

I have a question which in fact ties together Destination Manitoba and Business Development. I understand that Circuit Management is a holding company that sub-leases the Gimli Motor Sport Park to the Winnipeg Sports Car Club. Over the last few years, it has been given a grant of up to \$200,000 to improve the facilities, on the provision that it operates for five years after its completion.

At the same time, Bryan Wareing, of the Business Development Department has conducted a study which

is apparently presently before the Cabinet, the thrust of which is to sell the industrial park to the tenants or the highest bidder. If as it appears the price is too high for the Gimli Motor Sport Park for the Circuit Management and the Winnipeg Sports Car Club to participate in the purchase, how are we going to protect the monies involved for Destination Manitoba? So I mean, do we have one arm of your department doing one thing, which indirectly limits the activities of another branch of the same government department?

HON. M. HEMPHILL: Mr. Chairman, I suppose the point that is to be made is exactly the one that the Member for River Heights made and that is that it's a very complex question here with a lot of departments and a lot of elements to it.

We are in the process of negotiating and discussing and coming to some final decisions on how it will be handled to protect everybody's interests. At this point, without having those options presented to my colleagues and final formula and decision made, I'm not able to give exact information on what they are.

But we're aware of the concerns and I think, when we're working, that we're working with all groups and all organizations and all of the people involved, with all of the parties concerned.

MRS. S. CARSTAIRS: Well I guess, Mr. Chairman, I'd like some assurance that the money that has been spent by Destination Manitoba will be protected in any eventual sale which is initiated by the Business Development Branch of your department.

HON. M. HEMPHILL: Mr. Chairman, I can only say that I think when we are finalizing the agreement, that we're going to be trying to protect all of the interests of the people involved, not just ourselves and Destination Manitoba, but certainly that, too. So I quite agree with her point.

MR. CHAIRMAN: Any further questions?

MR. E. CONNERY: Do you want to call it 10:00 p.m.?

MR. CHAIRMAN: Well do you want to pass the item if there are no further questions?

MR. E. CONNERY: I have just two or three. You know, I think we can finish tomorrow without having to go beyond 10:00 p.m. We'll probably sit late tomorrow. Why sit late tonight, and then be less . . .

MR. CHAIRMAN: What is your wish? It's up to the committee.

Committee rise.

SUPPLY — FINANCE

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

We are now on the Minister's Salary, Item No. 1.(a) — the Honourable Minister.

HON. E. KOSTYRA: Thank you, Mr. Chairman.

I'd just like to respond to a couple of issues we were dealing with before the supper break. One, I'd like to table information for the Member for Ste. Rose regarding sales tax as it relates to farmers; and if there are any further questions he has arising out of that, we can deal with it specifically.

In response to the Member for Kirkfield Park, Mr. Paulhus was granted exemption from this payment about a month ago, and he has been or will be informed of that shortly.

MR. CHAIRMAN: The Member for Kirkfield Park.

MRS. G. HAMMOND: I want to thank the Minister for that.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Mr. Chairman, over the next short period, in an hour or so, when we're debating the Minister's Salary, I hope to draw out of the Minister some indication as to where he sees this whole area of accumulated deficit leading.

Mr. Chairman, I don't think Manitobans can any longer stand back and listen to the musings of the Minister of Finance, and particularly the First Minister, as to how well the economy is performing on one hand; and yet on the other hand, saying we still have people who are unemployed and therefore it's just cause that we, the government, then engage this horrible deficit.

I think the Minister — and I'm hoping — will tell us how it is, the Government of the Day is going to gradually bring into balance spending with revenues and tell us what areas of the economy he sees coming forward as shining lights that will provide the revenue necessary for government to once again bring into some type of balance, revenues and expenditures.

Nothing to date, Mr. Chairman, convinces me that the government has any idea with respect to the economy in the future. It has no idea whatsoever what areas are going to perform so well, so as to allow taxation revenues to flow, not only from corporations, but from individual incomes to create the tax dollars necessary to support the services that we, as Manitobans, of course desire.

Mr. Chairman, I'm aware of all the economic statistics and the forecasts and the like, but I haven't seen anything to date that convinces me that this government has any understanding where this province will be in a fiscal sense in five years hence. I don't think if we are responsible members in Opposition that we can sit here and allow the Minister again and his government to state in effect the words — although they never use them — they're saying, trust us.

Mr. Chairman, all I have to do is refer you to Page A-7 of the Budget document. And today, given the information by the Minister of Finance that most of the debt associated with the periods 1991 to 1994 has been amassed over the last 10 years, in other words, Mr. Chairman, I thought that most of the debt, most of the bond issues that we were entering into, that we were floating in the market were of 20-year term. Mr. Chairman, the Minister today indicated they're basically of 10-year term. All one has to do to see what the spending through the first term of NDP Government,

under the direction of the present Premier has done, it has just simply allowed this government to go forward and say how well they're doing in managing to maintain levels, static levels of unemployment, how well investment is doing because indeed the government is putting large sums of money into public investment. Yet, Mr. Chairman, here is the proof as to when all the spending and all the paying back will have to be done — 10 years hence, 1990 to 1994.

So I ask the Minister if he can tell me where he sees, within our economy, which sectors, which Crown corporations are going to be able to provide the major economic driving force that's going to cause revenues to flow in such a fashion that we can again bring into some type of balance expenditures and revenues?

HON. E. KOSTYRA: Some of these same questions have been asked as we've gone through the items, but I guess I would suggest to the member that maybe he knows the answer to his own question.

I was just reviewing a document that was tabled during the last provincial election called PC Plans for Economic Growth, a statement by Gary Filmon, Leader of the Manitoba Progressive Conservative Party, March 2, 1986. I think it's important, Mr. Chairman, because somehow the member opposite is suggesting that if they were in government they would somehow magically deal with the problems and there wouldn't be a deficit, but if things would have been better, the people of Manitoba would have chosen a better route in their mind. But let's just read what this document says and I'm quoting from Page 16 of the document, PC Policies, and in it, it says: "The deficit burden must be brought under control as quickly as possible. At the same time the many roles played and services provided by the public sector in Manitoba are too important for extreme measures. The need is for a responsible long-term program to manage the deficit down gradually.

"The Progressive Conservative Party has made two major commitments in this election campaign. The removal of the payroll tax . . . — they didn't quite tell the whole story there because sometime after the election they said, well, it's going to be a partial removal of the payroll tax. But this document is very clear and unequivocal on the removal of the payroll tax. We know, Mr. Chairman, the price tag for that would be in excess of \$100 million, if they were true to their word. We found out after that they meant that; but they didn't mean it, Mr. Chairman.

The other part of that, and I'll go on to read, and this is the "and," and it's underlined in their document, ". . . and an increase of 6.5 percent in funding for services to people."

Now, here we had the discussion around this item, and we've had the discussion of recent days about the deficit. We had the discussion during the Budget Debate — in excess of normal spending increases. Yet here, in the same vein, they said that they're going to provide funding increases of services to people, health, education, community services, I presume, which makes up two-thirds of the spending budget, increases of 6.5 percent, Mr. Chairman. At the same time, they're going to remove a tax that provides revenue to the province of over \$100 million.

This is I think the interesting part, because it answers the question that the member opposite was just asking.

"The natural increase" — this is on Page 17 — "in revenue, plus the growth in increased economic activity that will result from our economic programs will permit us to meet those commitments while still getting meaningful reductions in the deficit."

Again, here's another underlined phrase, ". . . without major cutbacks in other government programs and without public service layoffs."

So they're going to deal with the 6.5 percent increase. At the same time, they're not going to cut any programs, if you believe what they say, but as I pointed out when they dealt with the payroll tax here, they didn't quite mean what they said in this document because there was a little difference in interpretation after the election. They say they're going to do this without major cutbacks in other government programs and without public service layoffs.

I'd ask the member how he would see this year, if there was going to be a meaningful reduction in the layoff, if they were going to reduce the health and post-secondary education levy by over \$100 million — we're dealing with a deficit now of \$480-odd million, just under 490 — add that to it and you're over \$600 million. If you add the other list of commitments that were made by members opposite, not including the members in the front benches of the Opposition right now, but by other members, which would increase spending, you're adding to that another package of about \$50 million, actually, about \$100 million. Their leader came up with a package of reductions of about \$55 million.

