

## LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 8 June, 1987.

Time — 8:00 p.m.

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

**MR. CHAIRMAN, C. Baker:** The committee will come to order.

The Minister of Business Development.

**HON. M. HEMPHILL:** Mr. Chairman, first of all, it's my pleasure to introduce the new Deputy of Business Development and Tourism, Barry Bernhard, for those of you who have not met him before.

I will just ask the Member for Portage la Prairie, I do want to deal with the statistics about bankruptcies, and I want us to talk about the differences in statistics that we have. Does he want me to do it here as a result of his opening statements?

**MR. E. CONNERY:** I think you should set the record straight.

**HON. M. HEMPHILL:** I think I'd just as soon deal with that, because it's a fairly substantial issue and it will come up sooner rather than later, I think. I'd rather have it come sooner rather than later.

By the way, to the Member for Portage la Prairie, the 1,200 U.S. delegates are having a smashing time and there are just rave notices for Manitoba. They say they've never seen anything like the organization, the service, the hospitality; it's all first class. So we invite you to the party after the Estimates are over so you can see for yourself how well it's going.

**A MEMBER:** If you behave yourself.

**HON. M. HEMPHILL:** That's right, that's right, if you're good.

I think we must have some conflicting statistics or statistics coming from a number of different places, because the ones that were quoted from the Member for Portage la Prairie are quite different from the ones that we have. I can understand that because I'm looking at different statistical information on the same day.

May 20, "Bankruptcies drop," was the headline under the federal Consumer and Corporate Affairs. That same day, May 20, Dun and Bradstreet said, "April business failures up slightly from 1986," and May 21, "Business failures decline 12.8 percent in the first quarter," was another source.

Now one of them was monthly, one of them was a first quarter, and they don't use all of the same statistics and criteria. They don't all report all of the businesses. The one that we use, that we believe is the official one, that lists all of the companies and all of the failures, is the one we will be quoting from, and it's the one that we have always used. It's the federal Consumer and Corporate Affairs statistics.

Mr. Chairman, this shows us that bankruptcies in 1986 dropped 14.9 percent in Manitoba and that, in 1987, they're up 1 percent.

**A MEMBER:** That's marvelous. Good going.

**HON. M. HEMPHILL:** Yes, yes. So we're not clear - and the Member for Portage la Prairie will tell us where his statistics and information have come from, but I think that this is one that is recognized as having listed all of the businesses. I think there might be some additional confusion because it's my understanding that he might be including dissolution in his bankruptcies, but he'll tell us if that's true or not. So that's very reliable and one that is used by the department and it is quoted, and that we believe is the official document.

In terms of business starts - we're talking about an increase in business starts - we had got, in 1985, an increase of 9.3 percent, which was 40,961; in 1986, we have another increase of 9 percent, which is 44,660. Even our business registrations are up: 19 percent in one year, and 4.5 percent this year. Now I know that business registrations don't all come to fruition and don't all become businesses, but they are an indication of interest.

What we show is businesses - I think I had indicated before that we had nearly 10,000 new business registrations in Manitoba in 1986, and that's the highest ever recorded in terms of the increase in a year, and gives us a 5.5 percent increase. Even quoting from some of the statistics and information that have been coming out from many of the financial institutions, it shows that over the four years, from '82 to '86, the number of businesses in our province grew 29 percent, outpacing the national average of 25 percent.

So at every indicator that we can see, we are not only holding our own, but we are ahead of the national averages in almost every category, behind them in bankruptcies, fortunately, and ahead of them in business starts.

Perhaps the Member for Portage la Prairie might share with us where his information came from.

**MR. CHAIRMAN:** The Member for Portage la Prairie.

**MR. E. CONNERY:** Thank you, Mr. Chairman.

Our sources said also the corporate group is where the business starts, and we did have dissolutions also which came to over 1,000; it's somewhere in my group here.

The Business Development Bank is where the bankruptcies came, I think was the terminology, but if the Minister would allow one of our researchers to talk with one of her staff . . .

**HON. M. HEMPHILL:** Oh, sure.

**MR. E. CONNERY:** . . . so that they could then put together where this various information has come from and try to bring some rationale out of these statistics

so that we would know. We don't play games with statistics. The statistics are there; these are what staff dug up. That would be the only way that we will resolve this issue, if they sit down and go through it and come to some conclusion.

**HON. M. HEMPHILL:** Yes, I'm quite happy to do that. In fact, that's why I made the point that even, in one day, different sources were quoting differently because they used different criteria in their consideration, and they're not all reporting in the same time period. We're quite happy to take a look at it and see.

What we are saying is that we think this source is the recognized source, that we believe is recognized as having the official list of all the companies, of all the failures. It shows, for instance, 1986 was 282, and we're projecting 300. That can't possibly be 105 percent.

So we'll be quite happy to share that and have the researchers look at the statistics coming from both areas.

**MR. E. CONNERY:** Mr. Chairman, before we proceed, the Minister was upset over a comment I made in my opening remarks. If it upset her that I called her a gracious and pretty and vivacious woman and she was offended by that, I would withdraw the remarks. I don't make sexist remarks in that context, but I also did not say that she didn't have the credentials because she was a woman. So in that sense, I was not being sexist but, if that offends the Minister, then I will withdraw those particular remarks.

**HON. M. HEMPHILL:** We'll get on with the business of day.

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

**HON. M. HEMPHILL:** No, it's his show.

**MR. CHAIRMAN:** Okay.  
The Member for Portage la Prairie.

**MR. E. CONNERY:** Okay, we're in 1. What Jobs Fund money is in Business Development and can we discuss, since we're in Strategic Planning and the whole thing, the whole Business Development sector?

**MR. CHAIRMAN:** Before we get any further, so we can keep from getting confused, do you want to follow line by line, the critic for the Minister in Tourism?

**MR. E. CONNERY:** We discussed it in that line last year, so I'm just going by last year . . .

**MR. CHAIRMAN:** You went line by line.

**MR. E. CONNERY:** Well, in last year's Hansard, we discussed the Jobs Fund money and it was reported, so I just thought it would be appropriate this year. It comes under that whole area. It's kind of a catch-all. It's not a particular line item.

**HON. M. HEMPHILL:** Under the Jobs Fund initiative, we have the Manufacturing Adaptation Program. We

have the Venture Capital Program: Manufacturing Adaptation Program at \$330,000; Venture Capital Program at \$1.16 million; Youth Entrepreneurship for the Career Symposium is \$15,000; total budgetary is \$4.969 million.

**MR. E. CONNERY:** There must be something else missing that isn't there.

**HON. M. HEMPHILL:** The Loan Authority is there too.

**MR. E. CONNERY:** How much was the Loan Authority?

**HON. M. HEMPHILL:** The Loan Authority for the Venture Capital corporations is \$2.750 million; Manufacturing Adaptation is \$1 million; Small Business Loans Authority is \$10 million; total Loan Authority is \$13.750 million.

**MR. E. CONNERY:** \$13.750 million was the Loan Authority, is that correct? What was the Loan Authority for last year?

**HON. M. HEMPHILL:** The Loan Authority for last year was \$4 million for Venture Capital; \$1 million for Manufacturing Adaptation; \$10 million for the Small Business Loans. The total Authority was \$15 million.

**MR. E. CONNERY:** What do you have targeted for - well, you've been through them - but \$10 million for the Business, we'll get into that in the Business sector then?

**HON. M. HEMPHILL:** Okay, that's fine, wherever you want.

**MR. E. CONNERY:** Well, we're getting the global figures here and we'll deal with the specifics when we get into the line by line.

Last year, the Minister said the program is a four-to five-year program. In the new initiatives under the Jobs Fund, it said for long-term creation. It's going to be here for some time, we're going to have it for some time to come, and she says: "No, the program is a four to five-year program undertaking a major program in these areas, a major commitment." Could the Minister expand upon this?

**HON. M. HEMPHILL:** Which program are you talking about? I'm sorry.

**MR. E. CONNERY:** Well, we were discussing why the dollars wouldn't be indicated in the Estimates, and it would be Jobs Fund money. I don't know if you have Hansard there from last year, page 1732, when I was questioning why wouldn't they be in the Estimates and you said they were under new initiatives under the Jobs Fund for long-term job creation. Do you have some breakdown of the four to five-year program that you have for the job creation of the Jobs Fund?

**HON. M. HEMPHILL:** I'm not sure. Actually, Mr. Chairman, in terms of the level of commitment, we've given an undertaking to have an evaluation of these programs on an annual basis, which I'm sure the

member opposite will be pleased to hear. We have, for instance, made major changes to the Venture Capital Program because we were looking at the take-up and we were talking to the business community and finding out that some of the needs were changing and that we had to make changes to the program accordingly.

The Manufacturing Adaptation Program is one that the manufacturing industry very specifically wanted us or were pleased to find that we were building a very strong evaluation into the program at the end of the year.

So I think, in terms of looking at what we would be planning four or five years down the road, it would depend a lot on the evaluations coming out of the program, because we will be judging the programs and how the take-up is and how well they're doing the job, it will be dealt with as a result of what's happening in the different sectors.

For instance, if the manufacturing sector continues as we expect it's going to, having a problem with the technological change and continues to need help over a longer period of time, then that means that we will continue to concentrate on those programs for that period of time. We don't want to bring in programs and just leave them forevermore without evaluating them and making sure the need is still there.

**MR. E. CONNERY:** I guess we go back to the same philosophical concern and, I guess, disappointment that we have the Jobs Fund money, but it's not listed in the book. I think from a strictly business point of view that we've pointed it out - it's not a new position that we take - that businesspeople wouldn't operate in this fashion. Things would be shown; it would be shown where the money was coming from. The program, if there is a program in place, would be listed as to the long-range plan. We know that five-year plans are adjusted every year because some changes are made, but at least you have a sense of direction. You've got a goal that you're trying to attain.

By doing it this way, you don't really give the members of the Opposition the thorough opportunity to analyze the Estimates, and especially beforehand. We get this information thrown at us in a hurry and we've got to try and digest it and rationalize our thinking.

I guess it's great from a government point of view, where you can hide a lot of the facts from the Opposition but, as the Auditor has said many times - and the Jobs Fund has come under severe criticism from the Auditor for not giving the information and the facts to the members of the Opposition so that they can properly do their jobs as critics, and to analyze where the government is going, and to make suggestions and criticisms.

I think I would put on the record again that I would hope this would be the last year that we would see the Jobs Fund money fudged around in an area, and I guess in the Jobs Fund Estimates we got the same runaround from the Minister, or the members there did, with not wanting to say what's being done with Jobs Fund money.

I guess I would ask the Minister, of the Loan Authority issued last year, what amount of that money was spent?

**HON. M. HEMPHILL:** For the Small Business Loan Authority?

**MR. E. CONNERY:** Well, the total Loan Authority of \$13.7 million - no, it was \$15 million last year. What percentage was spent?

**HON. M. HEMPHILL:** Just while my staff is getting that information, Mr. Chairman, I just wanted to let the Member for Portage la Prairie know that I'm quite prepared to discuss in detail all of the programs that I listed, even though they're funded under the Jobs Fund, when we get to Venture Capital Program, when we get to the Manufacturing Adaptation Program. Those I'm willing to go into any level of detail.

**MR. E. CONNERY:** I appreciate that.

**HON. M. HEMPHILL:** Mr. Chairman, the Loan Authority take-up was approximately \$1 million last year.

**MR. E. CONNERY:** What was that again?

**HON. M. HEMPHILL:** Approximately a million dollars, close to \$1 million.

**MR. E. CONNERY:** Spent or left over?

**HON. M. HEMPHILL:** Spent.

**MR. E. CONNERY:** Out of the \$15 million?

**HON. M. HEMPHILL:** Not including the \$10 million Loan Authority. Take the \$10 million Loan Authority out that I gave you before, then you've got \$5 million.

**MR. E. CONNERY:** So, of the total Loan Authority of last year, what was the net not spent, of the total for '87 that was authorized?

**HON. M. HEMPHILL:** Approximately \$4 million.

**MR. E. CONNERY:** Four million not spent? Is that \$4 million going to be included in programs for 1987-88?

**HON. M. HEMPHILL:** Yes, Mr. Chairman, it will be in the Authority for '87-88.

**MR. E. CONNERY:** Is it going to be included in the MAP program, the VCP program, the Youth Program, or is it going to go into the business sector? Is it going to be added into the \$10 million for business sector?

**HON. M. HEMPHILL:** No, it's not added into the \$10 million for the business sector. They each have their own allocation, \$1 million for the Manufacturing Adaptation and \$2.7 million for Venture Capital.

**MR. E. CONNERY:** Okay. You've got \$4 million left over, you've got Loan Authority that you're putting in of \$13.75 million. Have you plans then, to spend \$17.75 million?

**HON. M. HEMPHILL:** The total Loan Authority is \$13.75 million, including the Small Business Loan Authority. I think that we're hoping to spend it in two areas, Venture Capital and Manufacturing Adaptation. The Small

Business Loans Program possibly might not have the take-up of the whole \$10 million in the first year.

**MR. E. CONNERY:** A philosophical question, Mr. Chairman, does the Minister think or believe or accept the philosophy that Loan Authority should not lapse, that it should go on and on? Or should there be a lapsing period when, if it's not spent, it should have to come back to the Legislature for the Loan Authority again?

**HON. M. HEMPHILL:** Probably somewhere in-between. I don't think it should go on and on forever but I think, when there are circumstances . . .

**MR. E. CONNERY:** He's giving you direction. I'm picking your brains, not his.

**HON. M. HEMPHILL:** No, no. I don't think it should go on forevermore. But I think, when you're looking at a situation where it's been carried into the next year because the program did not get established in the first year, then I think it makes sense to simply leave it there.

**MR. E. CONNERY:** You're suggesting that a year or two would be some sort of time and then it should lapse and go back. If it's not spent, then it's got to be reappropriated again in another year?

**HON. M. HEMPHILL:** Without coming out with a rule, without knowing what the particular circumstances would be, I would say, in general, it should not go on forever without some reconsideration. As long as there are reasonable reasons for it to be continued over a period of one or two years, then that should be accepted.

**MR. E. CONNERY:** Does the Minister know how far back some of the money in her department goes that has been approved and not spent?

**HON. M. HEMPHILL:** Have you got a specific question?

**MR. E. CONNERY:** You know, in Agriculture, when the Minister couldn't get some money last year he said, well, I don't have to worry because I've got money that's been approved in 1975, something like 11 or 12 years ago, so I don't have to worry. How far back does money go that's been authorized in Business Development that hasn't been spent?

**HON. M. HEMPHILL:** Just the \$10 million.

**MR. E. CONNERY:** Were all the other appropriated monies in the regular appropriations included?

**HON. M. HEMPHILL:** Yes.

**MR. E. CONNERY:** Okay, I'll accept that.

My concern is that the Jobs Fund, overall, there's been a large amount of money authorized and even in the Loan Fund but in both sides that hasn't been spent. Of course, it's a nice slush fund that you can always have to spend without having to go to the

Legislature for authorization. I don't think governments should be able to carry on. In business, every year you draw up a new budget and, if you haven't spent it, you don't leave it sit there. You redo it through your budget. So it is a philosophical point.

Last year, the Minister was saying they were working in three areas - Business Development - well, are we getting out of 1.(b). No, we were still in there last year. Business development, regional community development and entrepreneurial development are the three areas. Are those still the areas or have you expanded in your program?

**HON. M. HEMPHILL:** No, I think those are the three main areas. We do have programs that are coming in through the Inner Core Agreement that are business related that would be focusing on the core.

We are including a thrust, a northern thrust, that may not have been mentioned last year.

**MR. E. CONNERY:** Is this the area to discuss the northern thrust or does it come up in another line later on?

**HON. M. HEMPHILL:** It comes under Regional Community Development.

**MR. E. CONNERY:** The Strategic Planning, what thrusts or changes, or what great ideas is the Strategic Planning Committee coming up with?

**HON. M. HEMPHILL:** I think the importance of Strategic Planning is clearly to give advice on all policy and programs related to the department. We are coordinating the delivery of programs to the public to make sure of uniform standards, adequate support and consistency in program delivery. We set program and financial support levels to attain government policy objectives. We make sure that the national activities of the department are properly administered and funds accounted for. We review policy legislation and financial activities that the department operates under and recommend changes.

**MR. E. CONNERY:** That is the stuff that is in the book and I have read that. I was just looking to see, you know, is there anything else? I know the generalities go into the book, but are there any specific areas? I guess we'd have to, with specifics, we'd probably get into 2., and I think we could move into 2. reasonably quickly. Unless any of my fellow members have anything in 1., I think we could move on to 2.

**MR. CHAIRMAN:** 1.(b)(1) to 1.(d)(2), inclusive, were each read and passed.

You are now in Appropriation No. 2, Business Development, (a)(1) Salaries - the Member for Portage la Prairie.

**MR. E. CONNERY:** On page 26 of the Supplementary, it has "Change in additional staff due to provision for Small Loans Program." We've been questioning about Small Loans Program for some time.

Has the Minister something to give us at this point?

**HON. M. HEMPHILL:** I suppose not the program but some information. It is true that we are taking some

time prior to bringing this program forward and I think that there's very good reason for it. We're doing a lot of consulting and talking, not only with the business community but also with other jurisdictions.

I believe that Ontario has put in a program that we're very interested in looking at. I think we want to make sure that we learn from their mistakes and from their experience, because some of the things are working well and some of them they've had particular problems with. One of the elements with the Ontario project is the delivery through financial institutions and that's something that we want to look at closely, both their experience and the feelings of the business community and the financial institutions in Manitoba.

So those kinds of questions are important questions for us to answer and to get information on prior to completing the final design of the program, and we're taking the time to do that.