So you're going to have a net deficit figure, under their own calculations, of in excess of \$650 million. — (Interjection) — No, my notes aren't wrong. These are straightforward facts as presented by the Progressive Conservative Party in the last election.

So, you know, we have this new-found interest by my members opposite about the deficit and the level of debt. If you read what they said in the election and if they were true to their word, and I'm not suggesting they wouldn't be — others might suggest that — then you would see a financial situation that would be much worse than the one that we're dealing with at the present time.

In regard to the question the member raises, I would again remind him of some of the discussion that we've had with respect to the deficit and accumulated debt. Let me say that we are concerned about the growth, but I would also point out to him to have a good look at what makes up that deficit. He knows by looking at the figures himself because he's much more informed than most other members opposite that a good part of the majority of that debt is associated with the self-sustaining Crown corporations. Only a very small part of that is related to general government purposes.

As I said previously, it's certainly our intention to work over the mid-term to significantly bring down the deficit or the budgetary requirement of the operating and capital accounts, and to deal with that so that we can deal with the significant interest costs that the province must pay with regard to that debt. We certainly see, as has been forecast by most forecast agencies, continued growth in the province. We intend to ensure that we do receive adequate revenues from that growth to make a meaningful dent in the budgetary requirements on the current and capital accounts in the mid-term. Obviously any details of those decisions

are made as we approach each budget. They're not made at this point and time in terms of specific decisions, but that is certainly the general course that the government is following. We have instituted a review to look at all areas of taxation and revenue in the province to see areas where we can make changes with respect to taxation and revenue, and do so in a way that is fair and progressive.

MR. C. MANNES: Mr. Chairman, quite frankly I expected an awful lot more, I really did. Remember, Mr. Chairman, when the First Minister introduced his Cabinet, and he said that the new Minister of Finance — in essence, he said there would be a new element of candor brought forward by the new Minister. Mr. Chairman, we fully expected, and I fully expected, when the Minister answered my question, that he wouldn't be dragging out press releases from the 1986 election. I didn't expect the baffle-gab that we're used to receiving for four years from the former Minister, Mr. Chairman, and he can point to the documents and say that's baffle-gab. I expected a sincere, well-reasoned answer, Mr. Chairman, to my comments. So let the Minister wave around any document he wishes in front of me, the point is he has no answers. He has no answers as to where we're going, and he can say that within our document we indicated that we, in our belief, Mr. Chairman, could do an awful lot more to begin to drive this economy, to let it motivate itself and therefore to turn out in a regular fashion the benefits to all the ratepayers and taxpayers of this province.

Well, I don't want to get into that debate right now because that's part of the different philosophies that we keep to ourselves that we believe that make us different, Mr. Chairman. But I must say I found the Minister's answer most surprising, because I asked him specifically to tell me which sector of the economies were going to produce so well. I asked him to tell me which Crown corporations were going to allow us to build our heritage fund to the new limits that would allow us to dip into them and secure one-half billion dollars in support of our farm community if necessary.

Mr. Chairman, I heard nothing; but at least I didn't hear the promise I heard in 1981, the first year that I campaigned, indeed you campaigned, that ManOil was going to pay for it all. Remember that election, Mr. Chairman, guaranteed by Howard A. — or was it R. — Pawley, that ManOil would save all our farmers and all our small businesses. At least, I didn't hear that.

But what I am disappointed in is I didn't hear any commitment as to his understanding and his knowledge, Mr. Chairman, as to which sectors in our economy were going to allow for these continued rates of increase of spending. Mr. Chairman, at a value over the last four years, the real value of some 20 percent, real increase in spending, that's when we factored out inflation, and yet our revenues increasing somewhere in the order of 5 to 8 percent in real terms.

So, Mr. Chairman, I honestly believe and expected that we would hear more from this Minister throughout this whole Estimates procedure because you just can't allow, in Opposition, at least, we cannot allow this Minister and the government to continue to tell us, year after year, that we have to be satisfied with a half billion dollar deficit. The time has to come.

The Minister can wave around all the election material he wishes, Mr. Chairman, he is in the seat of government.

In a year from now, when we're looking at this chart of debt and we notice that 1997 all of a sudden jumps up from a \$62 million repayment jumps up to one billion, one hundred million, Mr. Chairman, because indeed that's how much money is going to be — well, it's more than that — it's 1.45 billion that's required that this government has to go out and borrow. You factor out the amount set aside for sinking funds, then you probably come somewhere around 1.2 billion added to 62 million.

So, Mr. Chairman, let's realize a year from now, when we look at Table A-7 within the Budget, and we begin to see where it dips at this point, 1997, and all of a sudden now the number jumps up to the top of the page, let's realize how serious we are, because we can't go on another year.

Let the issue die and let the Minister bring forward another budget, again at a half billion dollar deficit, and tell us, crow in one hand, collectively, as Ministers opposite, that our unemployment rate is doing so well, we have so much invested capital that's going to be directed then towards the economy, and yet try to allow us, allow Manitobans somehow to believe that this isn't a result of this massive debt.

So, Mr. Chairman, the Minister has to lay before us some type of plan, some type of statement, some type of broader understanding that his government knows where it's heading. A failure to do so, of course, just will allow myself and other members opposite to rise on a daily basis and ask him how the credit rating is doing; ask him whether we're still on credit watch; ask him whether Standard and Poor's are going to drop us to A-plus next week, the week after that. Because, Mr. Chairman, as I indicated in the debate earlier today, nothing that the Minister has said, nothing that this government has done over the last two months indicates to me that they have any sounder grasp of the situation than they did over the four years previous.

I believe — I want to believe, at least — that this Minister of Finance has some understanding of the seriousness of the situation that we are now in and that we have been in for three years.

I can tell you, Mr. Chairman, nothing made me happier when I heard the makeup of the new Cabinet than the news that the Member for Seven Oaks was replacing the Member for Rossmere in that major portfolio, because I believe, even though we had lost the election — if there wasn't a lot of trauma associated with that, Mr. Chairman, for members on our side — I can tell you nothing would have been worse for those of us who think we understand where this province is headed and where the members opposite are taking us, nothing would have been worse than to realize that the former Minister, the present Member for Rossmere, would be repeating in that role.

So today, Mr. Chairman, through you, I try and exhort the Minister of Finance, who to this point in time has been very cooperative and in many respects has shown that he has a much fuller understanding of the seriousness of the situation. When I pose to him the very specific question, which areas of our economy are going to allow us as a province, Mr. Chairman, to tax the benefits associated with those areas and service

the real needs of our people, I can tell you I'm most disappointed that the Minister will not give us some hard answers to that question.

Mr. Chairman, you're well aware that we've lost Canadian Indemnity. You're very well aware that Versatile is on the ropes. You're well aware that Flyer, although it now has a new life breathed into it guaranteed for five years, guaranteed to cost all of us millions of dollars.

Mr. Chairman, we know that we have some real problems within this province, and all the figures dealing with unemployment, all the figures dealing with investment aren't going to change the reality of the situation. The Minister can tell me that we're doing well in a relative sense to some other jurisdictions. Mr. Chairman, that provides to me no solace. I take no satisfaction out of it.

So I just wanted, at this point, to tell the Minister that I give him another opportunity to tell me where it is, looking forward and he can — maybe he wants to define also when he talks about the mid-term — tell us specifically what type of period, time frame in which he's talking. Put some absolutes to it, Mr. Chairman, some parameters. Tell us when we're going to come out of this mess.

Do you remember what the First Minister said in 1982-83. He said: "Mr. Chairman, we will not be a government that kicks out the crutches from the people of Manitoba, the people who need it most, the people who rely on government." Then remember what he said in 1983-84. He says, we have a war, an economic war, and this is the time when we should bandy together. Like the time of the military during the war, we've got to bandy together and fight.

Well, Mr. Chairman, today and over the last year-and-a-half the government is telling us how this economy and how this province has done so well, and yet there's no change, no change at all. I think it's again, and I appeal to the Minister, incumbent upon him tonight to tell us from where our help is going to come, Mr. Chairman. It's incumbent upon him to tell us, to tell each and everyone of us and the people of Manitoba which areas are going to produce the wealth necessary to sustain the needs and the desires and to fulfill the requirements of all those of us who seek services from government.

HON. E. KOSTYRA: I'd just like to provide some comment on the member's questions and comments.

First of all, I'd just like the record be clear that I had made reference to the 1986 election campaign, and I didn't quote from New Democratic Party promises during that election campaign but I quoted from the document: "PC. Plans for Economic Growth," which was a statement made by the then or the current Leader of the Manitoba Progressive Conservative Party, Mr. Filmon, on March 2, 1986. The member said that I was engaging in bafflegab, and that's his interpretation of my comments of the Progressive Conservative election.

I hear the Member for Pembina speaking from his seat. I know he's itching as a contender for the leadership race whenever it's officially declared. He's itching from his seat to get up in the debate, and I'm sure that he will because he very seldom allows the Member for Morris to conclude remarks without himself

jumping in. I've got nobody to look over my — (Interjection) — well, we'll see how the wrestling match develops later this fall. But I just wanted that to be clear in the record.

The other point I want to make, the member suggested that the changes that were made with respect to the Cabinet were as a result of the performance of the previous Finance Minister, and any reflection on his performance is something that is so far from the truth it's, I would suggest, the opposite. The Premier said no such thing as the member is inferring on the Premier in terms of the Cabinet changes.

What he did say and — (Interjection) — the Member for Pembina still is itching to get up. If he could just be patient, the Member for Morris will conclude and I will conclude, and he will get his opportunity to set his position. But what the Premier indicated was that, if there was any concerns about questions about finances, they would be responded to. The change in portfolio was, in no way, cutting off debate or discussion about financial matters. Some of that's been twisted or interpreted into suggesting that was the reason for the change, and that's simply not the truth.

I think, quite frankly and quite honestly, that the former Minister of Finance did a tremendous job in the worst economic and fiscal time in the history of this province since the last depression. I think the fact that, in his approach, in fact the approach of all members on this side put people and the concerns of people and of the unemployed before other concerns, which was opposite to other governments in this country.

You can look at the disastrous consequences of conservative-minded fiscal policies in other parts of this country. We can use the most extreme example of British Columbia, and what they did in response to the deficit in launching an attack on people and programs, increasing the unemployment level. Sure, they decreased expenditures in British Columbia, but at what human cost, Mr. Chairman?

So I think that the former Minister of Finance, the present Minister of Industry, Trade and Technology, did a tremendous job as Minister of Finance during the most difficult time. I think he stood out alone amongst Finance Ministers in the country at that time. I'm certain, Mr. Chairman, that I'm not going to have that opportunity for very long, because I believe and I feel — and I think there are some statistics that show that I'll be right in that feeling — that there are going to be other New Democratic Ministers of Finance in this country within the very near future.

The financial and economic plan for the year was put in place and enunciated very clearly in the 1986 Budget, Mr. Chairman. The kind of questions that the member is asking in terms of direction over the next year are clearly indicated. What he is asking me is to go beyond that and to tell him what is going to be in the 1987 Budget. Well to be honest, that decision has not been made. I don't know if that comes as any great shock to the member, but I think he understands enough about the process to know that decisions in terms of what's going to take place in the 1987 Budget have not been made.

But I have indicated that it's certainly our intention to deal with, in a significant way, the budgetary requirements, to make significant improvements in that. We have made some improvements this year, albeit of

a relatively minor nature. So I think that the member's questions have been answered in terms of where the government is going, and I know he doesn't accept them.

I would suggest, I would quite honestly like to hear his suggestions in terms of how we deal with the current budgetary requirement. Should we increase taxes significantly? I would just caution him, when he responds to that, it was members on his side that criticized just about every tax increase that we brought into this Budget. The only one they didn't criticize, at least not openly though there may be some that may have criticized it privately, was the increased tax on cigarettes. There wasn't one that rose in his place and criticized that, but I think there may be — I have a sense that maybe that's unfair to impute motives to members opposite, but I think there may be the odd one that personally was a bit concerned with that tax but publically didn't criticize.

What did they criticize? They criticized the increased tax, corporate capital taxes, the increased taxes on banks, the increased taxes related to interprovincial pipelines, those increased taxes. So I ask him that, in terms of providing me with some suggestions on where he thinks we should increase revenues, to recognize that many of his members have criticized the taxes that we have implemented, particularly those that relate to larger corporations.

We just heard the other day, in the debate on bills, the concern over the position that is being advanced by my colleague, the Minister of Consumer and Corporate Affairs, with respect to fair practices and the provisions in there which they or some member, his leader, has suggested is an attack on the oil companies.

So I would ask him for his suggestions in terms of where he believes we should get increased revenues, recognizing the fact that many of his members have criticized our revenue measures. At the same time, I'd ask for his suggestions in terms of the expenditure side, again recognizing — and I give the member a lot of credit for this, because he was not one that engaged in the bidding war during the debate on the Budget. I think he really believes that there isn't any room for any major increases in expenditure, but unfortunately that has not been shared by many of his members on the other side.

I would ask him where he believes we could make significant changes on the expenditure side; significant in terms of, not the \$80,000 that we brought in here for a vote today on the Estimates of one department, but where we're talking about .5 million of expenditures or slightly under, in terms of the budgetary requirements.

I would sincerely like to hear his suggestions because as we look ahead to the next Budget I certainly intend to consult with a wide range of Manitobans, in terms of what will go into the Budget and I would like to hear the suggestions of Members Opposite, and I mean that — (Interjection) — The Member for Pembina laughs at that but I mean it sincerely, even though, at times that advice may be contradictory; but I'm certainly interested in hearing ideas and suggestions in terms of how we deal with next year's Budget.

MR. CHAIRMAN: The Member for Lakeside.

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

I appreciate that we've been dealing with some generalities here, now that we've arrived at the Minister's Salary.

I would like to indicate to you and the House that I would like to commence my examination of the Minister of Finance with a fairly straightforward question; an examination that I would anticipate would take the next three or four days, ably assisted by my Deputy Leader, the Member for Pembina.

I begin by asking the Minister just a very straightforward question. I have a very serious reason for asking this question. This Minister of Finance, in his Budget that he just referred to, responded to some of the general questions by my colleague, the Member for Morris, that laid out the blueprint of future economic development for Manitoba. Would he not have felt better if, out of the \$255 million or \$256 million of new taxation — it's in that area, I believe; I haven't got the Budget document before me — but the \$250 million of new money that this Minister is taxing Manitobans; if he could have, instead of paying \$80 million or one out of three dollars, I believe, to service a debt; if he could have given, my friend, the Minister of Highways, the \$12 million that Lord knows, our highways badly need; if he could have given the new Minister of Natural Resources some of the badly needed capital for infrastructure improvement. That department has just about been emasculated in terms of any meaningful work with respect to some of the serious drainage problems that we have in the province.

I just visited with some farmers. Mr. Chairman, the entire Interlake area, which is still an area — although has made some significant gains over the last several decades, but still needs a substantial amount of work — that entire area has been allocated something like \$100,000 or \$150,000 for the maintenance and any new construction of drainage programs in that area.

My question to the Minister of Finance: would he not have felt better, as a new Minister of Finance, having had the owner's responsibility and accepted that responsibility — he threw out the challenge about where does money come from; do we have any suggestions for new tax increases? Mr. Chairman, I'm prepared to acknowledge, this Minister had the political will to impose \$250 million odd dollars of new taxes on the people of Manitoba.

I just want him to acknowledge, in this informal Committee stage, that he would have felt a lot better if the better part of that \$250 million — or put it this way, Mr. Chairman, if \$80 million would not have gone simply to service debt, but could have gone to help out the new Minister of Urban Affairs with some enhancing programs for the city; the new Minister of Natural Resources or the Minister of Highways, just to name a few departments because they happen to be visible in this Chamber. Will he acknowledge that his job as Minister of Finance would have been made easier if he could have done that?

HON. E. KOSTYRA: Mr. Chairman, I appreciate the response from the Member for Lakeside in terms of what we should be considering in the Budget. I don't think it's my place to tell the member whether or not I would feel better or not feel better. I don't believe

that is the role of questioning of a member of the Treasury bench. I'd feel a lot better with a lot of different changed circumstances but I certainly will accept the suggestions from the member, in terms of areas that he believes should have increased spending, recognizing that it obviously is going to have some impact on the level of deficit, depending on what the situation will be next year with regard to revenue.

MR. H. ENNS: The reason I chose that particular line of questioning is because there is in Canada a very serious debate going on that deficits don't matter. That debate is, by and large, led by people in the public sector and, to be more specific, by union presidents in the public sector.