**MR. E. CONNERY:** This program is the \$50 million bond delivery . . .

**HON. M. HEMPHILL:** Yes.

**MR. E. CONNERY:** Has your department examined the Quebec one? Apparently, they had almost too successful of a bond issue for small business. Apparently, they collected a lot of money for small business.

**HON. M. HEMPHILL:** I think what we're actually doing is examining the programs that are available in every province and their experience and then looking at how to accommodate that and design our program.

We will be having discussions with the business community, some of the financial institutions, relating to how they're structured, how it was structured in Ontario and some of the other provinces, get their feedback and see how they think it would work in Manitoba.

**MR. E. CONNERY:** You know I'm always interested to see a program, and there are some very valuable programs that have taken place in your government's term and our term, and not all are good and not all are bad. My concern is, if we do put a program in place, that if you do lend money out, that there be a rationale for lending that money to somebody.

Often you'll have a machine shop in a town that will get a grant to start up and there already is a machine shop in that town, and it's very decimating to that person who's already there. So I would hope that there be some real strict criteria for lending that money out to make sure that it is not detrimental of other people.

As you know, the CFIB suggested that loan programs could be eliminated except the Venture Capital and reduce taxes and whatever to make a better climate for all businesses. So I think this is the reason that the CFIB have a concern is that we don't put other existing businesses, who may be just struggling to make a go of it, at jeopardy because competitors come in with a large government loan.

The other one that we've discussed a little bit about and that we questioned the Minister on is the Growth Fund. What's the status of it? I know there's been some work done on it.

**HON. M. HEMPHILL:** Mr. Chairman, first of all, I hope that the Member for Portage la Prairie didn't miss his opportunity because the Growth Fund is under the Minister of IT and T.

**MR. E. CONNERY:** This last one in the budget, that wasn't - it said small business, in your '87 budget, for \$1.25 million.

**HON. M. HEMPHILL:** It is under IT and T, \$1.1 million, \$1.2 million, yes, under IT and T.

The Member for Portage la Prairie made a couple of other points that I'd like to pick up on.

Although we haven't finalized all of the elements of the Small Business Loans Program because we're still checking out some of those features of other province's programs, we already know that there are a couple of things we're going to do. One of them is have a criteria to make sure, just exactly the example he gave, that it won't happen, that somebody won't get a loan to go into a small community and set up a restaurant or something else and put the others out of business, those that are already there. So it's one of the things that would have to be considered is existing businesses and whether the community can support another business of that nature. They would have to evaluate that, because we don't want to help one on the one hand and cause serious problems to the other on the other hand. There will be very definite criteria.

When you say that the Federation said that we don't need loans programs, it's not the information we're getting from businesses. They're actually telling us that their biggest problem is not so much the cost of borrowing, but the inability to get access to funds, is that they have a serious problem getting access.

Now some people have more trouble than others and some of them are people who we're targeting for. I'll give you one example, and that's women in business. We know from all of the information that we're getting that women are both highly successful in business and going to be going into businesses in much larger numbers. I think there were something like 75,000 businesses in Canada that were going to be started in a short period of time, and 50,000 of them were expected to be by women.

I'm sure the Member for Portage la Prairie will also be glad to hear that women, when starting a business, it tends to be more successful for quite a number of reasons, but these reasons are analyzed and they're very sort of solid. One is they take less money out of the business than men do. They borrow less money, so they're carrying less of a debt load. They do more planning and get more help from financial and other sorts of resources.

So the point I'm making is that women have a great deal of trouble getting money from financial institutions and, in general, businesses tell us that their biggest problem is going to the bank and getting access to funding. They don't want it to be a grant, you're quite right about that. They're not asking for handouts and they're not asking for grants. They're asking for access to loan money that they can't get through the existing institutions.

**MR. E. CONNERY:** Well I would hope that, because it's a female, a woman, that she wouldn't get a loan

when the other criteria would interfere with someone else, so I would hope the same criteria was there.

**HON. M. HEMPHILL:** The same criteria.

**MR. E. CONNERY:** Okay, then we'll let them have the loans.

**HON. M. HEMPHILL:** Merci.

**MR. E. CONNERY:** One of the areas that I was quite impressed with and last year really didn't pick up on it, I guess, being reasonably new to it and trying to grasp it, but I was quite impressed with the Manitoba Marketing Network concept. When we look over the people who are involved and this is the only program, I believe, that is public and private and really with no money to the individuals.

When I look over at the list of names on this list, they're a very influential group of people. Would it be appropriate just to read the names into the record to show the public input of people. They're not all Conservatives, I know, who are here. They're just interested people who are concerned about the community.

Dorothy Dobbie, who is now the president of the Chamber of Commerce and a very - I've got to be very careful that I'm not sexist - capable person in her own right; Ted Ridge; Walter Siemens; Wayne Scarrow; Stew Webb is the director; Jim Carlidge, who was past president of Fleming Pedlar; Norm Coghlan; Gerry Collyer; Al Munroe; Rob Pierce; Del Sexsmith; Terry Yates; Jim Campbell; Brian LeGoff; Lloyd McGinnis, who does a lot of work with Rotary and work overseas in Africa and that, putting in wells; Henry Martens; Bruce Parker; Bill Steele; Jim Wright; and Ron Brooks. I think this is a great program. What successes and activities is this particular network doing?

**HON. M. HEMPHILL:** Mr. Chairman, I'm very glad the Member for Portage la Prairie raised it. This is probably one of the best examples of private sector and public sector cooperation, with a tremendous amount of volunteer work and expertise being given by entrepreneurs and businesspeople to help those who want to become businesspeople or who want to expand or who need help in some particular area.

We give them \$30,000 and the assistance of a staffperson, and they put in contact, on a one-to-one basis, resource help. First of all, they evaluate what the person needs, and then they put them in contact with people who are very successful, whether it's in marketing or production, and they give them one-to-one advice.

We, to date I think, have helped something like 100 businesses and I've talked personally - everything from mail order to much more sophisticated businesses. I've talked personally to quite a number of people who have gone there for help, and said that the resources and the information they got were invaluable. So that's a lot of bang for buck, and everybody who's contributing their time is to be commended.

**MR. E. CONNERY:** Would they be dealing in the smaller groups, the new entrepreneur getting started, rather

than - they wouldn't be dealing with very large business, but just smaller groups trying to get started?

**HON. M. HEMPHILL:** They're dealing in the small business area, but not just small businesses that want to get started. They're dealing with people who have a business, who don't know how to promote it properly, and they put them in contact with people who can give them advice and information on what their markets are, what their target populations are, how to market it. It might be a business that wants to expand, and doesn't quite know whether they can or should expand or how to go about it. They give them advice and information on that.

So it certainly isn't just the starting up of new businesses. I would say a large amount of the information goes to existing businesses that need help with their day-to-day operation or expansion or promotion.

**MR. E. CONNERY:** Is the Minister familiar with TIEM Canada - T-I-E-M Canada?

**HON. M. HEMPHILL:** The name is familiar, but . . .

**MR. E. CONNERY:** It's not a hockey team, it's a financial team.

**HON. M. HEMPHILL:** Mr. Chairman, we are familiar with the organization and, in fact, it is the organization that we have been working with to develop the Manitoba Growth Fund. It's a team that is involved and has the involvement of the private sector, plus something that pleases us greatly and that's leveraging of private sector funding with a little bit of public sector funding to support the project or to get it off the ground.

**MR. E. CONNERY:** I just had the opportunity to learn about TIEM, and it impresses me in the sense that it is basically private funding with a business view. They're not going to just be funding anybody who wants to get into business. It's a money-making venture, so they're going to be screening very carefully who gets some of their money but, to me, it's a concept that I hope gets off the ground. It could have some very good potential and, while I know there's some federal money in there and if IT and T puts in their \$1.25 million, that's fine.

**HON. M. HEMPHILL:** Mr. Chairman, we have agreed and feel both that, any time the private sector wants to take that kind of initiative and is willing to put their time and energy and their money into it but come to us and say we need some involvement of the government and some leveraging of funding, I think we are in quite agreement that's the way it should go.

The \$1.2 million from the Manitoba Growth Fund is going to the TIEM organization. In terms of looking at projects, the government will be involved, but it will be largely a private sector board that will be reviewing the applications and making decisions.

**MR. E. CONNERY:** Looking at the Winnipeg Business Development Centre, which is 1329 Niakwa, I believe - right? - one of the lines that interested me, it said, ". . . deliver the rural business counselling initiative in three new communities."

First of all, it seem unusual that the Winnipeg office would be doing that, but what are the three new communities they're discussing?

**HON. M. HEMPHILL:** Mr. Chairman, the reason that - it might sound a little strange to have it offered out of Niakwa, but that's where the resources are. We have had a program in Lac du Bonnet, in Carman, and we're presently talking about a program in Teulon. I've just been informed that we also have had programs in The Pas and Swan River.

**MR. DEPUTY CHAIRMAN, H. Smith:** The Member for Portage la Prairie.

**MR. E. CONNERY:** Is it strictly a counselling initiative, to counsel people going into business or who have trouble running their own business, something like the Manitoba Network or what CASE delivers?

**HON. M. HEMPHILL:** Mr. Chairman, it's largely counselling for existing businesses to help them operate more efficiently.

**MR. E. CONNERY:** Would CASE not handle this, or is it too much for CASE?

**HON. M. HEMPHILL:** Mr. Chairman, I suppose we see our program as a complementary program to the federal program.

**MR. E. CONNERY:** Last year, I asked in the Estimates if there was coordination between the federal and the provincial. I was assured there was, because there's no point in each doing the same thing and running back and forth over each other's track. So I would still hope that both departments would work and, say, share the load or share the cost of an organization or an office.

**HON. M. HEMPHILL:** Actually, Mr. Chairman, we were very conscious of that, and we work very closely with the federal department and the federal people and their resources. Whether it comes to giving them consulting advice or resources that are available or making information available about federal programs that are available, we do that. We don't just try and take them ourselves and try and find money for them. If there are programs there that are federal programs that they fit into well, we advise them on that and try to avoid duplication.

**MR. E. CONNERY:** This would be the area, I gather, of the Northern and Remote Communities Development Initiative. Can you explain what that initiative is?

**HON. M. HEMPHILL:** The Northern and Remote program, we're assisting entrepreneurs with local financing, helping them to prepare business plans, generally providing managerial support to businesses in various sectors, ranging from the service sector to the resource sector. A very good example includes a wild rice co-op in The Pas that will receive funding from federal sources in excess of \$300,000, leading directly to establishing 30 Northerners in wild rice growing. So,

here's an example of our program offering consulting advice and information, helping them tie in to a federal program that will give them \$300,000 and establish 30 jobs for Northerners.

A second example would be the establishment of four locally owned fish farms in Wabowden and Norway House. Funding to these projects are in the order of \$160,000, leading potentially to annual sales in the order of \$50,000.00.

A third area of activity is planning and organization assistance has been given to two northern Native women's organizations in their economic development activities, and we funded five women to go to the Native Business Summit in Toronto in 1986-87. So those are several examples of the Northern program.

**MR. E. CONNERY:** What's the difference between it and the Communities Economic Development Fund?

**HON. M. HEMPHILL:** Mr. Chairman, it's my understanding that the Communities Economic Development Fund provides grants for commercial projects. It provides loans for already existing businesses. Our initiative is new enterprises, helping people in the community develop new enterprises.

**MR. E. CONNERY:** Unless I'm mistaken, I don't think the Communities Economic Development Fund is strictly for expanding existing businesses. I think it, as we see in going through the Estimates of . . .

**MR. DEPUTY CHAIRMAN:** Are you asking a question of the Member for Sturgeon Creek?

**MR. E. CONNERY:** No. Just to let him have an input into it if he had something on this. You're checking me up, aren't you, Harvey?

**HON. M. HEMPHILL:** I think one of the big differences is that ours is a consulting program. In other words, what we provide - we don't have Loan Authority, we don't have grants there, we have help - and so we provide consulting services and the other program is a loan fund. So there's a big difference, although we may consult and advise them to tap into some of those funds.

**MR. E. CONNERY:** You had no funding for these ones that you were mentioning? The funds came from . . .

**HON. M. HEMPHILL:** The funds came from other sources, but they tapped into those other sources through the consulting, the advice and the help that came from our program.

**MR. E. CONNERY:** What sources? You said, the Federal Government. What other sources did they get funding from?

**HON. M. HEMPHILL:** Special ARDA, Northern Development Agreement, CEDF.

**MR. E. CONNERY:** By and large then, it's consulting and the bulk of the money would be some sort of federal funding with some provincial input?

**HON. M. HEMPHILL:** It could be federal-provincial funding, but the program is largely consultative.

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

**MR. F. JOHNSTON:** I'd like to ask the Minister: What process is used to have the clients, if you want to call them that, of the Marketing Program come forward? What I'm saying is what do you do to have them come forward? Are there people going out calling on businesses to tell them it's available, or do they come to the government asking for some sort of assistance?

**HON. M. HEMPHILL:** Mr. Chairman, it can come from many sources. Sometimes it comes from a call that comes into our department and, as I said, we make a staffperson, the resources of an individual in our department available. And where the department gets requests that they believe can be more properly filled by the Manitoba Marketing Network, they would recommend or would suggest that they go and set up a meeting with them. It can also come from the Manitoba Marketing Network themselves. In other words, they have their own very good network and they quite frequently identify people who are in need and who they then suggest they come to the Marketing Network for advice and help.

I would say that a large part of it probably comes from calls for help into the department, that people are asking for information, and it's the department's job to determine where that help can best come from. There are also brochures that are available. There has been a fairly active communications program. When I met with the Manitoba Marketing Network, one of the major activities they undertook after their last \$30,000 grant was a communications program. They did put newspaper ads in, they did put brochures out. So they have been getting, I think, a little more aggressive in terms of the act of getting the information out to businesses.

**MR. F. JOHNSTON:** Does the department still have a staff of officers: one who was involved with marketing, one who would be involved with administration assistance, one who would be involved with production assistance, one with management assistance and accounting assistance, etc.? How is the decision made as to whether it's a departmental staff who will be providing assistance to the client, or will it be the marketing group? And do you still have those people available on staff?

**HON. M. HEMPHILL:** Mr. Chairman, we were having a little bit of difficulty hearing some of the first part of the preamble but, if I heard it correctly, we still do have those resources available. In terms of who makes the judgment, it would be made by the department staff and probably with recommendations or advice coming from the staffperson who is allocated to the Manitoba Marketing Network, who would probably be in a very good position to judge which kinds of projects they were able to and prepared to handle. I think that would have a fair amount to do with it. So we have a staffperson whose job it is to be a resource and to

prepare the projects and the businesses for presentation to the Network. He would have quite a bit to say, I think, about whether they could handle it. If they could and it was appropriate, they would recommend that and, if not, the department would handle it in other ways.

**MR. F. JOHNSTON:** This program in Manitoba was originally modelled after the one in Minneapolis-St. Paul. I might say to the Minister I am pleased that she, as Minister, has carried it on because the previous Minister wasn't too enthusiastic about it, and it proves that the private industry can be of assistance.

The situation where the Marketing group are advertising on their own, do they have the authority to decide to go out and help somebody without any reference from the department? And do they also have the authority to send somebody out when it comes from them or into their offices without having any consultation with the government department?

**HON. M. HEMPHILL:** Certainly they do not need to have consultation with the government in order to decide to give help to any business that has asked for help. It's most likely that they would not, even if they identify the business themselves, which I said is quite possible. The Manitoba Marketing Network people have an excellent network, and I would imagine that quite a few approaches would be made directly once people know who the members of the Manitoba Marketing Network are. They would then funnel that request to the staffperson whose job it is to help them prepare to help the project, because otherwise they don't have the resources.

They are volunteer people. They put in a tremendous amount of time, both in the meetings and in making themselves available to act as a resource. So I don't think we can expect them to do preparation work to get ready for dealing with the projects, and that's done by the staffperson.

So I would say that they're probably dealing with a lot of projects and businesses that we know nothing about personally, but that the staffperson assigned to the Manitoba Marketing Network would know about and would be helping them with information.

**MR. F. JOHNSTON:** I'm well aware of the people on the list. I probably know them as well or better than the Minister.

**HON. M. HEMPHILL:** Don't assume.

**MR. F. JOHNSTON:** I can assume that, Madam Minister, I assure you.

In other words, the person with the department who works with the marketing group, they must let him know at all times what they're doing because the government is putting money into it.

The Minister has said they can go out and work on their own. The consultation with the clients, is that all reported back to the government through the person in the department who is responsible for working with this group?

**HON. M. HEMPHILL:** Mr. Chairman, reporting back in terms - and I just want to make sure the right



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connotation is there - reporting back if it suggests that they have to come and tell us what they're doing in order to get approval or agreement, that is definitely not the case. But in terms of reporting for information, the numbers of businesses, the kinds of businesses they're helping, and the kinds of support they're getting and who they're putting them in contact with, they keep us informed as a courtesy.

They do not, as I said before, require our approval. We're delighted to have them take on any business that wants help that they're willing to help. But they would have a difficult time doing it without the resources of the staffperson.

**MR. F. JOHNSTON:** I just want to follow up on that. Difficult time assisting anybody without - let's use the word "assistance" again from the government. What is provided by the government to this group? Is it information? Is it statistics - thank God, you're leaving.

Providing assistance to the group, is it in research? Is it in technical assistance? Is it in advertising assistance? Is it development of promotional material as requested for the company? Why the words that they cannot do their job unless they have assistance from the government?

Pardon me, I put that wrong. I'm not saying they can't do their job, but the Minister said they would have a hard time working with somebody without assistance from the government.