The Minister of Finance and the Minister of Urban Affairs both come from that school. They are all too often in the forefront in saying, "Look, governments going for a deficit . . . do not count; does not matter."

We have kind of a unique situation, Mr. Chairman, right now, where we have, in this present Cabinet, very strong representation from that sector of the public. We have the people, 600,000 residents of the city of Winnipeg facing a possible general strike of their public service sector, of which, I believe, the Minister of Finance was a corporate officer.

What I'm trying to solicit from this Minister of Finance, now that he wears the responsibility, wears the hat of Minister of Finance, whether or not he subscribes to that argument we hear all too often, that it is only the neo-Conservatives that worry about deficit, that deficit is not a problem that we should be worrying about, that it's just a method of accounting. We owe it to ourselves; it should not be taken seriously.

That was the reason for my first question. If it's not to be taken seriously, then I'm sure the Minister of Highways would not have had to endure a \$12 million cut. I'm sure that the Minister of Natural Resources would have gotten the traditional \$7 million, \$8 million, \$10 million, \$12 million of capital spending in the Water Resources Department. That was normal flow in the years when the entire revenue of the province was less than \$1 billion. Water Resources spent \$20 million in a year when the entire Revenue Department of government was something in the order of \$500 million. That's how far we have sunk.

Mr. Chairman, we keep hearing these arguments, not only from politicians, but from learned academicians — did I say that right? — that deficits really don't count and they really don't matter. I'm just interested, now that we have a Minister of Finance that all too often has, by association, subscribed to that school of thought. He has to make the determination as to how much money is available to his colleagues.

I'm simply suggesting, Mr. Chairman, that he would be a much more popular Minister of Finance — indeed, I think he would rank at least ten points ahead of the new Minister of Urban Affairs in any future leadership contest in that party — if he could have had those \$80 million that we are now sending to New York or to Tokyo or to Zurich, if he could have had those \$80 million to spend for the public good rather than on interest payments.

HON. E. KOSTYRA: The member made some comments about popularity. If that was a concern of

mine, I don't think I would have accepted the position of the Minister of Finance.

The position of the government and the position of this Minister of Finance is very clear with regard to budgetary requirements of the deficit. We are concerned about it, and that's been stated; we are attempting to deal with it.

But, as has been stated on a number of occasions, particularly the past, when we were under much more difficult circumstances, and I acknowledge that now's the time where we're going to have to make, over the next number of years, significant improvements in the budgetary requirements, but deficit is not the driving force or driving rationale behind decisions of the government. That is obviously a major consideration that has to be taken into account, but that cannot be the driving consideration in how we deal with the people in this province.

So I share the general concern that the member has outlined.

MR. CHAIRMAN: The Member for Pembina.

MR. D. ORCHARD: Thank you, Mr. Chairman.

Mr. Chairman, can I start with a question to the Minister of Finance? Does Standard and Poor's, who has currently got us on a credit watch, are they aware of the fact that we have pledged to Manitoba Properties Inc. some \$930 million worth of our building assets in the Province of Manitoba?

HON. E. KOSTYRA: I would presume that they're aware of that fact.

MR. D. ORCHARD: Mr. Chairman, presuming and knowing are sometimes a fair ways apart; and I'll just assume that the Minister, by saying "presume," is answering in the affirmative, that they know that particular fact.

We've dealt in some considerable time with A-7, the future borrowings that we're going to have to make to retire, to refinance, not to retire, but to refinance previous borrowings in the Province of Manitoba. There are a couple of things that are alarming, I guess, about these charts when you look at them because they are broken down in several ways. They're broken down in terms of source of funds; in other words, where we have made these borrowings and what currency they're in.

For the year '87 and for the year '88, a substantial amount of the refinanced monies that we're going to have to borrow, go out in the capital markets to borrow, is currently in Canadian dollar issues so that we're borrowing at par. We're not having to account for currency losses due to foreign currency fluctuations at which we have been, traditionally, on the losing end of the stick over the last several years — probably nine years. But the problem we're facing, Mr. Chairman, is that when we retire those Canadian issues, we may not replace them in Canadian currency, in Canadian borrowings, that we're going to have to go offshore. That belies two of the arguments that are used by a number of people.

The Liberal leader, prior to the election, in a debate in Carman in the high school, indicated that deficits

aren't a problem because we owe the money to ourselves. That's certainly not the case. And I want to tell you that not only was it the Liberal leader who made that particular mistake but members in the New Democratic Party have made that mistake by saying that deficits are all right because basically we owe the money to ourselves.

But when you take a look at your own charts, your own Finance Department charts tabled by your Minister of Finance, you will find that the black and the grey lines in no way represent money that we owe to ourselves as Manitobans. Even the white line, which is Canadian borrowings, we don't owe to ourselves in Manitoba. We owe it to other Canadians.

To discount the mounting deficit with the feeble argument that we owe it to ourselves is doing a tremendous disservice to the people who elect us and the people to whom we are providing thoughtful service, theoretically, in this Chamber. It doesn't tell the people of Manitoba the truth about where our borrowing is taking us.

The second argument in terms of the deficit that is being advanced right now — and I've read several articles on it — they frighten me, No. 1, and they confuse me, No. 2. They are written, as my colleague, the Member for Lakeside has indicated, generally by union leaders often in the public service. They are often written by academics.

I don't know the political leanings of the academics who have written these articles, but the basic tenet of the theory put forward on deficits in Canada and provincially is that these deficits really aren't deficits, Mr. Chairman, that if in fact we changed our accounting to reflect capital spending more realistically, that our deficit would disappear. In their definition of a more realistic accounting of what capital spending is, like to me, capital spending is spending on a hydro-electric dam, spending on an office building, maybe even this Legislative Building, spending on a highway, spending on a natural resource drain, spending on a bridge. Those are real capital assets, spending on school buildings, university buildings.

But where this new wave of academics are saying that we have to re-evaluate our capital accounting system, they are saying that because our investment in the health care field provides for healthier people, healthier people will most often be more productive taxpayers, that our expenditures in health should be considered capital spending. They likewise make the case that because our education system provides for more educated, hence, more productive Manitobans and Canadians, that we should consider the current funds spent on educating our youth as part of a capital investment of the future. In that way, they say that we, if we accounted properly, calling education and health expenditures capital expenditures because they have a long-term benefit because we have healthy, educated people, that our deficit would disappear.

You know, Mr. Chairman, that is a frightening argument, and I thought about it. I thought about it for a considerable amount of time. If that argument is correct, Mr. Chairman, then there should not be a single farmer in trouble in Manitoba, there should not be a single businessman in trouble in Manitoba, because farmers who are in trouble because they cannot currently pay their fertilizer and chemical bills and their

seed bills are simply not accounting properly. They should simply be calling that capital investment long term and not require to pay them back every year, and there would not be a farmer in trouble, there would not be a businessman in trouble. That kind of thinking frightens me.

What that thinking represents, in my opinion, is an escape from the reality of where we are heading in our financial planning, both provincially and nationally. It is hiding from the really difficult issue and decisions that have to be made in terms of our financial spending and, more importantly, our deficit spending provincially and nationally. I don't single out Manitoba as having an exclusive problem. The national government has a much more massive problem to bring under control.

This Minister and his Premier and others already in this Session have indicated to us that we are not going to put deficits over people, that we won't take a hard look at any of the programs that we are providing the people because we are prepared to borrow the money to make sure those programs are in place.

Mr. Chairman, what that represents, and particularly in this Minister of Finance's first Budget, is a very gutless approach to financial planning in the Province of Manitoba, because it is the easy way out as long as you can borrow today to do that and to not make any hard decisions, leave the tough decisions to future governments.

All during the first four-year term of the Pawley administration, I believed that they were running those record deficits under the assumption they would not have to be government this term to look after the repercussions of them and the fallout of them.

Now that they are government, it does not do this Minister of Finance any credit to stand up and say, well, what would the Members of the Opposition do in case of a credit watch by Standard and Poor's? If that is the way the Minister wishes to run his Department of Finance, then we should call the election null and void and put us in government. Because if he hasn't any idea himself as to how he is going to handle the next four years of the financial problems of this province, then he ought not, and his colleagues out not to be in government, because you were elected to deal with those problems, not us.