**HON. M. HEMPHILL:** Mr. Chairman, I don't want any misunderstanding, perhaps I worded it poorly. I'm just making the point that these are all volunteer people, who are putting in a great deal of time at the committee meetings. And furthermore, they put in additional time because they often individually take on businesses and act as a resource. Sometimes they tie them in with somebody else. They decide who's appropriate and search out in the appropriate field or area. Sometimes they provide it themselves. And when I said they would have difficulty, it's only in terms of operational. We know that when you have volunteer boards, if you don't give them some money and some staff to help them do the job, then it becomes a very onerous job for them and is actually above and beyond the call of the volunteer work they have taken on.

So we give them \$30,000; they decide completely how to spend it. They have made decisions this time to spend a fair amount of it on communications and have developed brochures, have put on seminars and have put in newspaper ads. Apart from that, we give them the resources of one staffperson at their beck and call for whatever help they need, but they're running the show. They decide who to help and where to go to get that help, what resources, decide what they can take on and who will do it. All the department does is provide support. We just act in a supporting function.

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

**MR. F. JOHNSTON:** Isn't it amazing how efficient private industry is!

One last question: Does the board make the decision as to who the resource person could be? In other words, they can phone the accountant or they can phone the

- I would say they would phone a person in a similar business that's been successful. They do that on their own? They make the decision as to who is going to help the particular business.

**HON. M. HEMPHILL:** Mr. Chairman, I believe that it's a joint decision. I believe that, in some cases, the suggestion and the idea comes from the Marketing Network people, because I have been in a meeting where they were meeting with a business and they identified who the support and the help would best be out in the field because they had people on the board who knew that field and knew that area. In the event that they don't, they may ask the staffperson to do a search for them, and to try and find who an appropriate person or firm would be. So I think they share that duty.

**MR. F. JOHNSTON:** Okay.

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

**MR. G. ROCH:** Thank you, Mr. Chairman.

On page 27 of the Supplementary Information under Activity Identification for Winnipeg Business Development Centre, first of all, if I understand it correctly, this Business Development Centre is for the whole province. Am I right?

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

Could I just ask if people could speak up. They don't all have these - if you could speak right into the mike.

**MR. G. ROCH:** On the same page, it says this particular development centre: "Maintains a comprehensive resource library of ready reference material and a training audio/video library." How do rural businesspeople have access to this library? Is there a mobile unit, or any other way to facilitate access for rural and isolated businesspeople?

**HON. M. HEMPHILL:** Mr. Chairman, we also have centres in Brandon and Dauphin. Some of the resources and materials are made available through the central facility, and some would be made available through those other two centres, Brandon and Dauphin.

It's also, I think, quite possible that our Regional Development Centres, who act in concert with the central facility, could tap into there and get information for the regional development areas. They put on seminars, workshops, they make material available. They know what the businesses in their community need much better than we do, and they have the ability to tap into any of the resources and materials that we have in the Winnipeg Information Centre to use in their activities.

We also send a lot out by mail, through the mail, and by bus when there are requests. So we make it available as much and as quickly as possible.

**MR. G. ROCH:** I think you've answered the question but just to make sure it's clear, if I understand you correctly, through the Regional Development Corporations then that information, you're saying, is available to those, assuming sufficient demand is available out there.

**HON. M. HEMPHILL:** Yes. First of all, they can ask directly for material, and it can be mailed out or sent to them in a bus. We've also got a "hot line," a toll-free number so they can call in and get information. Where the RDC's are organizing, as they generally do the organizing for a lot of the workshops and conferences and programs or even direct consulting with individual businesses, they can call on any of the materials and resources that we have, either for individual consulting or for use in their seminars and workshops.

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

**MR. E. CONNERY:** Mr. Chairman, I'd like to question the Minister on the Daerwood Machine Works and maybe we can put this one to bed once and for all.

The Daerwood Machine Works' Order-in-Council was that it was a conditional grant. I had a lot of communications in and out of the House with the Minister. The last letter shows - and it wasn't a very long one. I think the Minister could have given it to the House. It wasn't as lengthy as what she said, but that's fine. The security, the legal description of the property, or the property, there is nothing against the property, Mr. Chairman. How can we have security if there's nothing against the property? You can have a personal guarantee but, if you have no personal assets, you're not going to get anything.

But, Mr. Chairman, I think what I would really like to see is that we know that the government made the decision based on political and compassionate grounds. I think the political concern was that Roes would scream like heck because the government employees - and I don't blame the government themselves, the employees did it, I'm sure, on their own - really fudged the whole deal with the three people. And I think there was reason to be compassionate, and I'm not opposed to the money that was paid to Mr. Roes, but it's very obvious that there's not likely to be a recollection of this money. I would just as soon see the government say, our department fudged the deal. We owe this to Roes, write it off. It's going to carry in the books, it's going to be a millstone around Roes' neck for some time. Why doesn't the Minister just say, yes, we should be writing this loan off?

**HON. M. HEMPHILL:** Mr. Chairman, well I must say I'm pleased that the recommendation is coming from the Member for Portage la Prairie.

I do just want to make the point that we recognize that there was hardship and there may be now and that they have not been able to keep up with their commitment, but there is a procedure that we must go through. And I think we're in the process of going through it, as is the Royal Bank, who is also a collateral owner or is also owed money. The bank has not made any precipitous move as of this point, and I guess we have not either since we are still following through the process to make sure that all avenues have been explored and all support and help has been given.

But the loan is fully secured. The question of calling on that security and the question of hardship is one that I think might have to be given serious consideration, and I appreciate the sympathetic comments made by the Member for Portage la Prairie.

**MR. E. CONNERY:** Well, I've read the Ombudsman's report and it's a horror story of what two members of the department did and shouldn't have done. The Minister says, it is fully secured. What is the security that is there that the government could reclaim their 60,000.00?

**HON. M. HEMPHILL:** The personal home.

**MR. E. CONNERY:** Is this the home that is listed in the letter that the Minister gave me?

**HON. M. HEMPHILL:** Yes.

**MR. E. CONNERY:** Well, unless one of our department erred, they checked it out and there is nothing against this property. He's got clear title. There is no government claim against the home.

**HON. M. HEMPHILL:** Mr. Chairman, I'm informed that we took over the mortgage that the Royal Bank held, and that we have a claim against the property.

**MR. E. CONNERY:** Usually, when there is a claim against property, it will be registered in the Land Titles Office.

**HON. M. HEMPHILL:** Well perhaps what we'll have to do is check out the information that my department has and the information that your researcher has come up with.

**MR. E. CONNERY:** If there is a lien against the property, could I have a photostat of it then for once and all? My information is that there is no lien against the property on behalf of the government to have security on the property itself.

**HON. M. HEMPHILL:** We will double-check on that, Mr. Chairman, and advise the Member for Portage la Prairie. It is our understanding that the Attorney-General's office followed through with that, but we'll confirm.

**MR. E. CONNERY:** Under Business Development, under Activity Identification, it says: "Provide assistance for small manufacturers who are in financially critical positions." What sort of assistance does this include?

**HON. M. HEMPHILL:** Mr. Chairman, could you confirm the page you are on?

**MR. CHAIRMAN:** Page 29 of the Supplementary, Reference 3, Business Development.

**HON. M. HEMPHILL:** Mr. Chairman, I'm advised that the first action that is taken is that a consultant goes out to the company and helps them review and assess and make decisions on the financial viability, perhaps might look for additional investors if it appears that is a reasonable option. So it's crisis support counselling where people need either professional or other help.

**MR. E. CONNERY:** Then, is it a misnomer here? It says "small manufacturers." Wouldn't this include any business? Would that be a little too selective?

**HON. M. HEMPHILL:** Mr. Chairman, it is any business. It isn't just manufacturing.

**MR. E. CONNERY:** Just an error in putting in down.

**HON. M. HEMPHILL:** Yes.

**MR. E. CONNERY:** The Regional Development Corporations, they had a very small increase in their allotment without looking very quickly. Did they get an additional \$10,000, the RDC's themselves?

**HON. M. HEMPHILL:** Mr. Chairman, there was just a \$16,000 increase, and it was allowed to give them an increase in wages for staff.

**MR. E. CONNERY:** We've seen some other increases in funding for other departments, but the RDC's are really the rural arm of development and we don't see much in the way of extra funding to help them. As I brought up in my opening statement, the Premier said in his election promise they would become small business centres and there would be more activity within them to help and it was very glowing. I still have the page apart that the Premier expounded upon, all of this great stuff that was going to come out of the RDC's. There's been no great stuff, no additional funding, no additional personnel. They're strapped now as far as the time they have. They're right up to their ears in work; they have no additional time.

**HON. M. HEMPHILL:** Mr. Chairman, I'm not sure the amount of activity for RDC's can be measured just in the dollar amount. In fact, if you talk to the people out in the regions and looked at the resources and the help that they're given - and I can't put my hands on it, but I had a press article from one of the regional development areas where they were talking about the tremendous amount of help that they were getting from the RDC's. When we were looking at their function a year or so ago, we decided that we had to look to see what it was they were doing and how they complemented the work that the department was doing. In other words, the duplication that the member is concerned about with what we're doing and what the Federal Government is doing, we have to do the same thing about what our department delivers and what the RDC's deliver. So we have been working with them together to make sure that there isn't duplication.

But I have been out in a number of those areas and the business people tell us that the support and the help they're getting from the RDC's is tremendous.

We've got activities that we can tell you about in the Parkland RDC's where they had a bankrupt alfalfa plant. It was saved by forming a co-op of 20 alfalfa growers and getting them to contribute their own capital by managing the plant, acquiring a sales contract and generating a profit. The plant has been turned over this year to the alfalfa growers, who have hired their own management and are operating the plant on their own.

Pembina Valley RDC organized two or three syndicates to build a senior citizen rental apartment unit whereby private citizens invest in the order of \$10,000 and, coupled with a loan from the bank, finance the construction.

The Eastman has facilitated organization and planning for Beausejour and Lac du Bonnet to establish industrial parks in each community. All six RDC's have created a computerized system which provides up-to-date computerized data profiles on 82 incorporated urban communities including Winnipeg. The system and content is amongst the most sophisticated that can be had and recently at the Opportunities Canada Trade Show in Toronto, a trade show sponsored by the Federal Government, a number of jurisdictions including Ontario requested information with the intention of duplicating the system in their communities.

There is an example where, in terms of the indication from the Premier, we were going to be enhancing RDC's by setting up these community additional programs. Here's a case where we've left the RDC's, but one of the main promises was dealing with computerized activities, computerized programs, and what we've done is built it into the existing RDC's. So we haven't set up an additional one-stop business shop that was discussed which was going to be complementary to the RDC's, but we have built up the resources and the support of the existing RDC's, and I think that they've been very appreciative of that approach. We think that the RDC's are working very, very well and that the resources that are being used there are being used well.

**MR. E. CONNERY:** What support and resources specifically have you given additionally to the RDC's?

**HON. M. HEMPHILL:** Oh, I'm not sure we're talking about - I said it wasn't a matter of a large amount of additional resources. You're talking about close to \$600,000 for operating; that's not a small amount of money. - (Interjection) - Seven. Okay, thank you, \$700,000.00. That's not a small amount of money for operating those programs out in those communities.

Mr. Chairman, I was just checking into one of the other programs that was not a large amount of money, \$25,000, but a co-op advertising program that was agreed to and that all of the RDC's participated in. So I think that the Member for Portage la Prairie always wants us to use the money wisely and doesn't want us to just throw more money at programs. This is an area where there is a reasonable amount of money going out. There have been concerns in the past about what the money was being spent on and about the role and activities of the RDC's, and what we decided to do was to concentrate, working with them, the RDC's, to make sure that what they were doing was really useful and beneficial to the regions and to the communities, and that I believe is happening.

I believe that they're being called on more by the businesses in their communities; I believe that they're providing more support and resources. I believe they're functioning more efficiently and they have a good computer system set up that they didn't have before. That's all with the existing money, and I don't think we need to apologize for that.

**MR. E. CONNERY:** Mr. Chairman, the Minister now has confirmed very clearly that the First Premier did not follow through on his election promise to establish them as one-stop shopping centres in the rural areas.

But the Minister has just demonstrated another point of what I maintain all along is that she bafflebabs, made a very good story really about nothing. I'm very supportive of the RDC's, but really there's been no additional assistance of any consequence or any additional money given to them.

Now maybe they don't need it, but all I'm saying is that the Premier, running around the rural areas of Manitoba, said that these were going to be grand and glorious things. It's in print. But he said these things were going to happen and these things did not happen. Maybe they didn't need to happen but, if they didn't need to happen, then the First Minister should have not told the people of Manitoba that they were in effect going to happen. So that's my concern is that it was an election promise that was not fulfilled.

**HON. M. HEMPHILL:** Mr. Chairman, I'll just make one point and that is that not all election promises are or were ever intended to be filled within the first year or year-and-a-half of a government taking office. In order to make that judgment, you'll have to wait until you've completed the term to find out whether they're brought in, because we know that there are priorities and that some things are brought in the first year, some are brought in in the second year, some the third year and some the fourth year, and some the next term. But I think you'd have to go through that and wait and see whether or not this is brought in.

But I want to make one other point. I think that you shouldn't bring something like that in until the system you've got there is working properly. The question of the RDC's and their role and function, was one that we felt was very important to work out initially, prior to the addition of a program that would be added on to that. We wanted to make sure the initial program was working well.

The initiation of the computer program with the RDC's is a major sort of resource and change that was suggested would come through the one-stop shop. What we've done is implement it early and implemented it through the RDC's.

**MR. E. CONNERY:** In the annual report on page 10, you talk about an Urban Development Agreement and a Community Development Program. Can you elaborate on them? I'm not too familiar with that - (Interjection) - on page 10. They are somewhat new to me.

**HON. M. HEMPHILL:** Mr. Chairman, it's my understanding that this is one individual, one staff position that was previously financed under the Jobs Fund who works with urban centres - Brandon - larger urban centres and tries to tie them up with industry.

Mr. Chairman, it's to help them work effectively as a community in business, to develop industrial commissions.

**MR. E. CONNERY:** Is there really a program here? We're not sure.

**HON. M. HEMPHILL:** Yes, there is a person and there is a program.

**MR. E. CONNERY:** We have the Business Development Centre in Brandon. Why would we need another person

now going out to Brandon to work with them? That, to me, would be confusing or an overlap of a program.

**HON. M. HEMPHILL:** I don't think it's overlapping or confusing, because the role and the function they're taking on is quite different. The person who is out in our office is helping small businesses and helping businesses with any help and support that they need where the person under the Urban Development is helping them deal with large community development corporations, working with municipalities. So, it's the level of skill that's required and the information. The one's working with small business, and the other is helping people figure out what the potential is to develop their community, to develop larger centres.

**MR. E. CONNERY:** Last year, the Minister said the Core Area Initiative Program was winding down and they were looking to have a new agreement. Was a new agreement finalized?

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

**MR. E. CONNERY:** What are the terms of the agreement? Is there any change in the program except renewing it with the same terms?

**HON. M. HEMPHILL:** Mr. Chairman, it has been renewed, but project authorizations are still being finalized. So at this point, it's not totally completed.

**MR. E. CONNERY:** Youth Business Start, I asked the Minister in the House what the status was of that, and is that one not going to be funded? Is that program now squashed?

**HON. M. HEMPHILL:** Mr. Chairman, the program has been completed. It was an excellent program and was very successful and allowed quite a large number of our young people to become very successful business entrepreneurs. I think that as a result of that experience we know that business is one of the important areas for young people to turn to, for both in getting jobs and in starting businesses and we expect, as a result of that information, to make sure that we include a youth section in all of our programs. In other words, instead of having a separate program, and that program ended, we expect that we will be focusing on youth as a target group for other programs such as the Small Business Loan Program. Youth could be one of the target populations.

**MR. E. CONNERY:** I have a hard time to see how you could include a youth sector under various programs as effectively as you had for the Youth Business Start. My personal feelings are that the youth will suffer. If you are really concerned about doing the youth, then they are going to have a great difficulty filling in with all the various programs because the people working will be more geared to the businessman and won't maybe be putting their mind to the youth. So, my direction to the Minister, if she wants it, would be if you're going to have a youth one, make it a separate program. Those would be my feelings.

**HON. M. HEMPHILL:** Mr. Chairman, I agree with the concerns made by the Member for Portage la Prairie,

but I think it's possible to build it in. We are looking at having the Small Business Loan Program focus on small business and in fact it would be at the category level that would allow the support, the level of support that was given to youth under the Youth Entrepreneur Program where you're talking about small amounts of money, up to \$4,000, actually initiating and allowing young people to start up businesses. Also, we would be looking at having them in a target population that perhaps we wouldn't be expecting them to come up with the same level of equity as others going into larger businesses.

So I think that it can be accommodated with special criteria for target groups, one of them of which we expect to be young people, youth.

**MR. E. CONNERY:** Mr. Chairman, I'm kind of jumping around because we know that we do have a time frame, so I'm trying to get in what I consider the important

**HON. M. HEMPHILL:** That's fine, we're willing to do that as long as you don't mind if we fumble a bit to find out where you are.

**MR. E. CONNERY:** Well, no. It's all to do with the business sector, but I'm kind of prioritizing my list of things.

The Interest Rate Relief Program, we've got a second batch. How much more money is there at stake in the Interest Rate Relief Program? How long before this will be wound down - I know you're not giving any more money out - but before the last payments are due?

**HON. M. HEMPHILL:** Mr. Chairman, we expect it will be completely wound down by '89.

**MR. E. CONNERY:** Do we have an idea - are there still additional monies to be written off, or are the ones that are left paying off reasonably well?