You don't seem to have the understanding of where they're taking you because you haven't answered any of the substantive questions about the future of the borrowing of this Province of Manitoba that have been so ably posed by my colleague, the MLA for Emerson. You haven't told us where — (Interjection) — Morris, I'm sorry. I must apologize to my colleague, the Member for Morris. — (Interjection) — Yes, that's right. At any rate, Mr. Chairman, while I had that little light diversion to catch the Minister's attention, just to see if he was listening, the Minister simply can't say, well, what would you do? It's his responsibility now, and it's Standard and Poor's that have got his administration on the line, asking them for their plans for this immediate year, and to give them reasons why the credit rating of this province should not drop a third time.

The Minister of Finance can't, in all truth, tell the people of Manitoba that they are not going to be beholden to the financial gurus of New York, Zurich, Tokyo, and Bonn, that those people are not going to dictate what happens in the Province of Manitoba,

because those people will dictate what is happening in the Province of Manitoba, given the scenario that's developing over the next decade in terms of our refinancing.

In this year alone, between capital and deficit borrowing, we're going to be very close to \$1.75 billion worth of borrowing, for a province of one million people.

Mr. Chairman, the sad part about this is that the very social programs, the very people-oriented programs that this deficit financing is supporting today, are the programs that are most in jeopardy in the future, in the near future, if this Minister of Finance and his colleagues don't come up with a plan of action.

That is the sad part of the live-for-today mentality that we have in this government, that as long as we can borrow, we will spend. As long as we can borrow, we make no difficult decisions. I say that's gutless, Mr. Chairman, because in an administration's first year, with the economy theoretically doing as well as our honourable friends like to tell us and everyone else, that the economy is doing so well, this was the year to take some concrete and positive steps. But they weren't taken.

Once again, tomorrow's pain is tomorrow's pain; it was deferred. It was deferred by this Minister of Finance. We are coming to the end of a rather short leash. It's not going to be anyone but those very financial lenders that are going to draw the leash in on this Minister of Finance and his colleagues in government.

When it happens, the decisions that this government will make will be far more unpopular, far more precipitous than if they had taken a gradual and rational approach to the financial position of this province. They did not want to do that because that would put them in an unpopular light. So as long as they can get by, and I would honestly believe they are hoping they can get by for the next four years, continuing to borrow in excess of \$1 billion a year, to \$1.5 billion, to \$2 billion a year, that the money markets won't cut them off, so that they can get by just one more term of government and leave the next administration, the next government, to pick up the pieces.

That's simply not acceptable for the people of Manitoba. When the people of Manitoba finally have the reality of this government's fiscal planning foisted upon them, they're going to recognize how deceived they have been by a government that chose to take the easy way, not to make any tough decisions, to borrow today to repay maybe tomorrow with more borrowed money.

It's not a good message that we give to our children today in the Province of Manitoba, because they are saddled with an ever-burgeoning deficit. I use the figures again, as I have on several occasions now. You simply add, Mr. Chairman, the amount of borrowing for refinancing alone for the years 1990 to 1994, compare it to a Budget tabled five years ago in this Chamber, and you will find that borrowing has increased 333 percent in five short years of New Democratic Party Government. For the next five-year period, 1995 to 1999, that increased borrowing is in by a multiple of three, in five short years.

What is terribly troublesome about this, the debt position that we are in, is that in 1969 when the New Democrats first came into power, we were running surplus Budgets in the Province of Manitoba. We were

spending the kind of dollars that my colleague, the MLA for Lakeside referred to, in highways and in drainage and in other capital projects. We were spending massive percentages of the Budget in those areas and we were still running a balanced Budget and providing for the social needs of Manitobans.

Since 1969, we have had now — all but four of the last 17 years have been New Democratic Party Governments. In that period of time, our financial position in this province has gone rotten, and it's been under their tutorship. It's been under their lack of leadership; it's been under their prolific spending.

While the deficit grows and grows and grows under New Democratic Party administration, the amount of dollars that are going back into capital facilities, such as highways and natural resources to provide a land base for agriculture and ranching, those figures are dropping dramatically and our deficit is burgeoning.

You don't ever hear the New Democratic Party Government going out — they like to brag quite wholesomely about the fact that they have won four out of the last five elections, and they have, Mr. Chairman, and you well know that. Everyone knows that. But you never hear them talk about the fact that when they inherited power in this province in 1969, the Budget was balanced. There was no deficit; spending was under control. Services and programs to people were being met. Capital facilities were being put in place. In all but four of the last 17 years, all of those programs have gone to hell in a handbasket under New Democratic tutelage. We've got another four years where the situation is going to get worse and worse and worse.

The new Member for Swan River shakes his head saying no. If he doesn't recognize the writing on the wall, then he isn't long for the Cabinet and long for the seat of Swan River, because the people of Swan River have a lot more wisdom than he has if he doesn't believe the financial situation of this province is deteriorating rapidly. If he doesn't recognize it, he's not long for this Chamber.

Mr. Chairman, we expected, when this Minister of Finance was appointed, that we would have a man in the Finance Department who could deal with the issue in a forthright fashion, who would provide the answers that were promised to us by the First Minister, that he would answer the questions. I have to say, with some sadness, Mr. Chairman, because I, like my colleague, the MLA for Morris, was optimistic that this fellow would do a lot more forthright job of answering the questions and telling us about where we are going in the future than he has to date.

Mr. Chairman, it is with a great deal of regret that I have to tell this Minister that unless he does a substantially better job over the next few years he will do an even greater disservice to the people of Manitoba than his colleague, the MLA for Rossmere, did in his four years as Finance Minister. That is almost, Mr. Chairman, "mission impossible," but this Minister of Finance is fast finding the way to accomplish an even worse record as Finance Minister than his predecessor, the MLA for Rossmere, did.

MR. CHAIRMAN: 1.(a) — the Member for Morris.

MR. C. MANNES: Mr. Chairman, I'm disappointed for the second time during this Estimates process that

the Minister of Finance has not seen fit to respond to comments put on the record by my colleague, the Member for Pembina.

Mr. Chairman, I just would like to point out a figure to you, and you've probably heard it before, which will help you and others maybe and certainly myself gain a better grasp of what \$1 billion is. Mr. Chairman, it's said that, if you spent \$1,000 an hour over 40 hours a week, it would take you 25 weeks to spend that million dollars. If you use that same rate of expenditure and you had one billion dollars to spend, it would take you 480 years.

Mr. Chairman, I think we tend to forget at times really the magnitude of the value that we're talking about with respect to our deficit. Today, the Minister indicated that the total direct debt, direct and guaranteed of the province, would be approaching — and this is net of Sinking Funds — \$8.3 billion by March 31, 1987. Mr. Chairman, that does not take into account foreign exchange fluctuations. Indeed today's debt, if we had to cash in and pay up the amount owed, there would be an extra \$1 billion on it. Mr. Chairman, we're very rapidly moving to a level of \$10 billion of debt net of Sinking Fund.

Remember what I said about \$1,000 over a 40-hour week. Today, as was indicated by the Minister and was brought forward by myself, Mr. Chairman, we realized that Standard and Poor's credit rating, should it drop, and we fully expect that it will from the AA-minus level to an A-plus, would be at the same level as the Moody's rating of today, A-1. Mr. Chairman, Moody's has a greater risk today than does Standard and Poor's.

Mr. Chairman, we have a case and we've debated it fully where we realize that, within the statutory debt appropriation, fully \$60 million has been left out, \$60 million under Manitoba Properties Inc. using a different appropriation of government.

Mr. Chairman, the cost of servicing the debt today in the Province of Manitoba is approaching \$400 million, the fourth-largest department of government.

Mr. Chairman, the other night on TV — maybe members opposite heard as I did — Professor Bellan talk about this whole area of credit watch and credit rating. Two or three years ago, I heard Professor Bellan say that the debt wasn't that important. It was something that we owed to ourselves. Last week, Mr. Chairman, that very same man on TV said, "It is a problem we are going to have to deal with" — two years later.

I asked the Minister on several occasions where we are headed. What is going to turn us around? Mr. Chairman, we are into a situation on these free trade negotiations and, in spite of the fact of the NDP's support, the labour union movement is saying, no, back away from these negotiations. Mr. Chairman, I say we have no other alternative but to engage in them.