**HON. M. HEMPHILL:** Mr. Chairman, we're expecting to write off about \$365,000 this year involving 110 firms. That would be by the end of '86-'87. That's after going through the very lengthy steps that we take to make sure that we do have to write them off and that the money isn't collectable, with a very lengthy process to make sure that we're collecting whatever money can be collected before it's written off.

**MR. E. CONNERY:** What is the previous total? We have the \$113,000 that you have in this list, that this was the second loan write-off. What was the first loan write-off?

**HON. M. HEMPHILL:** I think 1985 it was \$168,000; in '86 it was \$107,000.00. I might just say the \$365,000 is the total.

**MR. E. CONNERY:** That will be the total of the whole program?

**HON. M. HEMPHILL:** That will be the total write-off.

**MR. E. CONNERY:** But that still could be some more in the last year, though. This is going to be '87, you're saying, or the fiscal year March '88?

**HON. M. HEMPHILL:** Yes. It ends in '89.

**MR. E. CONNERY:** So there could be somewhat more than . . .

**HON. M. HEMPHILL:** Yes, only if the business fails, of course, which they are not all failing.

**MR. E. CONNERY:** The loan losses haven't only been from failed companies. I guess the ones that concern me are the ones that have just pulled up roots and left the country and we haven't been able to collect. Maybe the cost of collecting is higher than the amounts that are owing, but it does bother me that they would be able to pick up and just leave.

**HON. M. HEMPHILL:** As I said before, Mr. Chairman, we make every effort to get the money back before we decide to write it off.

When we're looking at the value of the assistance being close to \$5 million, half of that was repayable. Then you look at the fact that you're helping over 600 small Manitoba businesses who were in financial difficulty. I think the fact that as many of them were saved - you know, I think 280 firms received in-depth counselling and it's quite possible that the help they got, that came with the program, saved a lot more of them from going under because that was built in, in an integral part of the program. So when you look at the total now of \$365,000 in what was a critical crisis financial situation for all of those 600 businesses, when you're putting out \$5 million, under the circumstances, I think that's not too bad a record in terms of what is paid back and what has been collected.

**MR. E. CONNERY:** The Minister will know that I did not have a derogatory word about the program. I was just asking information.

**HON. M. HEMPHILL:** Yes.

**MR. E. CONNERY:** What was the total number of businesses assisted and what is the number that failed?

**HON. M. HEMPHILL:** Six hundred small Manitoba firms received the assistance. We gave counselling, as I said, as an integral part of it, to 280 firms, received in-depth counselling.

Just as a matter of interest, the firms assisted employed in excess of 2,000 employees and had sales of \$86 million. They were in manufacturing, wholesalers, retail service sector and tourism. Sixty-three percent of the businesses were from rural and Northern Manitoba and 37 percent from Winnipeg. The loan program, the write-off, involved 110 firms by the end of the fiscal '86-'87 year. So that's 110 out of 601 by the end of '87.

**MR. E. CONNERY:** It wasn't a bad mark. I say that it was a bad time for business and interest rates were choking a lot of people off, and so I have no complaints about the program.

Yes, I promised Clayton Manness I'd save him the last 15 minutes that we have for Business Development for tomorrow. So we'll go to 10:00 p.m., and then he'll have a little bit of time.

The Design Assistance Program, some of the grants that have gone through there, and I noticed one - I brought this up last year also, that some people who tend to consistently get grants. They come under BD and T and some of them are IT and T. The Elizabeth Warbansky Ukrainian Arts has seemed to have picked up a lot of money, or not a lot of money, but different programs. I don't even know what this program is, like what is the Ukrainian Arts? Is it a community group or is it a private business?

**HON. M. HEMPHILL:** Mr. Chairman, with the number of groups getting grants, I think that we probably have to take that as notice and get the information about the particular project for the member tomorrow.

They by themselves are small amounts of money. The Design Assistance Program is designed to give very small amounts of money to people, \$1,000 up to \$1,500.00. I'm not aware of other grants that organization may have received in larger amounts through other government programs, but we'll get the information for you tomorrow.

**MR. E. CONNERY:** In the Minister's information, there are cases of provincial programs also, both federal and provincial. The feds have a CASE Program. The Small Business Incentive Payments which, if I remember from last year, are to help people go to conventions and to set up displays and that sort of thing. Is that the program?

**HON. M. HEMPHILL:** Can the Member for Portage la Prairie tell us what he's working from now?

**MR. E. CONNERY:** This is now page 28 of the annual report, Small Business Incentive Payments.

**HON. M. HEMPHILL:** Mr. Chairman, these are feasibility studies for small manufacturers.

**MR. E. CONNERY:** What's the maximum grant under that program?

**HON. M. HEMPHILL:** Mr. Chairman, there is not a maximum set although, if you look at the grants, you'll see that most of them are in quite the small range. The \$24,000 one was a combination of the feasibility study and a threshold company. So the range really goes from 1,000 up to about 6,000, and they are considered individually on their merit.

**MR. E. CONNERY:** Name the threshold company to me, please.

**HON. M. HEMPHILL:** It's the \$24,000, Dexmar Plastics.

**MR. E. CONNERY:** What is the threshold company? Because it's a threshold company, what's the rationale there?

**HON. M. HEMPHILL:** Mr. Chairman, threshold company simply means that they were given in-depth assistance with product development and market development.

**MR. E. CONNERY:** It seems odd that one company would get that much, and I'm sure there must be a lot

of other companies that would have liked that kind of support.

**HON. M. HEMPHILL:** Mr. Chairman, there may have been. This is one of the things that went by the boards, I suppose, during the Estimates process. So Dexmar Plastics was able to get in while the funding was there and when there was some reallocation and some changes being made to deal with existing priorities, the threshold companies, where it's my understanding the take-up had not been large, were dropped.

**MR. E. CONNERY:** Just in the Core Area Agreement Initiative, the Reiss Fur Company, then R.D. Riess, are they the same company?

**HON. M. HEMPHILL:** Mr. Chairman, while this is reported under our department, it's administered by Urban Affairs, and we probably have to get that information for the member tomorrow.

**MR. E. CONNERY:** Could that information be for tomorrow, plus the other information I asked on Daerwood? So often we go back through old Hansards and we find out information was promised but we didn't get it.

I guess you would be disappointed if I didn't ask you this one question and it's the second last one: Tony Santos, any relationship?

**HON. M. HEMPHILL:** Tony Santos?

**MR. E. CONNERY:** Yes, under the Core Area Development.

**HON. M. HEMPHILL:** Any relationship to who? My name is not Santos. No relationship.

**MR. E. CONNERY:** No relationship to . . .

**HON. M. HEMPHILL:** To anybody who I know. I don't know him and I don't know any relatives of his.

**MR. E. CONNERY:** You don't know Conrad?

**HON. M. HEMPHILL:** Oh, oh, not to my knowledge.

**MR. E. CONNERY:** Just one of those ones that stuck out . . .

**HON. M. HEMPHILL:** Right. Just a throwaway.

**MR. E. CONNERY:** Yes. The devil made me do it.

Can we get down into some of the programs and in the Venture Capital you had - we're having to hurry and I don't like this. How many new companies were started this year? You had that list, you gave it to me.

**HON. M. HEMPHILL:** Mr. Chairman, since its inception four years ago, we've approved 76 Venture Capital projects with a total investment by the province of \$5.9 million and its levered private investment of \$11 million, for a total investment of \$16.9 million. We've brought in over 1,000 jobs. It has helped Manitoba businesses in several ways, allowing employees to invest in the

company, employee takeovers, new startups, expansion, saving business, bringing companies under control of Manitobans, 46 companies approved, and I'll just get the information how many - 10 in the last year - 10 of the 76 have been in the last year.

**MR. E. CONNERY:** Have there been any new failings in the last year?

**HON. M. HEMPHILL:** I think we've given the list before to the member last year, and we have three additional companies that we are looking at this year that are in some process, some stage, of winding down or going out of business.

**MR. E. CONNERY:** Can the Minister tell us how the ABI Biotechnology one is working. It was a very large one and it kind of intrigues me.

**HON. M. HEMPHILL:** Mr. Chairman, we've got quite handy the ones that were in trouble. The ones that are the real success stories and ones like this, I guess, are falling in-between.

Mr. Chairman, the project rationalizing the support for this project is that it's high tech. It's in the field of biotechnology, and that's an emerging science. There is immense pay back if the commercial breakthrough in some of the areas the company is working in - example, treatments for diseases, such as cancer, AIDS, growth hormones and blood-clotting agents.

There are very credible people behind the project. It's headed up by Dr. Bert Friesen of the Rh Institute, who developed blood plasma products at the institute, using leading-edge technology. So it is recognized, I think, as a high-risk field, but one where the potential payoff, if some of the studies come through in the area of health, would be very, very high.

The province's investment is \$672,000.00. Just one other thing I was going to say is, this isn't one of those fast things where the investor or we would expect a quick profit in a short period of time, nor go into it without recognizing that there is some risk attached to this project.

**MR. E. CONNERY:** What are the new companies or the types of industries that we went into this year? They might be on this list of small businesses but I don't know which ones are - are they the last 10 on the list? You said there was 10 new companies.

**HON. M. HEMPHILL:** No, I was saying we had the list of some exceptionally successful companies, in case you should ask about the success stories instead of the failures. But maybe because there are some very good ones - and there are 10 or 12 - I might just make that information available to the Member for Portage la Prairie tonight. Now what was the question?

**MR. E. CONNERY:** What are the new companies this year? What types of areas? Any new areas that would be interesting, like ABI was one that intrigued me.

**HON. M. HEMPHILL:** Mr. Chairman, a number of the new projects would include: Canada West Shoe Manufacturing, Northern Goose Processors, Agassiz

Enterprises and Agassiz Meats, a paper company, a design company, fisheries, the biotechnology which we've mentioned before, electronics, fashions, diathermics. That gives some example of the kinds of projects that we're . . .

**MR. E. CONNERY:** I guess the bad news part, we should just put on the record, not that I take any delight in it, I think the B.C. program is a good program. What losses has the government experienced at this point with the program, losses in total to this point?

**HON. M. HEMPHILL:** Mr. Chairman, I think the last - we had a public discussion on this. We were discussing five closures that gave us an exposure of \$760,000.00. There are some additional potential losses, but those have not been either confirmed nor have been brought to the point where we are totally writing them off. So it wouldn't be appropriate to add those to the list at this point.

**MR. E. CONNERY:** I'd be happy to call it 10:00 o'clock, Mr. Chairman. The Minister wants to go and, I think, have a good time.

**HON. M. HEMPHILL:** Aren't you coming?

**MR. E. CONNERY:** No, I'm going to hit the sack so I'm ready for you tomorrow.

**HON. M. HEMPHILL:** Funny, sends me to the party so I'll be dead.

**MR. CHAIRMAN:** Committee rise.

### SUPPLY - MANITOBA JOBS FUND

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

We have been considering the Estimates of the Manitoba Jobs Fund budget. We are on Item No. 1.(a)(1), 1.(a)(2). The Minister was in the middle of his presentation.

The Honourable Minister.

**HON. V. SCHROEDER:** Thank you, Mr. Chairman.

I think the next item I was going to refer to was Program Recognition, which encourages creation of new permanent, professional, technical positions and targets these newly-created positions for qualified newcomers. Consequently, landed immigrants or recently naturalized Canadians obtain meaningful Canadian work experience in their field of expertise, as well as obtain recognition of non-Canadian, professional or technical training and education. The Jobs Fund has provided a \$150,000 allocation in 1987-88 with a \$200,000 commitment level.

No. 5, Infrastructure Development - in 1987-88, \$25.7 million, that's \$8.8 million budgetary and \$16.9 million loan has been allocated for Manitoba Infrastructure Development activities as follows: \$6.655 million for Churchill Development, primarily for boxcar rehabilitation; \$300,000 to complete M-CAP programs, Municipal Community Assets Programs projects, that were carried over from prior fiscal years; \$400,000 to

meet the province's commitment regarding the North of Portage provincial presence; \$175,500 is required to meet interest costs for a \$1.8 million loan made in 1986-87 for construction of the IMAX Theatre and the remaining \$224,500 will meet cash flow requirements of other provincial presence projects; \$16.9 million in loan funding to provide for carry-over requirements of Rentalstart Programs; and \$1.46 million for transportation development, primarily for the new Transportation Institute Program Development, the Transportation Industry Development Advisory Committee and studies.

Although no funds are provided in 1987-88 for the Urban Bus Research Development sub-agreement activities, the province has agreed that in 1988-89 it will match the Federal Government's 1987-88 expenditures in order to balance the cost-sharing agreement; that is, we don't know for sure that there will be any expenditures out of that particular area this year, but if there are, they will all come out of federal allocations, which means that in the next year, we will have to make that up first to the Federal Government because it's a 50-50 sharing agreement.

And finally, (f) Administration/Communications, the \$1.25 million for Jobs Fund administration and communication activities includes \$175,000 for the Market Manitoba Program. Given the recent Cabinet committee changes, some staff and funding resources will be transferred to Finance and Executive Council as required.

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

**MR. A. DRIEDGER:** Mr. Chairman, I just have a few questions I'd like to raise with the Minister under the first portion, under the Natural Resource Development Program, where \$3.14 million was designated for ERDA Forestry Agreement and \$3.61 million Supplementary Sectoral Forestry Activity. During the Estimates of the Department of Natural Resources, the Minister at that time indicated that the funding had come forward through the Jobs Fund for two sectors as it is indicated in here.

The first one is cost-shared. The \$3.14 million is cost-shared federally more or less on a 50-50 basis over a period of five years with the amount being more or less the same. I wonder if I assume that correctly, and that the \$3.61 million is not cost-shared by the Federal Government but is strictly a provincial input from the Jobs Fund into the Forestry component of the Department of Natural Resources Estimates.

**HON. V. SCHROEDER:** The member's assumptions are correct excepting that, on the \$3.14 million, we receive only roughly \$355,000 from the Federal Government. The rest is provincial.

**MR. A. DRIEDGER:** Mr. Chairman, the difficulty I had in going through the Estimates at that time was there is an additional almost \$7 million that is being spent in Forestry, and this is not reflected in the Estimates of the Department of Natural Resources under the Forestry Department, which leaves a false impression really in terms of the expenditures in that department.

Why is this kind of a bookkeeping system being set up? Would it not be more proper to have it reflected

in the Department of Natural Resources under Forestry Department, in terms of the expenditures that are going in there - and then, you know, indicating in there that this is Jobs Fund money rather than use this approach here because the total budget for the Department of Forestry in the Department of Natural Resources shows \$7.4 million approximately. Here we have almost \$7 million additional monies spent in that department under Forestry, and it doesn't reflect actually in terms of the work that's undertaken. - (Interjection)- Well, even so, but would it not be more appropriate if it showed in the Estimates that this is the kind of work that's being undertaken under the Department of Forestry?

**HON. V. SCHROEDER:** Mr. Chairman, I'm not sure that it would be appropriate but, you know, we could argue about that all night in terms of where to show things. We've got a five-year federal-provincial agreement which we tend to think should be shown in the way we are showing it. If the member would prefer to have it shown some other way, let him work his own numbers the way he chooses.

**MR. A. DRIEDGER:** Just a comment on that, I find that sort of a strange attitude that the Minister has about that, because certainly that is money that is being spent in Forestry. Certainly the government would be proud to reflect that in the Estimates as such, rather than do it in an approach of this nature. You know, it could be reflected in that department and shown that it comes from Jobs Fund money. There certainly would be no difficulty with that.

I find this sort of unique that the Minister and his government decides to use this kind of approach in putting that money under a federal-provincial arrangement into this kind of category here. You know, it's sort of odd. Then of course, that is not unusual with this government that things are odd. I mean if that is your rationale, I just bring that forward that I find that sort of an unusual approach to take in terms of what's happening in the Department of Natural Resources, when almost as much money is being spent through the Jobs Fund and not reflected there as actually being spent, you know.

**MR. CHAIRMAN:** The Member for Roblin-Russell.

**MR. L. DERKACH:** Mr. Chairman, I'd just like to make a comment with regard to the sheets that were handed around, and I'd like to thank the Minister for it. But in thanking him, I must also comment on the fact that although we had tried to get this kind of information from the Minister previously, he saw fit not to give it to us. This is precisely the kind of information that does help the Estimate process in enabling us to discuss it with a little bit of intelligence and also pose some questions that might be relevant to the various categories.

But for some reason the Minister again, in his usual way, refused to give us this information. Then he stands up in his opening statement and he accuses us of not asking for information in an appropriate fashion. Now, how hypocritical can this Minister become as we go through these Estimates? I think it's only decent of any person who's responsible for a department to come



forth with as much information that could possibly help in an orderly and appropriate discussion of the Estimates.

I have a question with regard to the Limestone project. Can the Minister indicate what the total Jobs Fund monies are to date in the Limestone project? I'd like to know how much money has been allocated and how much money has been spent in total on the Limestone project.

**HON. V. SCHROEDER:** Mr. Chairman, that'll probably take some time to come up with the numbers.

But I should say that the member should realize that many of us who are on this side have been on that side. And when we were on that side, we didn't get those kinds of handouts, not on the day the Estimates were out, the day before or the day after; they never came. And now to suggest that somehow, because we're providing more information, we're hypocritical is sheer nonsense. And when the member writes me letters and then turns around a month later and shows up in this House and misquotes from those letters, suggesting that I'm not answering his letters, he will find . . .

**A MEMBER:** Where's the letter?

**HON. V. SCHROEDER:** Yes, the letter is right there, and I happen to have also what the member stated in the House.

What the member stated in the House was: "On May 2, I wrote the Minister a letter requesting some specific details with regard to the Jobs Fund. In his letter, he replied, and I quote: 'I recommend that you contact the various administering departments directly for the detailed information.' At his suggestion we did that, Madam Speaker, we phoned the various departments only to receive a phone call from the Minister's office indicating that any requests we had with regard to the Jobs Fund should be directed in writing to the Minister's office. I would like to ask the Minister what direction he intends us to follow to gain information from his department, or does he know?"