You know and I know you know that today one-third of our standard of living is dependent upon trade as a nation, and defined in our standard of living is the way we treat the disadvantaged in society. Mr. Chairman, two years ago, \$65 million of what we did of a total trade package of 80 million with all nations in the world was with the United States. Protectionism, as you know and as I know, is beginning to reign supreme down there, and yet we have people within our country who are saying, no, do not negotiate. Mr.

Chairman, I mention that, because those same people who would advise this government to back away from the free trade table are the same people who are saying to them that debt is not a major problem.

Remember, Mr. Chairman, three years ago when the then head of the MGEA negotiated with the Government of Manitoba the deal covering for a 27 percent increase over 30 months? Mr. Chairman, do you remember what we said? We said it would come back to haunt us. The Minister of Finance says, what would you do. Where are the areas that you would look at? Which areas would you look at? How would you cut expenditures?

Mr. Chairman, some time soon the realization has to hit home that, when we're talking about a \$3.89 billion or \$3.9 billion budgetary expenditure total, upwards of 70 percent or 80 percent of that is directed towards wages, civil servants' and public servants' wages. Mr. Chairman, why does the Minister ask me what we would do? In reality, as we've said on many occasions, when you begin to negotiate wages, you have to be extremely careful because the effects of them compound so rapidly.

Mr. Chairman, today in this Estimate of revenues, revenues through income tax and through corporate tax are going to increase 10 percent. That's a significant increase, and yet it isn't even touching the increase in costs associated with servicing the debt.

So I tell the members and the Minister opposite again for the last time in this Estimate procedure, we have a real problem. Mr. Chairman, I'm a Progressive Conservative. I'm worried about the deficit. I'm not terribly worried about being in debt. I'm in debt personally and, in a sense, I'm glad to be. I'm more worried now than I was three years ago, because I happen to be in an industry where commodity prices are absolutely crashing, and I'm going to have to do something to take that into account. There are going to have to be some radical changes made within my business.

Mr. Chairman, the Minister and this government can't treat the situation any different. Are they prepared for the eventuality of the Americans putting into place major countervails on a whole host of issues which we produce here in this province? Mr. Chairman, are they prepared to share with us the contingency plans if our debt rate, which has dropped now, which probably will drop for the third time in the space of four years, continues to drop?

Mr. Chairman, there are three years left in the term of this government; some would say four; a lot of people would hope for two. But I say it's too long to wait until the next election to begin to lay this before the people. It has to be done today, and that's why I can tell you I'm so disappointed the Minister hasn't indicated to us where he sees the economy turning around and allowing again revenues to flow, revenues that can be taxed and bring forward dollars in support of our treasured infrastructures and our treasured social needs.

Mr. Chairman, I wanted to say one more thing about the .5 billion deficit. I could accept it if the Minister could tell me that we are going to plateau there for the next number of years and that somehow he could see a little bit of inflation coming in, or by his belief at least, that would allow dilution of that .5 billion. But we have no indication, Mr. Chairman, inflation isn't coming; we can't see it around the corner and many, the majority of Manitobans would say, thank God.

Mr. Chairman, I close by stating something that was stated in the editorial page of the Free Press. It says: "Mr. Kostyra offers no assurance beyond the bland assertion that .5 billion yearly deficits cannot go on forever, that he has any firm plans to get his deficits under control. Federal Finance Ministers in their budget often present fiscal plans which set out their programs for deficit control over the next few years."

Mr. Chairman, we have none of that within the Budget. We've had none of it through these Estimates procedures. I serve notice to the Minister that in my view, unless that type of statement is forthcoming, he will fail in his role as miserably as his colleague, the Member for Rossmere, his predecessor within the Ministry of Finance.

Mr. Chairman, I want to close by thanking the Minister's staff for the manner in which they have attempted to answer virtually all the questions that we have posed. I think that an awful lot of information is flowed during this process. My only regret is — and I repeat it, Mr. Chairman — the Minister didn't again share with us where this province is heading, in a fiscal sense, over the next number of years.

MR. CHAIRMAN: 1.(a)—pass.

Resolution No. 67: Resolved that there be granted to Her Majesty a sum not exceeding \$813,600 for Finance, Administration and Finance for the fiscal year ending the 31st day of March, 1987—pass.

Is there any other business in the Committee? What is the pleasure of the Committee?

The Minister of Finance.

HON. E. KOSTYRA: Mr. Chairman, we'll now, as was agreed to previously, move into the review of the Estimates of the Civil Service Commission.

MR. CHAIRMAN: The Civil Service Commission. Is that agreeable to everyone? (Agreed)

SUPPLY — CIVIL SERVICE COMMISSION

MR. CHAIRMAN, C. Santos: This section of the Committee of Supply will now be dealing with Estimates of the Civil Service Commission. We shall begin with a statement from the Honourable Minister responsible.

HON. E. KOSTYRA: Mr. Chairman, in introducing the 1986-87 Budget Estimates for the Civil Service Commission, I would draw attention to the 68th Annual Report of the Civil Service Commission which was introduced in the House on May 22, 1986. This report explains the organization, programs and activities of the Commission over the 1985 calendar year. This year, the annual report is being changed from a calendar year to a fiscal year basis; additional information is therefore included for the first three months, January to the end of March, 1986.

I would also draw the attention of Committee to the Supplementary Estimates Information which has been produced by the Commission to provide additional detailed information and clarification to the printed Main Estimates.

This information provides supplementary background organization, program and financial information

designed to assist the members with the Estimates Review now before us.

The Budget Estimates for the Civil Service Commission are comprised of three main components. They include salary and operating expense of the Commission as set out in Item 1, the government's contribution to the various Civil Service benefit plans as listed under Item 2 and the levy for health and post-secondary education as set forth in Item 3.

The largest area of increase within the Civil Service Commission's Estimates is associated with the government's contributions required to fund the various government benefit plans. The majority of these plans are fixed with statute or collect agreement with the result that there is little discretion which can be exercised in the required level of their funding.

The major areas of increase within the salary and operating expenditures of the Civil Service Commission are in relation to the implementation of pay equity within the civil service and the provision of essential support services to the departments of government to facilitate in implementation of affirmative action. Seven staff years, an additional \$500,000, have been included in the 1986-87 Estimates of the Commission to provide resources for the implementation of pay equity and to fund a number of essential initiatives in support of affirmative action in government.

Currently the lead role for affirmative action is located with the Honourable Al Mackling as Minister responsible for Affirmative Action and the government's essential affirmative action coordinator is budgeted within the Department of Labour Estimates.

While the Commission is to provide a variety of essential support services to the delivery of affirmative action, including staff development and training recruitment and selection, information management and special measures such as a career development program for affirmative action groups.

Staff years and funds provided in this year's Estimates will greatly enhance the Commission's ability to provide key central resources and support to the departments of government as they are entering the implementation stage of the affirmative action plans.

Staff years and funds will be directed towards the establishment of a central career counselling service for affirmative action target groups. The development and maintenance of the central affirmative action applicant inventory, the provision of consulting services in the departments in the area of job engineering and job redesign, the development of computer information systems to capture and track affirmative action data and the development of special measures training programs to enhance the career development opportunities for affirmative action target groups within the Civil Service.

Resources provided for pay equity are directed towards providing both management and union representatives with the necessary methods and information to implement pay equity within the time limits detailed in the act. This includes funds for the purchase of job evaluation consultants acceptable to the government and unions and the design, implementation and maintenance of computer programs to assess cost impacts and implementation strategies.

Organizational information, distribution of staff among the various divisions and branches of the Civil Service

Commission and detailed financial information are contained within the supplementary information package prepared for legislative review. I just hope that this information will prove useful and assist the members with the review of the estimates now before us.

MR. CHAIRMAN: We shall now hear from the Opposition.

The Member for Brandon West.

MR. J. McCRAE: Mr. Chairman, it is my pleasure to speak for my party on matters relating to the Civil Service Commission. I'll be very brief in my remarks at the beginning of this process.

I'd like to begin by thanking the Minister for approaching me last week and offering to provide certain information that I might need in advance of review of the Estimates. I have not taken advantage of the offer the Minister gave because of the mounds of information already available to us this time around. There is very much information available, especially in the Supplementary Information provided by the Minister for this department. Going through them all, I've found that many of the questions that I might have had, are answered by the information given.