Mr. Chairman, in the reply I sent to the member on the letter he referred to that day, what he failed to mention to the House - and that is a very strong distortion - there were four questions he asked of me. Two of them I replied to in that very letter. I indicated that my department's portion of the other two would be replied to at a later date. My department had to get the information together. And I told him the names of the other departments to go to, to get the information with respect to the other departments.

But that was too much work for the member. He should understand, Mr. Chairman, that there are rules with respect to the manner in which members of this Chamber get information from the government. The public has rights to ordinary information and members have rights to that. If you want to go beyond that and if you don't want to do it in a cooperative fashion, then you do it by Order for Return.

If you want to play these kinds of games, which the Member for Roblin-Russell has been doing in this House, which he's been doing, he'll find that what he'll have to do is get Orders for Return because he's

distorting what in fact is being told to him. He is misquoting letters, making it appear that he is not getting answers when he is being told. First of all, half the answers were given and the other half from my department were coming.

I don't think that's the way to deal with the government and expect answers, and to stand up tonight after he got more information than any Opposition member got when his party was in government and criticized us for not doing it fast enough, I find that just pushes credibility a little too far.

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

**MR. C. MANNES:** Mr. Chairman, I have to stand and respond to the level of high arrogance shown by the Minister.

Mr. Chairman, we've been asking this Minister, indeed this government, over two years, specific details with the Jobs Fund. We've asked him over and over again for a documented structure of how this program flows within government. Mr. Chairman, finally tonight, after all the asking over a series of years, we're given the detail that we requested. We still don't know how the structure works as to who is responsible and who ultimately makes the decisions. But at least, Mr. Chairman, we've seen a further detailed breakout of the appropriations. We've asked for that over and over again.

The Auditor of this province, the Provincial Auditor, has made reference to it on two occasions within his year-end report, that we as legislators have not received proper notification of the expenditures that we're expected to grant authorization to.

Mr. Chairman, for the Minister to stand here now and say to a relatively new member of this House that he did not follow what the Minister feels is proper procedure in asking him, as a representative of the government and of the Jobs Fund, to lay before us a clearer understanding of that program is totally arrogant on his part.

Mr. Chairman, all that Minister needed to do, as indeed some of his colleagues have done from time to time when we have posed a question, is walk over to this side of this House, talk to our critic, the member responsible for the Jobs Fund, and say, specifically what is it that you request? That Minister, that so-called honourable member, would not do that, Mr. Chairman. Unless we asked a direct question right on, something akin to like we had to ask in MTS hearings to the former Minister in Telephones, unless we asked the question directly, Mr. Chairman, we were given no additional help to try and find out some of the answers to those very real questions.

So we've been searching, and the Member for Roblin-Russell has done a most satisfactory job in trying to find out, first of all, the structure of the Jobs Fund; and secondly, a further breakout and the detail associated with the various appropriations.

Mr. Chairman, finally today we've been given the detail, most of the detail that we've requested. The Minister can get up and he can charge the Member for Roblin-Russell for not writing in his letter clearly but, Mr. Chairman, I've been following it and I know

that we were told a year ago, we were told by this same Minister, ask at the beginning of the Session what you want and we'll provide it before the Estimates of the Jobs Fund.

The member, my colleague, wrote a letter initiating that process, Mr. Chairman, five weeks ago, and I saw the response. The response covered half a page - four points, two global figures. Mr. Chairman, that's hardly adequate when the government comes before us and asks us for support to spend \$55 million. We know where we stand on this issue and the Minister can drag us back 10 years and say that former colleagues of ours didn't provide sufficient detail with capital expenditures, but at least you knew what department to look. You knew where to go, but it wasn't pulled out here, there and everywhere and put together under one slogan called the Jobs Fund. It's been shifted three times in the space of four years. Like a deck of cards, how are we supposed to follow it? And there's another shift coming, Mr. Chairman, so I have three questions for the Minister.

Firstly, how many of these damn green signs are still left so we're still going to have programs? Secondly, what's the next structure coming, Mr. Chairman? How long will this be in place? How long will the detailed one that we have in place that's been given to us tonight by the Minister or is it already changed, the authorities and the structure of the Jobs Fund? Because I think those are very important questions.

I'll close by saying thank you to the Minister for giving us the detail that we've requested on so many occasions.

**HON. V. SCHROEDER:** A very interesting response, the member stands up and says somehow he had this wonderful letter that should have been responded to and wasn't. He doesn't say that it was responded to. He doesn't say that the member distorted my response when he responded initially, but let's go through it. He also stands up here and says the Member for Roblin-Russell asked me for the administrative structure. I'll read you the letter.

These are the four things he asked for: projects, departments or corporations who have received funding through the Jobs Fund; the amount of money spent on the Jobs Fund of the total allocation in 1985; the total amount of money expended in the Jobs Fund from the 1986 allocation; number of Jobs Fund applications which have been received by the department, the number approved. That's it, that's what was in the letter. It had nothing to do with the administration, and the member isn't all that uptight about administration. What he wants to know is what is being spent and where.

My first answer to those four questions was, as he said, May 2, and in that letter - here it is. I thanked him for the letter. "Of the four areas of which you have requested information, Items (2) and (3) can be addressed immediately by way of this letter. Allow me to do so at the outset. The actual budgetary expenditure for the Jobs Fund totalled \$80,199,105 in 1985-86 compared to the \$83,160,000 allocated and noted in the detailed printed Estimates for that year. Over and above this budgetary funding, \$126,840,000 was provided for in Loan Act Authority for the Jobs Fund

and referenced in the detailed printed Estimates. The actual cash flow on this Loan Authority totalled \$39,519,700.00.

"Insofar as the 1986-87 fiscal year is concerned, my staff advised me that the actual budgetary expenditure figure will not be finalized for a couple of weeks. I will forward it to you as soon as it is available. The actual cash flow on the \$119,341,400 in Loan Authority was \$43,184,500.00." That was the total answer to Items (2) and (3), with the understanding that there has been some of the spending for the last year not finalized, and it's still not finalized.

I go on. "As I have implied, your request for information on Items (1) and (4) cannot be accommodated in this letter. Now, keep in mind that these requests are with respect to departments other than the department that I administer, as well as with respect to the department that I administer." So I say that because many departments are involved in the administration and delivery of Jobs Fund programs, "Program totals of the sort you have requested in your letter will be available and provided in individual department Estimates. The large numbers of applications received by individual programs make the exercise to provide individual lists a massive one."

Just go back to the request: projects, departments or corporations who have received funding through the Jobs Fund. Projects, every single project, out of thousands every year, to list them and that takes an awful lot of work. Thousands of dollars is what it cost us for the Order for Return for the Member for Gladstone and that's what you want here, and you expect us to be able to do that at the snap of a finger.

As I say, "The large numbers of applications received by individual programs make the exercise to provide individual lists a massive one." Just as an example, Careerstart, over 5,000 names; Jobs in Training, over 6,000, and we're supposed to just drop everything and get to work on something that the Member for Roblin-Russell thinks we have to work on immediately.

"I recommend that you contact the various administering departments directly." -(Interjection)- No, I'm sorry it is not there. If the member could read correctly, he would realize that that is not there. "I recommend that you contact the various administering departments directly for that detailed information. These administering departments include Manitoba Business Development and Tourism, Manitoba Employment Services and Economic Security, Manitoba Cooperative Development, and Manitoba Housing.

"Of course, my own department of Industry Trade and Technology also administers specific Jobs Fund programs. I've asked my department to compile the information you've requested. Please be assured that, as soon as I receive it, I will forward the information to you along with the Jobs Fund's actual budgetary expenditure figure for 1986-87."

And what was the reply of the honourable member to that letter? It was getting up in this House a month later, without notice to me, without saying a thing, three weeks later, whatever, without notice to me and what does he say? -(Interjection)- on May 22, 20 days later. "On May 2, I wrote the Minister a letter requesting some specific details with regard to the Jobs Fund. In his letter he replied 'I recommend that you contact the various administering departments directly for the detailed information.'"

Every member of this House, excepting for him and me, thought that I had simply refused to answer, when he knows that what I had done was answered the two questions I could answer, told him that I would answer the other two questions in terms of my department's involvement, and suggested to him that for the other departments' involvement - and I named them - he should go to those departments, go to those Ministers and get the information. And what does he do? He gets up here and makes it sound as though I'm sending him on a merry-go-round.

**MR. L. DERKACH:** That's what you were doing.

**HON. V. SCHROEDER:** I answered fully the questions I was able to answer. Those questions which were dealing with other departments are passed along. Then last week, I wrote the member a letter and he says he got it today. He got it on Friday. It was delivered to his office on Friday. I don't know what happens to the mail in the Tory caucus room, but it was delivered on Friday afternoon. I'll check, I'm sure I have staff who can tell what time it was sent. It was sent to the Tory caucus room at three o'clock in the afternoon on Friday.- (Interjection)-

Oh, this is the bunch that enjoys seeing little stories in the newspaper about public servants who may go and take a half-an-hour extra for lunch on a Friday. They would attack them for it, fire them, say as Mr. Mitchelson did, they should be fired for that sort of thing. But these people are suggesting that their caucus office should be shut down at three o'clock on Friday and not make sure that, if this is important enough to the member, it be passed on to the member.

**MR. CHAIRMAN:** A point of order is being raised.

The Member for Brandon West will state the point of order.

**MR. J. McCRAE:** Just for the information of this Minister who thinks that three o'clock on a Friday afternoon is a good time to deliver mail, I worked for this government for a number of years. I was on the payroll of this government for a number of years, and some of my duties as a government employee were to be on the road travelling from place to place. This honourable member, of all people, should know better than to use that kind of language in this House.

**MR. CHAIRMAN:** There is no point of order.  
The Honourable Minister.

**HON. V. SCHROEDER:** Mr. Chairman, I never suggested for two seconds that the member was supposed to be sitting in his office waiting for a letter on a Friday afternoon. What I was suggesting is that your caucus office ought to be open and ought to be able to get a document like that over to a member without any difficulty, so he could spend the weekend examining the document. The rest of it - I'll read the letter.

It costs an awful lot less than the cost to the government of the Order for Return asked for by the Member for Gladstone with respect to the Careerstart and Jobs in Training, an awful lot less. Yet, you expect constantly that kind of information to be sent along - (interjection)- This is ridiculous, this is ridiculous.

You're attacking the government for providing information. Last year, you attacked us because you said you didn't have enough information. This year, you claim now finally you've got the information and you're still complaining. It behooves you to be the party of the Opposition. You're always complaining, complaining, complaining. Nothing is ever right for you. You ask these questions, wonderful questions about how many signs have you got left? I don't know but, for all I know, they're turning them orange and black like you're turning the Canadian flag blue.

**MR. CHAIRMAN:** The Member for Roblin-Russell.

**MR. L. DERKACH:** Mr. Chairman, I've never heard a more ridiculous reply than I just heard from this Minister, but I want to expand a little bit.

You see the Minister finds it very appropriate to stand up and read portions of his letter and then allude to some remarks that were made, but skip out what happened in the interim.

Mr. Chairman, on April 8, I wrote the Minister a letter requesting some information, to which he replied a month later, not quite a month later, on May 2, and he read portions of that letter. On his advice that he provided to us in his letter, he said: "I recommend that you contact the various administering departments directly for that detailed information regarding Item No. 1 and Item No. 4," which we did through our research staff, Mr. Chairman. We contacted the various departments which he suggested to contact.

His departments, those departments that we contacted said, get in touch with the Jobs Fund people, which our research staff did. When we started phoning the Jobs Fund Office, what happened was they refused to answer the questions. They said, you will have to take your questions to the Minister. So then, upon that kind of information and that kind of response from the various departments, I came into this House and asked the Minister the question as to what direction he expected us to go in order to seek information. Today, he stands up in the House and he says that was wrong.

Following his response in the House, I followed up with a letter on May 28 to various Ministers, asking for some information. In the letter, I said: "I would respectfully like to request some additional information regarding the Jobs Fund. This information would certainly be most helpful for the Estimate discussions." Now I think that's fairly clear, simply requesting information to help us in the Jobs Fund Estimates.

Today this Minister stands up and distorts everything and puts it on the record. It's a typical way that this Minister has handled every department which he is responsible for. I have watched him in Estimates in the Committee Room; I have watched him in Estimates here. He performs identically, the same. He has no class. This Minister doesn't know what it is to respond in a respectful manner. All he can do is stand up, accuse the Opposition of things that don't exist, point his finger at Ottawa, and then look at himself as the "Messiah." Well, he's the saviour of nothing. He has bungled the Finance Department; now he's bungled this department, but he's afraid to divulge information.

Finally today, after years of asking, here is what we have received finally, and he says this is more than

he's ever received. Mr. Chairman, I think it's shameful to have a Minister who is responsible for a department stand up and enter into the kind of discussion that he has in the last 10 minutes. It has nothing to do with what we're discussing in terms of the Jobs Fund Estimates. It doesn't have anything to do with it. All it is is a political bunch of rhetoric. I would like to ask the Minister, because we are on a limited time frame, is that we get back to what we're supposed to be discussing and stop straying away from the topic at hand.

Now I had asked the Minister a question which he did not answer. I had asked him what the total amount of Jobs Fund money was in the Limestone project. That he didn't even respond to. Instead he carried on about something else.

If I may, I'd like to ask the Minister another question with regard to the joint venture in Canamax. The Minister has indicated \$900,000 has been made available to cover interest costs relating to Canamax, and another \$300,000 has been allocated in order to maintain the province's equity in the venture. Could the Minister explain those two areas to us, please?

**HON. V. SCHROEDER:** Mr. Chairman, with respect to the last question, the Minister of Energy and Mines will be down here within a reasonable time.

If the member could hear - maybe I'm not speaking loudly enough - but I started out my last answer to him, saying that it would take a little bit of time to get the answer. I've got the approximate answer now. It is \$33,557,800 - the total, approximately, over a period of three years.

Now, Mr. Chairman, what the member in these personal attacks fails to address is the fact that I did answer his questions. When he stood up in the House on May 22, he did distort the fact that I had answered half of his questions and promised to answer my department's portion of the other half. If he chooses to play that kind of game, then I will insist that I'm going to put on the record what happened. And after that, he says then his staff called in to my department and into other departments.

What did he write to them though? He wrote the identical letter to each department, a form letter. Instead of saying to ES and EC or ES squared, how much did you spend on Careerstart, how much did you spend on whatever, who got the money and so on, he sent them a form letter saying: (a) how much is the amount of money allocated each year under the Loan Act Authority to the Manitoba Jobs Fund, not for your department, through the Manitoba Jobs Fund; (b) the actual cash flow for each year; (c) the programs and/or companies who receive these loans; (d) the status of each loan, i.e., repayment, forgivable grant, etc. - nothing geared toward a specific department so a Minister would know what it is that was wanted.

The member also - and this is one of the reasons why I would think that, dealing with him, one should deal in writing, because my staff tell me that they've never told his staff to contact me with respect to programs outside of my department.

What they did tell the member was to continue on doing what he had been doing, and that is contact me with respect to areas in my department. But in areas

in other departments, one would expect that he would contact the Minister responsible. That's pretty clear, and that's reasonable. But the member gets up here and makes these charges, complains after I provide him with information. What does he want? What in the world does he want?

**MR. L. DERKACH:** Well again, the Minister lost himself and forgot to answer the question. I asked the question: Would he tell me, would he explain the \$900,000 provision for interest and the \$300,000 allocation to the province's equity in the Canamax Venture?

**HON. V. SCHROEDER:** I think maybe the member ought to get a hearing aid. He got up after my last answer and said, the member didn't answer a particular issue, when I had answered it and told him that the Minister responsible would be doing - I'm sorry, when I told him that we would get the answer with respect to Limestone spending, but that I didn't have it at my fingertips.

Then he asked me another one on a matter within the jurisdiction of the Department of Energy and Mines, and I get up and say that's something that the Minister of Energy and Mines will answer. Then he gets up and he says, well, the Minister didn't answer the question. Of course, I answered it. I told you that the appropriate Minister would be around and you could ask him.

**MR. L. DERKACH:** Well, I know the Minister responsible for the Jobs Fund hasn't answered many questions in Canada obviously, so I'd ask my questions of the Minister of Mines and Natural Resources - for Energy and Mines, I'm sorry. My question is with regard to the Canamax Joint Venture Investment. A provision of \$900,000 has been made to cover the interest costs relating to the joint venture and also \$300,000 has been made in order to maintain the province's equity in the venture.

Could the Minister elaborate on these two particular items please.

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

**HON. W. PARASIUK:** The actual interest costs will be \$700,000.00. We're taking the interest costs of the investment to date - \$700,000.00.

There are consulting and economic analysis of 100,000.00. Then there's sub-contracting in relation to the economic analysis of 100,000 which makes it \$900,000.00. And then if, in fact - I think that the member in my Estimates was asking about this - if the project is maintained into the future in terms of our share of option requirements and surface rights requirements - to continue those options on into the future would be another \$300,000.00.

**MR. CHAIRMAN:** The Member for Brandon West.

**MR. J. McCRAE:** Mr. Chairman, last week in question period I raised an issue with the government, and Madam Speaker really didn't know who should answer it and nobody over there seemed to know who should answer it, but I hope the Minister of Labour is listening because this question may have something to do with his department as well.