However, if I should ask questions that are detailed and they're not contained in the information provided, I'll be quite satisfied if the Minister could provide that information to me at a later date. I would appreciate it, however, if any information that is available when the Minister's officials come to give us assistance, if that information is available, I would certainly be happy to have it.

In the course of the study of these Estimates, we on this side will be asking the Minister questions about the growth in the public service, particularly, the senior public service, and I'm wondering if that is the way to get the real jobs that are required to be done by a public service, if that is the real way to do it.

I'll be asking for more comment from the Minister respecting the bureaucracy that has to be put into place to implement pay equity in the public service and in other areas of the public service, other government agencies and Crown corporations.

I take what the Minister said in his opening statement that some \$500,000 are required and seven staff years are required, but the questions I'll be asking will have to do with the amounts required in the Department of Labour and in other departments to comply with The Pay Equity Act.

I'll also be asking the Minister if some of the work that has to be done to implement pay equity could not have been done with existing staff in the public service.

There will be questions like percentages of male and female employees. I'm sure these are the usual questions and some of them are contained in the information given to us by the Minister.

I'll be asking the Minister about the target groups under the Affirmative Action Program, the females, Natives, handicapped and visible minorities, whom we are attempting to help through affirmative action. I'll be asking the Minister what kind of progress he can report on that.

So there will be a number of questions like that and I'm giving the Minister notice of it now so that he can be prepared when the time comes.

Again, I'll be asking about contract employees — employees taken on by the government to cover specific tasks — and I'll be wondering, with the training programs that are put into effect with the Civil Service Commission, why a lot of the work being done by outside consultants could not be done in-house.

So I'll stop there, Mr. Chairman, and I'll allow the Minister to bring his assistants in.

MR. CHAIRMAN: At this point in time, we wish to invite the members of the staff of the Civil Service Commission.

The Honourable Minister.

HON. E. KOSTYRA: Thank you.

As the staff are coming to their places, I just want to correct a statement that was made by the member. Maybe if he just relooks at my comments on Page 2, the seven staff and \$500,000 that I referred to is not just for pay equity but is pay equity and a number of initiatives regarding affirmative action. He may want to ask more detailed questions on that.

MR. J. McCRAE: Mr. Chairman, I take it at this stage we're at the beginning of these Estimates under . . .

MR. CHAIRMAN: We will be considering now Item No. 1.(a)(1), Civil Service Commission, Administration and Finance: Salaries.

MR. J. McCRAE: Yes. Mr. Chairman, I understand that in total there are projected for this year to be some 87 employees of the Civil Service Commission, as opposed to some 69 last year. I think that's an increase in staff years of some 19 staff years. Can the Minister confirm that?

HON. E. KOSTYRA: First of all, I'd like to just introduce to the members staff that are here. I'm starting on my left, and closest to me is Paul Hart who is the Civil Service Commissioner. Next to him is Mr. Bob Pollock who is Secretary to the Civil Service Commission. On my right and closest to me is Mr. Bob Pruden who is Manager of the Labour Relations Division, and next to him is Mr. John Cumberford who is Manager of Compensation Services.

Yes, indeed, in answer to the question, there is an increase as the member outlined, and I'll just run through that increase for him. The increase from the 83 to the 99 is as follows:

There are seven new staff positions with respect to the Affirmative Action Initiatives; there are six staff which is part of the Career Development Program which is funded through the MGEA Trust Fund monies that are presently contained in the Jobs Fund, which is part of the \$10 million of salary deferral that the MGEA accepted a number of years ago. Those six positions are being funded from there. There three additional positions in the Information Management Services area, two of which are offset by actual transfer of funds from operating requirements.

I just should maybe clarify one further point. The seven temporary assignment positions in the Affirmative Action and the Career Development Program, it only represents the SY's in our Estimates. The costs of those

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salaries are charged to the departments that utilize personnel on the basis of the amount of time they spend in each department.

MR. J. McCRAE: Would the Minister just repeat what the seven were for again, please?

HON. E. KOSTYRA: That's in Affirmative Action Initiatives, related to affirmative action.

MR. J. McCRAE: A further clarification — Affirmative Action and Pay Equity? Is that correct?

HON. E. KOSTYRA: Yes, I'll provide a bit more detail. In terms of those seven positions that I outlined for affirmative action, they are broken down as follows:

There are three positions in the Classification and Staffing Branch. These staff and funds are to provide career counselling services, counselling services to departments, development and maintenance of an affirmative action inventory, and temporary placement services. All of the above services are going to be included in a newly structured placement and counselling services section of the branch, which will also include entry level, staffing and direct outreach recruitment. In addition to three new staff years allocated, there is some additional staff that internally will be reallocated to this unit.

The three other positions are in the Development and Training Branch. Three staff positions have been allocated to Development Training Branch for development of special measures and training programs to enhance the Affirmative Action Program and they are looking at a number of training areas to deal with there.

The six positions in the Career Development is a specific initiative with the MGEA to deal with having people placed in various departments to get career experience, in order that they may enhance their career ladders or career development. The Personnel Information Management staff, the positions there are being allocated for information systems pertaining to Affirmative Action and Pay Equity.

So, the additional resources that are allocated to Pay Equity are within that branch and it's split because it's information system for both needs, so one could say basically half of those additional staff resources would be for Pay Equity.

MR. J. McCRAE: Mr. Chairman, Item 1(a)(1) Salaries, amounts to \$404,000 and combined with Other Expenditures we get \$475,900.00. This is for Administration and Finance. Now, would that Administration and Finance relate directly? A few minutes ago, the Minister said the numbers of staff rose from 83 to 99. I guess my figure of 69 to 87 was incorrect, but let's say it's 99 altogether. I take it this Administration and Finance relates to that number of people in the department?

HON. E. KOSTYRA: Yes, it is basically for providing the administration, financial services for the staff of the Commission, and the operations of the Commission.

MR. J. McCRAE: The reason I ask the question, Mr. Chairman, at the back, or near the back of the Annual

Report of the Civil Service Commission, we have various lists of departments and staff. Looking at Table 3(a), on page 57 and, just for an example, this is Comparative Employment for all Employees at year end. Do I understand this to be the number of employees in each of the various departments in this table, just so I make sure I'm on the right track?

HON. E. KOSTYRA: Yes, that is the figure of total employed in all those departments on those specific dates, at year end of each of the years.

MR. J. McCRAE: I thank the Minister for that. Now, based on the previous answer that the figure for Administration and Finance at \$475,000 for 99 employees, I take for example the Department of Municipal Affairs, in which there are 285 employees, and in Municipal Affairs Expenditure Estimates, we have Financial, Administrative, and even including Communications, we come only to \$460,000.00. Now as a ratio, it would appear, at first blush, that Municipal Affairs spends an almost equal amount of money to administer the affairs of maybe three times as many people. Am I reading all that incorrectly?

HON. E. KOSTYRA: No, I don't believe it is out of line. I think, I probably wasn't fuller in my explanation of what this branch covers. I think you have to recognize that in a number of ways, obvious ways, the Civil Service Commission is an essential agency for other government departments. As an example, all of the personnel records of government are maintained in this department and it is the staff of the Administration of Finance, the clerical staff that maintain those records, records for over 17,000 employees. The overall Workers Compensation implementation for the government is through this department as the employer. And, there are other such areas where they provide the essential personnel services for all government departments. Some areas, government departments themselves, deal with certain items, but on the broader areas that is done by the Commission itself.

MR. J. McCRAE: I can understand that situation, that answer, and the reason for that. The Minister mentioned Workers Compensation Board and I will just flip over to that, it is on the same subject and on the same resolution, I believe. We are talking about assessment re accidents to government under 2(d)(1) of \$3,404,000.00. Is that just the cost of the assessments and so that the actual administration is still done in the Civil Service Commission and is covered by the \$475,900 referred to earlier?

HON. E. KOSTYRA: He is correct in his question in terms that is the only actual assessment cost. He is wrong, it is not under the same resolution.

MR. J. McCRAE: I'll accept that Mr. Chairman, but the \$475,900 is for Administration and Finance of the cost of handling those assessments and paying them out.

MR. E. KOSTYRA: That is one of the areas that they administer. They also administer overall sick leave provisions for the Civil Service transfers, areas relating

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to promotion, the whole gamut of personnel services for the government.

MR. J. McRAE: Mr. Chairman, can the Minister tell us the number of bilingual positions since this time last year, the number of new bilingual positions created in Manitoba?

HON. E. KOSTYRA: I'm afraid we don't have information in terms of how many new positions would have been created. The process in terms of determining positions that may be bilingual are on a needs basis by each department. We don't have any essential report on that. We might be able to get additional information through the Estimates Review and deal with Executive Council and the French Language Secretariat that may have that information. But we don't have it, it's done on a needs basis by each department and there may be some new positions and other positions, as they become vacant, may be reclassified on the basis of need to have that requirement, but there is no central accounting.

MR. J. McRAE: Mr. Chairman, in the previous Legislature the Manitoba Government Employees Association prepared a detailed study of the number of bilingual positions which would have been created in the various areas of the province, had the legislative package proposed by the last administration gone through. The number of bilingual positions created since would be a figure that would be interesting to know. I guess the underlying question is: Is the government moving toward any kind of implementation of the positions to be created as advised by the Manitoba Government Employees Association? Has there been any movement towards creating more bilingual staff positions in this province?

HON. E. KOSTYRA: There is no implementation of a plan, as the member suggests, from the MGEA, nor is there any implementation of a plan that would have been in place as a result of the agreement that was reached and later discarded as a result of the French language situation. What there is, through French Language Services Secretariat, is ongoing assessment of need and dialogue with specific departments on positions. There is no overall specific plan but X-amount of positions are being targeted or declared bilingual.

MR. J. McCRAE: Getting away from that MGEA report, I'll just ask the Minister the general question. Does the Civil Service Commission have a hiring policy? You'll recall, Mr. Chairman, that at the time of the great debate — I wasn't here at the time, thank goodness — there must have been plenty of discussion at that time about positions required to be created in various areas of the province. Is there a policy respecting need, respecting numbers warranting positions? Is there any policy like that in the Manitoba Government?

HON. E. KOSTYRA: The overall plan, as I understand it, through the French Language Secretariat, is where there is demonstrated need — depending on the needs of the public, that is — for information in both languages, then there is a response mechanism in terms

of determining whether or not there is a need for staff that have that capability. The plan basically, I think, relates to some essential functions of government and also some on a regional basis that provide regional services. That plan doesn't rest with the Commission but rests with the French Language Secretariat and Executive Council.

MR. J. McCRAE: As I understand it, then, the French Language Secretariat makes the policy decisions as to where the positions should be created and then is the matter turned over to the Civil Service Commission to handle the competitions or whatever would be required to staff those positions?

HON. E. KOSTYRA: No, it's between departments and the Secretariat. The policy decisions are made by government but it's the individual departments that look at it, not the Commission, as a central agency.

MR. J. McCRAE: Mr. Chairman, am I incorrect that the Commission is the one that conducts the competitions, supervises them?

HON. E. KOSTYRA: For the past six years there has been a process of delegating authority for hiring to the departments from the Commission. At the present time, approximately 13 or 14 departments in most of the major hiring departments — that is, the departments with large staff components — have delegated authority where they do the actual hiring. They do the competition information that would spread it, on a regular basis, through the Commission for posting and advertising, if need be.

The selection process is normally three people; two of which are departmental people and one person is from the Commission. In most of the departments the authority rests with the departments in doing their hiring through that system.

MR. J. McCRAE: So the various departments take the initiative and then the Civil Service Commission is consulted and provides a member for those selection panels — one member of the three — after the initiative is started in the department?

HON. E. KOSTYRA: In most cases with delegated authority, there may not even be a Commission person sitting in on the board but that is basically the process. There is a number of other departments that use the Commission more extensively that don't have delegated hiring authority.

MR. J. McCRAE: With respect to Salaries at Administration and Finance, I see a fairly sizeable increase in the dollar figure for Salaries from \$336,000 to \$404,000. Can the Minister tell me how many staff years that represents and the increase in staff years?

HON. E. KOSTYRA: It might be just a bit easier for me to follow here, if he's quoting from the Supplementary Supply Information book, if he'd just quote the page and the area, it would be easier to respond.

MR. J. McCRAE: Yes, Mr. Chairman, I'm referring to the Estimates, Page 28, Administration and Finance:

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Salaries, 1.(a)(1). That's not in the Supplementary Information, that's in the Main Estimates document.

If the Minister would prefer to work from one or the other, it makes no difference to me, but I'm looking at the Main Estimates of Expenditure, on Page 28, where these estimates begin: Item 1.(a)(1) Salaries, and I asked the Minister what the salary figure represents in terms of staff years. I may have it in the Supplementary Information. If the Minister can point it to me, I'd appreciate it.

I think I found what I'm after in the Supplementary Information on Page 15, Executive Office Personnel. We have the same number of personnel under managerial and clerical. So then I guess we have to go on to Policy and Audit where, here again, we have the same number of staff years. Then we go to Finance and Administration, and we have the same numbers of staff years, so I take it that covers Administration. Then we go to Administration on Page 18 of the Supplementary Information, and here we're looking at a reduction in the staff years. Is that as far as I should go in that heading?

HON. E. KOSTYRA: I knew if I waited long enough, the member would find the answer for himself. But that's basically correct, adding those areas up, and it shows the difference there. The major difference, other than the differences because of increments or merit increases, is in the area of Reference No. 1 on Page 15, which shows, under Managerial, a significant increase in cost for salaries, but no increase in SY's. The increase in costs relate to the inclusion or the increase for the Pay Equity Commissioner, who is a full-time commissioner, one of the commissioners, but is a full-time staff person, and her salary costs are located here. The reason why her SY isn't here, she is part of the Temporary Assignment Pool, TAP, which we'll deal with later where you see SY's listed and no money. So that's where her SY is; this is where her money is. But the rest of the increases, I think, are just basically all merit increases that employees in those sections would receive.

I think, just to make sure we both understand this, Page 13 shows the accumulation of those figures in a way that relates to the Estimates Book itself.

MR. J. McCRAE: Mr. Chairman, the Pay Equity Commissioner and pay equity in general does seem to make it a little bit more confusing for me to follow at least. So perhaps we can pass that item of Administration and Finance.

MR. CHAIRMAN: 1.(a)(1)—pass; 1.(a)(2) Other Expenditures — the Member for Brandon West.

MR. J. McCRAE: Mr. Chairman, now we're talking Human Resource Management Services. Perhaps the

MR. CHAIRMAN: No no, it's 1.(a)(2) Other Expenditures. Are we going to pass this item? 1.(a)(2)—pass.

1.(b)(1) Human Resource Management Services, Salaries — the Member for Brandon West.

MR. J. McCRAE: I'm trying to find the reference number in my Supplementary Information, Mr. Chairman, or the page number that I should go to. If the Minister could help me, it might make it quicker.

HON. E. KOSTYRA: On Page 13 again, Item B is the overall breakdown. Then it shows the reference numbers following that, where it says 4, 5, 6, 7, and 8, which flow starting on Page 18 on. As an example, Administration, Personnel Information, which shows \$94,400, Reference No. 4 is on page 18, and then each one follows thereafter.

MR. J. McCRAE: I thank the Minister. A small item perhaps, Mr. Chairman, but on Page 18 for the Rental and Photocopying, we have what appears to be a new item of \$1,200, and I wonder if that is indeed a new one or something that didn't show up last time around, but it did the time before.

HON. E. KOSTYRA: All this is a reallocation of costs that were centrally located in one area in the department, in actually the next item, Reference 5, Personnel Information Management. There you'll notice a significant decrease in the cost of the same item. All that has happened, it's been reallocated to the various sections of the department.

MR. J. McCRAE: Mr. Chairman, under Personnel Information Management, we have a significant increase there from \$740,000 to \$899,000.00. That accounts for, as I see it on Page 19 of the Supplementary Information, Managerial and Professional, from six to eight staff years and, clerical, from five to six staff years, resulting in a total increase of three personnel. I take it that's where the increase in the dollar amount comes in. Could the Minister tell us what that is for?

HON. E. KOSTYRA: Just on the next page, it outlines that the three SY's relate to those that I mentioned earlier as part of the overall increase. I said, there were three in the Information Management area, some of which related to pay equity and some of which related to needs of Affirmative Action. A bit of the detail is shown there on Page 20.

MR. J. McCRAE: If I could suggest the committee rise, I might be able to study that in a little more detail for when we come back tomorrow.

MR. CHAIRMAN: Is it the pleasure of the committee? (Agreed)
Committee rise.