The Minister of Environment and Workplace Safety and Health attempted to answer the question. The Minister of Labour did his best, but it kind of went flop. Mr. Chairman, I'd like to ask a little bit more about the Manitoba Labour Education Centre, which is the recipient of a \$250,000 Jobs Fund grant in January of 1985.

I recall asking the Minister how many jobs were created but he didn't know, and spent some time telling us that he didn't know, but maybe he knows tonight.

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

**HON. A. MACKLING:** Mr. Chairperson, the Labour Education Centre does not employ a large number of people. I believe I answered during the course of the Estimates that the numbers, I'm given to understand, employed were three, but they give many, many courses. I think the Honourable Member for Pembina can count on his hand - three. He is able to do that very successfully, Mr. Chairperson. Oh, I'm sorry. I have offended the Member for Arthur by being so explicit in putting on the record what the Member for Pembina was demonstrating with his little pinkies.

Mr. Chairperson, the Labour Education Centre provides an opportunity for a very significant number of people to be better advised and understand their rights and the issues in respect to many areas of concern in the workplace, and a great deal of that has involved Workplace Health and Safety measures, including concerns about noise in the workplace. There's more and more appreciation for the difficulty that is encountered by workers after some time in having worked in a workplace where the noise level was too high. And so the Labour Education Centre has been very helpful in providing a better understanding and practical knowledge in very important areas of concerns for workers in the Province of Manitoba. It's money exceedingly well spent, Mr. Chairperson.

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

**HON. G. LECUYER:** Thank you, Mr. Chairman.

I think that really doesn't respond to that very question the Member for Brandon had raised.

Let me qualify that by saying that the member did not make his question specific when he asked it of me the first off. The point, Mr. Chairman, the member did not specify that, when he asked his question, he was referring to a program that took place in 1985 and, therefore, not during when you asked the question in the House.

I assumed, Mr. Chairman, that it was a program that did not come under my department. If I had heard 1985, then I would have known that the member was referring to a special program that was put under the Labour Education Centre using funds from the negotiations with MGEA the previous year, which had been set in trust for programs which would be carried out following consultation with the MGEA, and that particular program, that was carried out.

**A MEMBER:** What's bothering you?

**HON. G. LECUYER:** Now I'm getting to the part you want to know, so you better listen.

That was for a training program for some 40 employees that were members of the joint Workplace Safety and Health Committees and therefore this program, which carried on for - I forget whether it was six or eight months of intensive training - for members who would go back into the workplace to work more effectively as members of joint Workplace Safety and Health Committees, 40 of them.

**MR. J. McCRAE:** 40 employees, Mr. Chairman, were employed by the centre, or were trained?

**HON. G. LECUYER:** Trained.

**MR. J. McCRAE:** So how many employees were employed directly as a result of the \$250,000 which, as I understand, is the main criterion for the Jobs Fund is to create jobs, is it not?

**HON. G. LECUYER:** Well, I think I explained to the member that this program was using monies put in trust which would then be used on programs having consulted with MGEA, and that was one of those programs. Therefore, the aim of this program was not to employ people, but to train them to go back into the workplace and keep their fellow employees working in health, because they would be better trained. They would be able to consult with these members who have been trained, who would be able to provide in turn some workplace education with their colleagues, who would be able to make their joint Workplace Safety and Health Committees function more effectively. That was the purpose of this program.

Now, there were a number of people employed as part of the training, but that was not the direct intent of the program.

**MR. J. McCRAE:** May I ask, Mr. Chairman, who was the executive director of the centre at that time, when that grant was given to the Manitoba Labour Education Centre? Mr. Chairman, none of the members opposite seem to want to answer this question: Who is the executive director today? I know the Minister of Labour told us the other night. It has just gone from my memory and I'd like the Minister to put that on the record for us again.

**HON. A. MACKLING:** The executive director was recently engaged and he is Terry Kennedy.

**MR. J. McCRAE:** Mr. Chairman, the Minister has told us that Mr. Kennedy was recently placed in the position of executive director. May I know the name of the previous executive director?

**HON. A. MACKLING:** Paul Lesard.

**MR. J. McCRAE:** Could the Minister tell us when Mr. Lesard was brought into the organization?

**HON. A. MACKLING:** Mr. Chairperson, I don't recall the date. I wasn't Minister of Labour at the time. I would think it was relatively early. He had been there for one or more years.

**MR. J. McCRAE:** Could the Minister tell us how it was that Mr. Lesard came to leave the centre?

**HON. A. MACKLING:** There was a decision by the board to terminate his services, Mr. Chairperson.

**MR. J. McCRAE:** Would the Minister care to share with the House the basis for that decision?

**HON. A. MACKLING:** There were some serious concerns arising in respect to the administration and, after a review by the board of directors of the centre, the executive director was discharged or asked to resign. I'm not sure which it was. His services were terminated.

**MR. J. McCRAE:** That's what the Minister told us in the previous answer. Would he like to answer the question as to the reason for the dismissal, firing, whatever it was?

**HON. A. MACKLING:** Well, Mr. Chairperson, I have indicated a reason for this, a decision by the board that his services were - (interjection) - not . . .

**A MEMBER:** No longer required.

**HON. A. MACKLING:** . . . were no longer required and he was asked . . .

**MR. J. McCRAE:** The Minister told us the other night in Estimates on this matter that this centre is little more than an arm of the government in the sense that it receives funding from no other source. We, as the representatives of the taxpayers, who, whether it's an MGEA-sponsored Jobs Fund grant, certainly is administered by this government but certainly also by virtue of the \$200,000 per year used to fund this Manitoba Labour Education Centre, we on this side of the House, indeed all honourable members and all Manitobans, are entitled to know why Mr. Lesard's employment was terminated. I would like to ask the Minister to answer the question.

**HON. A. MACKLING:** Well, Mr. Chairperson, there were serious concerns on the part of the board of directors in respect to, as I understand it, the operations of the centre and, as a result of the investigations that the board of directors pursued, they were satisfied that the administration lacked the kind of control and care that presumably they believed Mr. Lesard had failed to provide for and they terminated.

**MR. J. McCRAE:** Mr. Chairman, perhaps I can help this Minister who has little trouble being forthcoming and answering the questions forthright and telling the whole truth. I wouldn't question the Minister's veracity in terms of his honesty. I've just said that I wouldn't to that, Mr. Chairman. I will be careful, but I'm asking the Minister to answer the question: Does the termination of Mr. Lesard have anything to do with the financial management of the centre?

**HON. A. MACKLING:** Well, Mr. Chairman, I have to be careful how I answer the questions because it's my understanding that there is a matter that is before the courts and therefore I don't want to go into any detail, except to indicate - and I've tried to be as fair as I

can in providing the information - that the board of directors came to the conclusion and made a finding, and that finding in their view justified the termination and that's what happened.

Now, there is a matter before the court, as I'm given to understand, so I don't think that I can go into any further detail than that.

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

**MR. J. DOWNEY:** Mr. Chairman, I have a couple of questions relating to the Limestone activities.

Talking to my colleague, this apparently is the first time we've had the opportunity to see any of the documentation in dealing with funds that flow through the Jobs Fund and one can understand why the Auditor has continually brought questions forward. It seems to have taken a long time to get some kind of a track on the taxpayers' money.

Mr. Chairman, but it's typical of government and I ask the Minister responsible for it and I go to the \$0.565 million for Limestone activities - and just note the bureaucratic jargon that we have to sort out here. For Limestone activities, relate primarily to communication efforts at a reduced level (\$200,000), continuation of the northern working group at a lower level and \$300,000 for potential jobs, fund costs in the offsets and purchasing activities which include updating of the Northern Business Directory. I mean, what are we saying here?

What are we spending \$0.5 million to do? Can the Minister understand and explain that? Oh, sure, he said. Well, there's one clear sentence that one could understand, that another \$9.45 million for Limestone employment and training activities are identified in Human Resource Development category. That's understandable that there's another \$9.5 million, but I'd like to know who got the contracts for these jobs in this communication branch. How do they determine who gets the money? How does it flow? Who is available for it? Is it a communications company? Is it civil servants hired to use this money, or do they set up a Northern Business Directory? Is that really what this is saying? For people wanting to do work on Limestone, do they go to a directory for the Limestone project and say there are X number of jobs or there are X number of contracts available, is that what it's for? Because I think it's important that we know. There's a lot of money being spent here and it's hard-earned taxpayers' money.

**MR. CHAIRMAN:** The Minister of Energy and Mines.

**HON. W. PARASIUK:** There's one staffperson allocated to this. There is some work done - and I indicated this in my Estimates review - by communications people within the Department of Energy and Mines who do pamphlets and communications material for Northern Manitoba. Communications in Northern Manitoba are quite expensive because you have many far-flung communities without newspapers, sometimes without radio coverage or television coverage, and you would have something in the order there of \$60,500 for publications.

We've had a number of seminars, conferences with Native groups and northern groups. One conference

we had was with Native women. We've had conferences with the chiefs, we've had conferences with mayors of communities, who don't have a chance to meet. We have a bulletin that goes out on a quarterly basis to northern communities and that amounts to \$200,000.00.

We have northern working groups, we have travel expenditures and the northern working group has gone, I think, into about 40 communities. They've indicated that they would be going back on an ongoing basis to hear feedback and complaints about whether the program wasn't working or was working, and that's quite an extended effort.

The \$300,000 is put in there in case we have an opportunity of expanding the offsets beyond the contracts that we have with, say, General Electric. General Electric, for example, has indicated that they were providing a certain amount of offsets, and we have said to the companies that we would put aside a certain amount of money to determine whether there would be any type of development agreements, if we could, in fact, get greater offsets within Manitoba.

If they would in fact manufacture more of the components in Manitoba than they originally found feasible or economic, we would take a look to see if there were any differential costs. We would be prepared to look at that from a governmental perspective to increase the spinoffs for Manitobans, and we said that we would, in fact, put that into a government account so that people wouldn't criticize us for having it hidden in Hydro; we're not hiding it in Hydro. This is the extra amount for industrial offsets, if in fact they're used.

**MR. CHAIRMAN:** The Member for Roblin-Russell.

**MR. L. DERKACH:** Still on the topic of the Limestone project, to the Minister, to date, there's been some \$33.5 million spent on the Limestone project in total.

**HON. W. PARASIUK:** To the end of this year.

**MR. L. DERKACH:** To the end of this year, okay. Now, what is that, and has there been any kind of measurement as to whether that money has been used effectively or what has been produced for that money, or are we just throwing good money after bad in this particular instance? We did allocate some \$900 million toward the Limestone project itself. As I understand it, this \$33 million has been spent mainly for job training. Is this sort of a welfare kind of allocation, or what is this money specifically being used for? It's an awful lot of money for this province.

**HON. W. PARASIUK:** The member asks questions about the amount of money and this is part of the long-term training program for Northern Manitoba, especially for Native people. Part of this is covered with a specific training agreement, which is a federal-provincial training agreement which is in the order of some \$30 million, with the federal share being \$18 million and the provincial share being \$12 million for the training component.

But there are a lot of other costs associated with that. When you are training people, you're paying them a certain amount of funds. You're paying your transportation costs, and we've been training quite a

number of people and we've gone over this in fairly great depth with the Manitoba Energy Authority review, and there is outside assessment that is being undertaken by the - I think it's the Northern Institute at Churchill. They are doing an outside assessment because we want to make sure that we, in fact, are able to determine whether and what we are doing is successful or not.

The early indications are that our success rate is probably better than any program of this type in Canada to date. We've had groups come in from the Northwest Territories, from the Yukon. We've had some private companies coming in from B.C. taking a look at what we are doing. They've been talking to me about whether I might second out some staff for a month or two to work with them on development and training programs of this nature relating to mining or forestry developments in B.C. So I think that our progress to date has been quite interesting.

Many of the people who are involved in the shaping of this program are people who worked in the BUNTEP Program, people who were involved in the program whereby - I think just a few days ago - we had three Native people graduate from medicine. We've trained as a government, I guess, over the years, and I think it's been the New Democratic Party Government, and the Conservatives continued it through 1977-81. Probably something in the order of 350 Native teachers are now teaching in Northern Manitoba, which I think is a very significant accomplishment.

That holds true with new careers and it's certainly holding true to date with respect to labourers, iron workers, carpenters and others that we are training. The training program is a difficult one. People who've gone up there and looked at it have been impressed with it. The companies themselves are impressed with the program. They have gone out there, met with the trainers and the trainees and asked specifically for them, so that the general success rate to date has been high. But we are conducting assessments so that we would have it available for ourselves, for the Federal Government and for other people, because there might be further Hydro developments in the future.

So the figure looks high, but it is certainly not a make-work project. The intent is to train people with journeyman credentials. If you go into Northern communities right now, if you went to a community like Cross Lake, for example, that might have 3,500 people, there would be no one in Cross Lake who is qualified to read a blueprint. There would be no one there who's qualified to read a wiring diagram. When I was there, both water intake pipes were broken and no one was there who was qualified to fix them. They were concerned on a warranty basis; they were waiting for someone to fly up from Winnipeg.

Most of the construction that takes place in those communities - and there's a lot of construction - is not undertaken by the local people, because you might have people doing some labouring work, but you need people there who are actually skilled, and one has to have an intensive program over a period of time. And that's the way in which we pursued the school teachers, the nurses aides, the nurses, the doctors now.

Under part of this program, we have, I think all told now, 30 Native people who are in the engineering program. Their success rate to date has been very

good. We're hoping that we will be graduating Native engineers who want to live up North, want to work up North, and we believe in that way that slowly, over a period of time, you will get greater Northern participation in hydro developments that indeed are taking place right where they live.

**MR. CHAIRMAN:** 1.(a)(1)—pass.  
The Member for Brandon West.

**MR. J. McCRAE:** A little while ago, I asked the Minister of Labour a few questions about the Manitoba Labour Education Centre and, where he left off, he had us under the impression that the matter was before the courts and therefore sub judice and not something that this Minister would like to talk about. Would the Minister tell us which court is seized of this matter?

**HON. A. MACKLING:** Mr. Chairperson, I indicated that I was under the clear understanding that there was a matter - it was before the courts. I am not certain where the matter stands at the present time. I would take the question as notice. I will confirm the status within the court.

The Honourable Member for Pembina shakes his head - I can hear something rattling from here, Mr. Chairperson.- (Interjection)- I will certainly advise the member. It's certainly not something that I've been keeping check on daily. The change in executive director occurred, and I had no continuing interest in the matter dealing with the former executive director. I'll make it my business to make inquiry and advise the member.

**MR. J. McCRAE:** Mr. Chairman, I'd like to make a proposal. Since the Minister doesn't have the information at his fingertips and since it is a matter for which he and colleagues are accountable in terms of taxpayers', public money, I will yield the floor to my colleagues for 10 or 15 minutes to give the Minister an opportunity to check with his deputy or someone in his department who can get the information to him. This is an important matter concerning public dollars. I'll just ask the Minister and honourable members to bear with me if I should seek the floor in 10 or 15 minutes and ask the Minister for the information at that time.

Mr. Chairman, the Minister is shaking his head in the negative. I'm suggesting and stating very clearly, we're talking about public dollars here. Whether they be part of an MGEA fund or whether they come to the tune of \$200,000 a year out of this Minister's budget from his own department, we're talking publicly administered funds.

Certainly in the case of the MGEA fund, those dollars were at one time the dollars of working Manitoba public servants, Mr. Chairman, and the people of this province would be interested in knowing what is going on. This Minister cannot sit there and shake his head when he's asked questions. Either he will be accountable or he won't. If he will not, then he should resign tonight.

**HON. A. MACKLING:** Mr. Chairperson, with all due respect, the honourable member seeks information at 10 after 9:00 p.m. and he expects me to get the information inside of some minutes. The arrogance, the

arrogance of the demand that the honourable member makes is unheralded in this House. Surely I can be asked and be expected to make inquiry during the business hours tomorrow of the appropriate offices that I will have to contact, the people I have to contact, to get assurances as to the status of that matter. For the honourable member to have the gall . . . .

**A MEMBER:** The arrogance.

**HON. A. MACKLING:** . . . the arrogance, to demand that this Minister get up and rush around and bring him the answer forthwith.

I say, Mr. Chairperson, that's the kind of demand of someone who is certainly overbearing and demanding and devoid somewhat of reasonable requests. I could embellish my remarks considerably further but I will leave it at that, Mr. Chairperson. I went out of my way, Mr. Chairperson, to go over and greet the honourable member privately and personally because when there's a matter that can involve someone in court, one has to take care not to say or put on the record something that is incorrect. I told the honourable member I would find out what the information was and give it to him. But despite the fact I went over there quietly, because I'm concerned not to put on the record something that could be wrong, then the honourable member insists that I have to deliver in 15 minutes. I say, nonsense.

**MR. J. McCRAE:** Last week, this Minister and I spent three-and-a-half hours in the Estimates of his department. Questions about the Manitoba Labour Education Centre came up. I had been asking this Minister for months, weeks, long weeks, many weeks, for details about this centre. He did provide me with some skimpy details. I told him that I would like to know more, and he kindly offered a little more and a little more, and a little more, but never . . . .

The kind of detail that we're asking for today should have been forthcoming last week and wasn't. Now if it's arrogant, Mr. Chairman, to stand here and attempt to represent the taxpayers and their dollars, then so be it. So I will stand accused and convicted. But the point is, Mr. Chairman, I need these answers from this Minister before I can, in all good conscience, allow these Estimates to be passed. So I gave the Minister what I thought was something reasonable; I didn't think it was arrogant. I'll ask the members of this House to judge.

John Pullen and Wilf Hudson, two very good friends of this Minister's, are members of the Board of Governors of the Manitoba Labour Education Centre. Surely, it's not unreasonable to ask the Minister to go out the door, and it's not arrogant either, just to go out into the foyer, pick up the phone and phone one of his friends and find out this information, which should be fresh in their minds if they are responsible members of the Board of Governors of the Labour Education Centre.

The Minister is not making a very good case when he says I'm being arrogant and unreasonable. I've been asking questions about this centre for a good long time. This Minister has not been forthcoming, the people of Manitoba are entitled to this information, and I put the proposal once more and ask the Minister to cooperate.



**MR. CHAIRMAN:** It's my duty as chairman to read certain rules.

Section 35, if it's the case that this matter is before the court, the rules are: Members are expected to refrain from discussing matters that are before the courts of tribunal, which are courts of record. The purpose of this sub judge convention is to protect the parties in a case awaiting or undergoing trial and the person who stands to be affected by the outcome of a judicial inquiry. It is a voluntary restraining post by the House upon itself in the interests of justice and fair play.

The Member for Brandon West.

**MR. J. McCRAE:** I listened to you read from the Beauchesne section and I understand that rule. But, Mr. Chairman, I ask you to recall that the Minister told us a little while ago he's not sure that this matter is before the courts. All I did, Mr. Chairman, was ask him to check that out, and surely it can be done in 10 or 15 minutes.

In the meantime, if the Minister refuses to do that, then we have a problem, Mr. Chairman, because I can't, in all good conscience, sit here and allow these Estimates to pass without that important information being brought to us by an accountable and responsible government.

**HON. A. MACKLING:** Mr. Chairman, I'll try once more to set the information in context.

The honourable member, during the course of the Estimates, asked me questions about the Labour Education Centre, and I gave him full answers to each of his questions. Tonight he asked questions about a former executive director. These were the first questions the honourable member had asked about a former executive director. Quite frankly, I was concerned. I did have the knowledge about the change when it occurred, but I haven't kept track as to what has happened in respect to that former executive director. The honourable member wants me now, in light of the information I gave to him privately and confidentially so that there wouldn't be any demand of me to go into any further detail when I didn't have certainty of fact, he now wants me to put further specific information on the record and I am not certain of the fact. I have indicated the matter may be sub judge, I don't know. I will make inquiry and I will advise him.

What I find passing strange, the honourable member insists that he have this information tonight - he has to have this information tonight - because it's going to make a big decision as to whether or not he will support the items of the committee before us.

Mr. Chairperson, that arrogance is in the extreme. I am prepared - and I went over and told the honourable member - I'm prepared to make further inquiry and will advise him in respect to the specifics of his questions. I volunteered additional information. Now surely the honourable member can't accuse me of not trying to provide him with full information. I want to do that, but I want to take time and take care to make sure that information is correct. Then I will give the information to the honourable member.

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

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

I wonder if the Minister, when he's investigating and so willing to provide full information, might indicate whether there was an internal investigation into the executive director's management of funds, etc., etc., at the centre, whether indeed there was police investigation called in and whether indeed there was any misappropriation of funds and whether indeed there were any office supplies, computer equipment that may have been involved in an investigation at the Labour Education Centre. Could the Minister make that part of these questions that he's going to pose and report back to the House?

**HON. A. MACKLING:** Yes.

**MR. D. ORCHARD:** Mr. Chairman, I don't want to be arrogant or presumptuous of this Minister, heaven forbid, but would the Minister believe it would be within his grasp, as Minister of Labour, to provide us with that information tomorrow afternoon?

**HON. A. MACKLING:** Mr. Chairperson, I will ignore the sarcasm contained in the honourable member's last question and indicate, as I indicated to the Honourable Member for Brandon West, that I would make inquiry and would provide that information to the honourable member, and now presumably members, as soon as I had that information and I was satisfied as to its veracity.

**MR. CHAIRMAN:** 1.(a)(1) Manitoba Jobs Fund, Natural Resource Development: Current Operating Expenditures—pass; 1.(a)(2) Expenditures Related to Capital—pass.

1.(b)(1) Technological Development: Current Operating Expenditures - the Member for Roblin-Russell.

**MR. L. DERKACH:** Thank you, Mr. Chairman.

If we can get back to the Minister for the Jobs Fund in this particular category, he has provided me with a list of technology commercialization program client firms and, beside each, his staff have listed in the code whether it's a technical transfer, an investment or a new business assistance to those particular firms. However, there wasn't an amount placed beside each of the firms as to how much money they received from the Jobs Fund. Does the Minister have that information?

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

**HON. V. SCHROEDER:** I can provide that information to the member at a later date.

**MR. L. DERKACH:** Mr. Chairman, I'd like to know, the Minister says he can provide it to me at a later date. Can he tell me approximately when this information could be provided? Furthermore, could he give me the global figure of how much Jobs Fund money went into the projects that are listed here?

**HON. V. SCHROEDER:** Mr. Chairman, just looking at the three technology transfers it covers, Allstate Grain I believe was \$50,000; K and S Tool and Die was

somewhere around \$142,000.00. I know we have the number for Guertin Coatings, but I don't recall it specifically just now. We can get that number for him. In terms of the overall, I'll get that for him as well.

**MR. L. DERKACH:** I notice that the figure projected for this year is down by some \$700,000 or \$607,000.00. Can the Minister indicate whether they have just cut back on that department from helping new businesses start or what is the reason for the drop in this particular figure?

**HON. V. SCHROEDER:** Mr. Chairman, I indicated when I read out that four-page item that there are several programs which are no longer being provided. As well, there is a decrease in the information budget.

**MR. L. DERKACH:** Well, in this particular department, the Minister read also that a loan component has been added to the investment component of the TCP in order to increase the financial flexibility of the CED Funding support provided to Manitoba entrepreneurs to finance technological business growth. Could he expand on the loan component aspect of this particular area?

**HON. V. SCHROEDER:** Mr. Chairman, there's \$250,000 in Loan Authority under the Technology Commercialization Program. So far, there have not been any approvals for loans under that \$250,000.00. But one would conceive of areas where we would assess a technology proposal by a company and come to the conclusion that they would probably proceed with a loan as opposed to direct assistance, and we would proceed on that basis as opposed to providing the grant which we had done in the past. I don't have details of exactly how we would go about it because we would look at each company on an individual basis.

**MR. L. DERKACH:** One of the problems, Mr. Chairman, with a lot of these programs is that it is very difficult to get information and the details on any of these programs that are initiated and that are available. And the other problem is that, when some of these programs are discontinued, people don't know about that kind of information as well. I'm wondering what kind of communication mechanism the Minister within his department's jurisdiction has to let people in business, in manufacturing, in technology know of the variety of programs and assistance schemes that are available.

**HON. V. SCHROEDER:** Mr. Chairman, this is where our Communications Information Branch attempts to make sure that the people out there are informed of the variety of programs. And the member is absolutely right, we don't have many programs where we have a set of criteria and if you qualify under five rules or something, then you collect money. We do very much individualize and, just as an example, although it's supposedly not public yet and I'm not going to talk about anything that isn't public, the Burns Agreement, as an example, was one where we were able to specifically designate that. In order to qualify for the loan, Burns would have to agree to hire the laid-off Canada Packers workers. That wouldn't be an appropriate clause in many instances.

Occasionally people come in and they say, well, we're starting up a business and we want so much money for technology transfer and our initial stance is, let's take a look at the proposal and see whether you can convince us that what you've got is something that will fly, and whether you really need the assistance in order to make the investment. Based on those kinds of assessments, we make the decisions.

But there is a fair bit of communication in terms of technology with the university community, with the Manitoba Research Council, with the Information Technology Centre, where I had indicated previously that more than 50 companies had started off and come out successfully, having a failure rate of 7.5 percent roughly. And of course we do have departmental staff assigned to the various industries in the province. Just as one example that might interest members opposite, we've recently beefed up the area of food processing. We've hired an additional staffperson because the one person involved basically was involved dealing with the big companies, between Brandon, Winnipeg and so on, didn't really have the time to go to some of the very interesting smaller operations that are all over the province.

We now have another person on staff who would have all of this kind of information available and would go out to those businesses. We similarly have people, say, in the aerospace industry or the garment industry, or what have you. So the people in that industry are contacted or in those larger industries in the province, and of course we have the Business Development and Tourism dealing with the smaller businesses to some extent. They would concentrate on making sure that the people in the various industries in the province would be aware of what's going on. They would use the brochures and so on, produced by our staff.

**MR. L. DERKACH:** Mr. Chairman, in many of these areas we find that the programs talk about outright grants being made to companies as well as loans being made to these various companies. Now, I know the Minister says that this year out of the allocation, no monies have been allocated in terms of a loan. Can the Minister indicate to me what the outstanding loans are in this particular area since the program began, and what the repayments of these particular loans that have been granted are?

**HON. V. SCHROEDER:** If the member is asking about the Technology Commercialization Program, there have been no loans made to date in any previous year so that there are no loans outstanding. The funds provided such as to K and S Tool and Die or the other firms referred to were grants.

**MR. L. DERKACH:** I notice that in the third line it says: "This allocation will be used to provide a full year funding of \$330,000 budgetary and 1 million loan for the Manufacturing Adaptation Program established during the 1986-87 year." Is the Minister saying that in the area of technological development there has never been a loan granted under the Loan Act Authority?

**HON. V. SCHROEDER:** The member is now moving into another area which is under the jurisdiction of the

Minister for Business Development and Tourism who is - I'm not sure whether she will be available this evening or not or whether she's in town.- (Interjection)- You are referring to the Manufacturing Adaptation Program.- (Interjection)- It's in that area but it is administered by Business Development and Tourism.

I do have some information here in terms of this program. I'm sorry. What I've got here is an indication of some firms who have been provided offers for support under the Manufacturing Adaptation Program, but that's not necessarily an agreement so I wouldn't feel comfortable reading them out. I have no information as to whether they actually have been accepted.

But this, I understand, is the first full year of funding for the Manufacturing Adaptation Program so there would not be outstanding loans under that program.

**MR. L. DERKACH:** I think, Mr. Chairman, the Minister might have some appreciation of how difficult a task we have over here trying to decipher these when even there's some confusion on the other side with regard to what is being administered by which department.

But if I could ask yet another question in regard to this area, and I think we'll come back to the Loan Authority later if we might, in a global sense. How much money has there been allocated to this entire department over the last four years - I guess we have to talk about the last four years - from the Jobs Fund? Do you have that figure?

**HON. V. SCHROEDER:** Mr. Chairman, for the years '83-'84; '84-'85; '85-'86; '86-'87 and '87-'88 the total budgetary is \$380.0186 million.

**MR. L. DERKACH:** Mr. Minister, I'd like to know, in the list of clients that you have, the Technology Commercialization Program of clients, you have at the end of the list some past clients listed. Could you elaborate on why they are called past clients and what their status is at the present time?

**HON. V. SCHROEDER:** Mr. Chairman, these would be companies - keeping in mind and I don't know which four companies of all the ones listed, not just in this group but in the others - that have gone out of business. But of the more than 50, they go through various components of the centre. Some of them might be in there for as long as 18 months before they're expected to go out on their own. So at that stage, they would simply - we're showing these as companies who have been through the system, in addition to the ones that are currently shown as requiring assistance in the system.

**MR. L. DERKACH:** Some of the past clients, are those clients whose businesses have been sold to other firms, or are they now - you mentioned that they were probably operating on their own, but how many of these or have any of them have been sold to other firms? Or do you know that information?

**HON. V. SCHROEDER:** That's something that we wouldn't have information on because, once an incorporated company is out there doing business, what we tend to keep our eye on is whether or not they're

still doing business. Maybe if I could just quickly run through the elements involved, the first being new business assistance which is the element designed to identify and support entrepreneurs with innovative technological ideas and the goal of developing successful new businesses. It provides assistance in the form of office and manufacturing space, financial assistance, business advice and technical support. After receiving support for a specified period of time the client is expected to become commercially self reliant.

There's also the investment element, where the program assists new or established promising technological businesses with financial support at CED funding stage. And the technology transfer element is a third. The transfer to industry of technological developments from Manitoba Government, university and private labs is facilitated by this element of the program. Support is provided by means of information in the form of a technology data bank, bulletins, and the organization of technology transfer seminars.

Industry is assisted in utilizing existing related provincial and federal programs. Financial assistance may be provided for selected technology transfer projects, and all of Manitoba industry is eligible for support.

**MR. L. DERKACH:** Mr. Chairman, I know that all technological businesses may be eligible for support, but there has to be some kind of criteria set down whereby there can be an objective kind of decision made as to whether a company should warrant a grant or a loan or whatever the case may be. Is there in fact in place in the Jobs Fund Department, if there is such a thing as a department for the Jobs Fund - we're not quite sure what it is anymore - a set of criteria whereby potential clients can get their hands on that kind information and see whether in fact they fit into a category which may be eligible for a grant?

**HON. V. SCHROEDER:** Certainly we do have the criteria. I have copies of the guidelines and will make sure that the member gets copies. First, there are guidelines for the New Business Assistance which I referred to. They spell out the areas of support, level of support, selection criteria, as an example, must be a local business in the province; incorporation is required for participation in second and third phases; business must involve a product, process or capability which is technically advanced; the business should be in its infancy; demonstrated evidence that within the program support the activity will not continue; potential for export sales; ability of the business to carry out the proposed task; ability of the firm to participate in Federal Government programs; potential for job creation and so on.

And then there's the tenure. As I indicated, we go up to a total of roughly 15-18 months. There is an assessment committee that is referred to in here, the review board, consultant and so on. And then there's the guidelines for the investment proposal, guidelines for technology transfer proposal. You'll get a copy of the overall out to the membership.

**MR. L. DERKACH:** I would appreciate getting that and, furthermore, the Minister indicated that there were no

guidelines set out for the Loan Authority at the present time. So therefore that means that it's a fairly subjective kind of thing when a company might apply for a grant or a loan, then it's almost a case, I guess, of the Minister of Cabinet making that decision whether the Loan Authority would be granted.

But I would like to move on to another area in the last paragraph in that particular description that the Minister gave us today. It says: "Also included in the Jobs Fund technological development category, but funded through the MGEA Trust Fund, is the recently established Workplace Innovation Centre. The Workplace Innovation Centre which was established in July 1985 to address the human aspects of technological change in the workplace has been allocated \$400,000 during the 1987-88 year from its MGEA Trust Fund allocation." I would like the Minister, in a general sense and in not too lengthy a sense, to elaborate on what all of this means because it kind of loses me.

**HON. V. SCHROEDER:** I just want to make it clear, there's no confusion here if it is under ES and ES as opposed to under IT and T. But the Workplace Innovation Centre deals with the fact that there are changes taking place as a result of technology in the workplace and these changes, retraining workers for example, will make demands on labour, management and government. With that in mind, making sure that they all work together, we established this centre.

It's unique in that it is the first in Canada specifically designed to address the effects of the introduction of new technologies into the workplace. It's administered by a 14-member board of directors. The board is comprised of representatives from industry, labour, the education community, government and members at large representing special interest groups affected by technological change that women, Natives, for instance, drawing on the input of such a broad spectrum, enables the centre to represent the concerns of all Manitobans. It provides a variety of services to interested groups. Foremost among them is the consulting and referral service available to a group encountering the introduction of technology in the workplace, especially a labour force or company.

Second to this is a referral service that helps locate and utilize the best federal and provincial programs available for the training and retraining of workers introduced to new technologies. It can also provide an on-site consultant to employers to advise on the selection of equipment and organizational changes. The consultant can also be on site for advice when the new technology begins operating. The centre also maintains a resource service which contains reference materials documenting the experiences of workers in companies when implementing new technology. This material is helpful in managing a smooth transition and avoiding costly problems.

**MR. L. DERKACH:** How long has this MGEA Trust Fund to which the money has been allocated been in existence, or this Workplace Innovation Centre?

**HON. V. SCHROEDER:** One million will come from the MGEA over a period of three years and the commitment

overall is for \$1.2 million over the three-year period. The trust fund, the last I saw on it, the MGEA Trust Fund which started out at about \$10 million, still had about \$2.5 million in it - roughly that.

**MR. CHAIRMAN:** 1.(b)(1) Technological Development: Current Operating Expenditures—pass.

1.(c)(1) Business Development: Current Operating Expenditures - the Member for Roblin-Russell.

**MR. L. DERKACH:** Thank you, Mr. Chairman.

With respect to the co-ops, Mr. Minister, I noticed that in the list you had provided 27 employment cooperatives to me, you indicated that the services provided to many were consulting, some were loan guarantees and others were advances and loans and loan guarantees. I noticed that there are a considerable number of new co-ops that have been formed since the beginning of the year. But to none of these have there been any funds allocated. Are there plans or has there been an amount stipulated that will be going towards the co-ops that have been established, that have been listed here on this particular fact sheet?

**MR. CHAIRMAN:** The Honourable Minister of Co-op Development.

**HON. J. COWAN:** I would have to answer that the ones that have funding allocated to them at this time are by and large those that are going to have funding allocated to them under the program. Some of them are in the earlier developmental stages and, if it appears during the developmental process that funds would be required and they would be accessible under the program guidelines, then of course we'd look at those funding requests. But a lot of them are in fact just consulting services to help the cooperative through the organizational stages, to help the members of the cooperative understand the process about which they are going to embark upon and to help them access different support services that might be available to them. So the ones that are listed will probably not, in the large part, combat the funding although some of them may at one time or another.

**MR. L. DERKACH:** For the ones who have loans and loan guarantees, I guess the loan guarantees don't mean that there have been monies allocated in cash terms, but for those that have outstanding loans, are there schedules set up for repayment of those loans at specific interest rates?

**HON. J. COWAN:** Yes, although the schedules differ between the different co-ops that have loans, there are program guidelines and regulations which in effect provide an umbrella or an overview on how the loans or the loan guarantees should be provided. Before the province, through this program, enters into an agreement with a specific co-op, either for a loan or a loan guarantee, a feasibility study must have been completed that, to the satisfaction of the group of cooperators themselves and to the satisfaction of the staff who are dealing with the loan request, proves that the operation is a viable operation, in other words, that it has a reasonable chance at success.

There are a couple of reasons for that. One of course is to protect the provincial input through the Employment Cooperative Initiative by making certain that we are loaning out, in most instances or in all the instances possible, to co-ops that are going to be successful. The other is also to help protect the individual cooperator because part of the requirements for the particular program is that individual cooperators provide a significant portion of the financing for the cooperative out of their own pockets.

In some instances where it's not a cooperative that requires large capitalization, that may be a few hundred dollars per member. In other cooperatives where there is required large capitalization, it may be up to several thousands of dollars and, in some instances, over \$10,000 per member in order to provide some of the capital for their own cooperative.

So the feasibility study is designed to ensure that they are making the best investment possible with their own money and, as well, the province is making the best investment possible of its money. So that is one of the requirements before any of the financial assistance is provided.

We then sit down with the cooperative at the staff level and determine what would be the best method of provincial assistance. Would the best method be a loan or would it be a loan guarantee? In the instance where it is a loan guarantee, of course, we don't put out any money specifically in the first instance. However, we do have a liability for that particular loan guarantee and, if the cooperative were not to be successful, then we would have to make good on the guarantee. The guarantee is usually with the financial institution.

In some instances, the guarantee fluctuates as well. For example, one of the cooperatives, the (inaudible) Reforestation Cooperative has a loan guarantee that fluctuates in respect to the amount of work that they are doing. If they have a lot of reforestation contracts, then the loan guarantee will be up towards the maximum. If they are not reforesting during the off-season or if they don't have a lot of contracts, then the loan guarantee would be at a lower level. So that would fluctuate, depending upon the needs of the particular cooperative.

In respect to where loans are provided, there is a repayment schedule and the repayment schedule of course again differs from organization based on their ability to repay the loan over a certain period of time. There are instances when we go in and readjust that repayment schedule, and there are also instances where we go in and readjust the loan guarantee and the loan itself.

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

**MR. C. MANNES:** Mr. Chairman, I think probably I'd better ask this question during the Minister of Cooperative Affairs, his own Estimates. I'd like for him to put on the record what would be the main objective of an employer co-op. Obviously, it's employment in the first right but, right after that, this has become profit maximization. If it does, then what makes it different from any other group of people putting forward their own resources to not only make profit but to maintain their livelihoods? How indeed will this concept

of an employer co-op be different from any other business activity?

**HON. J. COWAN:** There are some significant differences, but I must add at the same time that there are some significant similarities between employment cooperatives and other forms of business partnerships or enterprises.

Let's first say what the similarities are. It is a group of individuals who are investing of themselves, both financially, in terms of human resource to make a business work. In this particular instance, they are making the business work as equal members, and that's where you get the difference between a limited partnership and an employment cooperative. An employment cooperative, by definition is a cooperative venture, and it is based in large part on the cooperative principles. Six of those principles are commonly accepted as forming the basis for cooperative enterprises, but the ones that are most important in this particular instance are democratic control - one member, one vote - and return a surplus to the members in respect to their investment either in terms of time or in terms of money into the particular business. In that respect, they are quite different from other organizations.

If you have a regular partnership, where perhaps you have three or four individuals who form a business, and that business then employs three or four more individuals or several hundred individuals, then those owners of that business are really making part of their profit - if the business is successful, and they are subscribing to standard business rules - making part of their profit on the basis of the labour, the surplus value of the labour of the other individuals.

So in fact while there may be 200 or 300 people involved, only three or four - whatever the number of owners would be - will in fact be enjoying the profits of that particular business. The other individuals of course are paid wages for their time and are paid reimbursement for their efforts, and hopefully that is a fair wage for the amount of time that they spend at the job. One always likes to believe that people are paid a fair wage for a fair day's work. And that is where their financial involvement and financial commitment to the organization ends. They are paid to provide work. Once they are reimbursed for the work, that's the end of it.

In respect to a cooperative, it goes well beyond that because most members will be, or most workers in that organization in a cooperative - although not in all instances - will be members of the co-op. So if the co-op makes a profit then they share equally in that profit, or perhaps it would be better said they share in an equitable fashion that profit because they will get a compensation for their efforts based on the profitability of the co-op, just as members of retail co-ops get a patronage dividend based on their patronage at the end of a year. So if the co-op is successful and if there is a refund, they will get back on the basis of what they had invested in the organization as do all members on an equitable basis.

So that is really the difference. The impact of that difference is significant. Because you will find that workers who own their own business, through a

cooperative or through another form of partnership, are more likely to work harder to have that business survive under difficult circumstances if such circumstances should arise. We all know that they do arise from time to time. So that is a significant difference, not only in theory but in practice.

What that means is that a cooperative which has a dedicated and committed membership is more likely to make necessary changes to working conditions, to working structures, to levels of pay or reimbursements, so that that business will be successful. They are more committed and more dedicated to that business than would be another worker who is not an owner. That's not to say that they are more dedicated or committed to the business than would be an owner of that business. As a matter of fact, they are probably equally committed to their own form of business, as would be an owner of a different type of business, whether it be a limited partnership or whether it be another form of business enterprise.

I believe the telling feature for the Member for Morris on the impact is the success of employment cooperatives versus the success of other small businesses. I guess the statistics are generally banded about, that small businesses, 80 percent of small businesses, fail within the first five years. I don't know if those are an accurate reflection of what happens today, but I think the Member for Morris would agree that those are the figures that are commonly suggested.

In respect to employment cooperatives, we find very few failures of employment cooperatives. As a matter of fact it would probably be the other way around, if not even a better percentage. In other words, 80 percent would survive during the first five years or even a better percentage of that. We haven't got that sort of a long-term history in Manitoba to be able to make those specific comments at this time but we have found, working off the list that is in front of you, that we have very few failures and that the co-ops, while they may not be growing as fast as some other forms of business - in some instances they are - but generally they may not be growing as fast, they are more stable and they do survive difficult times more readily. So, that is the impact of the difference.

**MR. CHAIRMAN:** The Member for Roblin-Russell.

**MR. L. DERKACH:** Thank you, Mr. Chairman.

The employment co-ops, are they, by and large, scattered throughout the province? Is there more of a trend to locate or to have these co-ops located at a random basis or just wherever the facility arises or the need arises for an employment cooperative? There are no addresses here and I'm wondering, are they just scattered throughout the province, or what is the arrangement there?

**HON. J. COWAN:** What I'd like to do is provide to the member the locations of the cooperatives at a different time. I could probably run through the list now, but not to take up the time of Estimates, I will provide him with that detailed information at a later date.

What I can say in the meantime is that probably most of the co-ops are located in the City of Winnipeg, and that's basically because the resources are more so here

than they are in other parts of the province. However, there are a number of co-ops on this particular list that are located outside of the City of Winnipeg, some in Brandon and some in the more rural parts and some in Northern Manitoba, but the majority would be located in Winnipeg itself.

**MR. L. DERKACH:** I'd like to move into the area of the numbered companies, if I may with the Minister, and I notice that he has provided us with the list of investments under the Venture Capital Company, but there has been no name given; instead there has been a number. Can the Minister indicate why, instead of a name, we have the numbers listed there?

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

**HON. V. SCHROEDER:** These are the Venture Capital corporations. It's standard in any circumstance such as this and in any of the provinces.

**MR. L. DERKACH:** Mr. Chairman, I notice that under each or next to each of the Venture Capital Companies, there is an original provincial investment amount given. Now does that investment indicate grant or does it indicate a loan or is it a combination of both in those circumstances?

**HON. V. SCHROEDER:** Mr. Chairman, the Minister responsible, I believe will be dropping in. I understand the other committee where she is - she was in the committee and I believe it's just risen, so she might be able to drop in here to discuss it.

The maximum the province contributes is 35 percent of the invested capital of the Venture Capital Company. Where profits are made by the company, the province participates up to the amount of its investment plus a nominal 7 percent dividend.

There's a dividend-free holiday provided for the first three years of the province's shares. Proceeds from dividends or disposal of assets by the company are shared on a 35-65 prorated basis. The province will share the risk of losses with the private investors.

The private investors are the only voting shareholders and make all the investment and management decisions in running the company. The private investors have the opportunity to redeem the province's shares at any time they wish with three months' notice.

It provides an additional source of equity funding for both new and existing small businesses, strengthens the credit base of the small business to more readily enhance it to arrange capital financing and enhances its eligibility to qualify for loans and grants from any source.

It provides fresh equity capital for existing businesses to relieve debt burden and to make available additional working capital. It enables employees as small businesses to improve the equity base of the businesses through investment in a Venture Capital company. The small business is not required to give up majority control. If control is necessary by Venture Capital company at a later date, the small business must be given buy-back rights.

The small business can benefit from the expertise that private investors may bring to the Venture Capital

company in areas such as marketing, financing and product development.

**MR. L. DERKACH:** So is the Minister saying that each of the cases in the Venture Capital investment, that its shares that the province has with that particular company, is that what the original amount is, or is that amount changed in terms of value, or is that still the status of the shares right at the present time?

**HON. V. SCHROEDER:** It is my understanding that it is the original provincial investment that's shown there. In some instances, I know at least one where the province was bought out shortly within a year of having put the money in, so there could well be instances of that sort of thing.

**MR. L. DERKACH:** Are all these companies still in existence that the province invested in or have some of them, perhaps, gone by the wayside but are still listed?

**HON. V. SCHROEDER:** Mr. Chairman, as I understand it, all of the companies listed here are still in business as of May 1, 1987. That's not to say that all the companies involved over the history of this arrangement are still in business because I don't believe they all are, but I don't have that information.

**MR. L. DERKACH:** Appendix D(2) shows the small businesses that I presume the company or the province has got some kind of investment in, but again it hasn't been spelled out as to what the investment is. You simply have the name of the company, its address and the type of business that it is, but there is no indication as to what kind of commitment the province has to those companies. Does the Minister have information that he could provide us which would indicate the province's investments in those particular businesses?

**HON. V. SCHROEDER:** Mr. Chairman, these are the companies which have received investments from the numbered companies and, in accordance with the arrangements we have, the numbers in terms of who invested how much in which company are not available.

**MR. L. DERKACH:** The Minister says that the figures are not available, but should the province not have some kind of idea as to what amounts of money it has invested, since it is a partner in the numbered companies in the first instance?

**HON. V. SCHROEDER:** Yes, we do, but we have an agreement with the Venture Capital companies and with the companies in whom the Venture Capital companies have invested, but that is not information that would be released.

We show the amount of money that went to each Venture Capital corporation. Each one of those Venture Capital corporations can be searched in terms of ownership in the Corporations Branch. That has been done in the past and so on. But we, as a matter of policy, don't make public the amount of investment by the Venture Capital corporations in these corporations nor which specific Venture Capital corporation has invested in which specific corporation.

**MR. L. DERKACH:** Mr. Chairman, I'd like to ask a question of the Minister about the firm, Manitoba Investment, that they have through the Business Development area. Can the Minister expand a little bit on that particular area?

**HON. V. SCHROEDER:** Mr. Chairman, that's the department of the Minister of Cultural Affairs. The member will have to wait for her presence.

**MR. CHAIRMAN:** Do I hear members say committee rise?

The Member for Morris.

**MR. C. MANNES:** Mr. Chairman, whatever the will of the committee is, I though would like, with the committee's indulgence, to ask two or three questions dealing with the area of Loan Authority. I believe the Minister, in giving us a review, showed us that \$180 million had been granted under Loan Authority. I'm wondering if he could tell me what portion of that figure is not covered by repayment schedules and over what term of years - I imagine they vary from time to time. But what is the maximum time period of amortization or of loan repayment under any of the programs that have been hosted by the Jobs Fund?

**HON. V. SCHROEDER:** Well, Mr. Chairman, I would imagine that the winner would be one of the development agreements which could go on for some period of time. I'm informed that there's one that goes for seven years and there's another that repays back in the late 1990's.

**MR. C. MANNES:** Mr. Chairman, I didn't have my earpiece in so I didn't quite hear the Minister. But rather than asking him to repeat it - in the information he provided to my colleague on Friday last, it is shown in Appendix F the total approved commitments are in the area of \$185 million, with \$165 million having flowed.

Again the question to the Minister: Is all of that returnable? Is that all-basis loan? At this point in time, given that none of it has been written off or none of it that I can determine has been written off as spelled out within the Public Accounts of the province, is it a fact that all of this is to be repaid back to the Province of Manitoba?

**HON. V. SCHROEDER:** No, Mr. Chairman. Some of these items certainly have been written off already. If you look at Appendix F, as an example, the Winnipeg Bible College, that has been written off, the \$150,000 there. Some of them are repayable loans, some of them are interest-reduced loans, some of them are forgivable loans. As the forgiveness portion comes up, I would, although that's not my responsibility, imagine that as the forgiveness portion comes up that would show on the current side.

**MR. C. MANNES:** Then those loans, indeed, repayments are expected. I'd have to think that there's still a considerable portion of the \$165 million that has flowed to date. There would still be a significant portion of that will have to be repaid to the government.

Can the Minister tell us to whom that money flows? Does it come back to the Jobs Fund Department, and

is it therefore used again for support of additional loans? Or does it go to retire some part of the Jobs Fund debt, which is earmarked as such in the Public Accounts of the province?

**HON. V. SCHROEDER:** As I understand it, it would go into General Revenue. It doesn't add into the Jobs Fund.

**MR. C. MANNESS:** Mr. Chairman, then if it comes into the general revenue of the province, could the Minister undertake to show me the appropriation within the Revenue Estimates as to where these repayments flow into the General Consolidated Fund of the province?

I don't expect that tonight, but I would like to see the estimate for the revenue that would be flowing back to the Consolidated Fund of the province.

**HON. V. SCHROEDER:** Yes, I'll undertake to get the details on that.

The Minister of Culture is present now. Possibly we could deal with that aspect of . . .

**MR. CHAIRMAN:** The Member for Roblin-Russell.

**MR. L. DERKACH:** Yes, Mr. Chairman, my question is with regard to the Film Manitoba project.

I'd like a little bit of expansion as to what this particular area is all about, and why we have Jobs Fund monies going into this particular department.

**MR. CHAIRMAN:** The Honourable Minister for Culture, Heritage and Recreation.

**HON. J. WASYLICIA-LEIS:** Thank you, Mr. Chairperson.

If I've understood the Member for Roblin's question, it's regarding basically the Film Manitoba Support Program, which is part of the Cultural Industries component of my department in the Jobs Fund. Basically, a considerable number of film projects have been supported to date, about 40, which has levered quite a considerable additional revenue for the province and resulted in some fairly significant film projects.

I know that there have been a number of CBC productions that have been significant. As well, the member will be familiar with Daughters of the Country, a four-part series. The first part of that film series, Ikway (phonetic), is now receiving national and international attention and, as well, assistance has gone into IMAX - all in all, a fairly significant initiative.

I'm not sure if I've answered all of the question, but I would be certainly happy to answer more.

**MR. L. DERKACH:** Well, Madam Minister, it says here that there are loan monies as well as budgetary funds allocated for that particular project. You indicated in your response that this is resulting in substantial revenues for the province.

If it's resulting in substantial revenues for the province, are these revenues then coming back to pay off the loan monies that were forwarded from the Jobs Fund or what is happening to the revenues that you talk about?

**HON. J. WASYLICIA-LEIS:** I was talking about revenue generated for the economy as a whole. There are all

kinds of estimates for every dollar spent for production of a film, number of additional jobs that are created and additional revenue put into the economy as a whole because of the fact that it's such a labour-intensive endeavour.

**MR. L. DERKACH:** So there isn't any revenue from the films per se, if I read what the Minister is saying correctly.

Can the Minister indicate how many jobs have been created by these monies from the Jobs Fund in the Film Manitoba area?

**HON. J. WASYLICIA-LEIS:** No, I don't have the precise estimate of jobs created. I can, however, point out to the member that this whole area of cultural industries is one of the most labour intensive of any aspect of our economy.

**MR. L. DERKACH:** The Minister indicated that there were some 40 film projects that had received funding, or that were in existence that had received funding from the Jobs Fund.

My question is: With regard to the 40 projects, how much money in total has been allocated from the Jobs Fund to Film Manitoba over the last several years?

**HON. J. WASYLICIA-LEIS:** As of March 31, 1987, the total amount of dollars spent through Film Manitoba was about \$839,000.00.

**MR. L. DERKACH:** Is that from this year's allocation or are you talking about in total since the coming in of this program?

**HON. J. WASYLICIA-LEIS:** That was in total since the inception of the program.

**MR. L. DERKACH:** Well, is the Minister expecting some extraordinary activity in this particular area since we have an increase in the amount of budgetary funds that will be expended over this year?

**HON. J. WASYLICIA-LEIS:** I'm not quite sure of the gist of that question. I'll have to take it as notice and get back to him.

**A MEMBER:** Officials not here tonight, Judy?

**HON. J. WASYLICIA-LEIS:** Well, they're too far away.

**MR. CHAIRMAN:** 1.(c)(1) Business Development: Current Operating Expenditures—pass.

1(d)(1) Human Resource Development: Current Operating Expenditures - sorry.

**MR. DEPUTY CHAIRMAN, D. Scott:** Committee rise. Call in the Speaker.

## IN SESSION

**MR. DEPUTY SPEAKER, C. Santos:** The hour being after 10:00 p.m., this House is now adjourned and shall stand adjourned until 1:30 p.m. tomorrow. (Tuesday)