

## LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 10 June, 1985.

Time — 8:00 p.m.

### CONCURRENT COMMITTEES OF SUPPLY SUPPLY - INDUSTRY, TRADE AND TECHNOLOGY

**MR. CHAIRMAN, C. Santos:** Committee please come to order. This section of the Committee of Supply shall be dealing with the Estimates of the Department of Industry, Trade and Technology. We shall begin with a statement from the Honourable Minister responsible for the department.

Mr. Minister.

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

In introducing the Estimates of Industry, Trade and Technology before this committee last year, I noted that after relative success in weathering the worst North American recession in four decades, the outlook for the Manitoba economy was modestly promising for the year ahead.

In light of this our government decided last year to shift the focus of our economic strategy. With a reasonable expectation that the worst of the storm was behind us, we announced that in the year ahead increased emphasis would be placed on laying the economic foundation for longer-term job creation and growth.

I am pleased to be able to observe that the Manitoba economy has made solid progress in 1984. The final results for 1984 are not all in, but the most recent preliminary estimates indicate that Manitoba's real output expanded at 5.6 percent in 1984, compared to 4.7 percent for Canada as a whole. This means that Manitoba's real growth last year may have been the highest rate since 1976.

Particularly encouraging to me as Minister of Industry, Trade and Technology, there are indications that growth in both the trade and investment made a significant contribution to this strong overall performance. As well, comparing 1984 as a whole with 1983, employment in Manitoba increased by 2.4 percent or 12,000 jobs. Only three other provinces enjoyed a higher rate of increases last year. I am especially pleased to note that the rate of increase in Manitoba's full-time employment last year was greater than the national rate.

In citing these figures, I want to emphasize the importance of taking an overall view of Manitoba's economic performance and of our government's economic record over the past three years. It is important not to be distracted by short-term cyclical movements and monthly statistics.

As the Investment Dealers' Association noted in their recent report, the level of employment in Manitoba is currently 2.3 percent above the pre-recession peak, compared to 1.1 percent for Canada. Indicators such as these provide a meaningful and well-balanced picture of the progress we have been able to make together in Manitoba over the past three years.

I am certainly not suggesting that the solid economic progress being made in Manitoba is attributed solely to the efforts of the Provincial Government. We have always maintained that development occurs as a result of joint efforts in an environment of co-operation. But we are convinced that a balanced overview of the record indicates that our government's overall approach to economic and social policy has been about right.

Since we were first elected our emphasis has constantly been on putting people first. That is based on our fundamental belief that economic development and social development must go hand-in-hand. We believe that the evidence shows and will show that you cannot have one without the other. This is what distinguishes our approach from that currently being propagated in some other jurisdictions. This fundamental belief that putting people first makes economic sense has been translated into our government's policy and commitment to maintain a high quality of public services in a manner that is both efficient and fair, while at the same time, placing due emphasis on economic development and job creation.

With a year of solid post-recession recovery behind us, we recognize that the major economic challenge ahead remains that of long-term restructuring of the Manitoba economy. Working together we must continue to build the dynamic economic structure that will continue to provide the basis for long-term job creation and sustain growth in our province. The emphasis we have placed over the past year on balanced long-term job creation will therefore continue in 1985-86.

As my colleague, the Minister of Finance, pointed out in the Budget Address, this economic theme underlines both the budgetary policy and the expenditure allocations of our government. This is also the major strategic emphasis underlining the expenditure Estimates of Industry, Trade and Technology.

The allocation of \$8.9 million to Industry, Trade and Technology for '85-86 represents a modest increase over '84-85. This is in line with our overall policy of prudent and fair fiscal management. It is also in line with our decision to retain the Manitoba Jobs Fund as a major instrument for implementing our longer-term economic strategy. In reviewing these Estimates, it is important to point out that Industry, Trade and Technology is a department with major responsibilities for delivering many of the long-term economic development programs financed under the Jobs Fund. The Estimates before us today can only be fully understood in this context.

I would now like to touch briefly on some of the main features in this year's expenditure Estimates for the department. Over the past fiscal year, the Industry Branch has developed and launched a series of new initiatives in line with our emphasis on restructuring and enhancing the manufacturing base in Manitoba. These programs are now under way with significant financing for these initiatives provided through the Jobs Fund. In the forthcoming year, activity in the branch

will shift from the program development phase to focus on the implementation of these long-term economic development programs. The Estimates for the Industry Branch reflect a modest extension of this programming in fiscal year '85-86.

Trade Development is a program area that has received increased priority from our government over the past three years. After a previous period of relative neglect and decline, Trade programming will continue to be an area of high priority in '85-86. An additional staff year has been allocated to the Trade Branch in support of export development programming, and that has been reflected in these Estimates. In addition, there will be increasing activity in the forthcoming year in the area of international trade negotiations and ensuring maximum Manitoba spin-off from the Limestone Hydro Project. The Trade Branch will continue its responsibilities in support of these important activities.

Technological development also remains an area of high priority. Our government recognizes that along with human development, technical development is an essential component in building a dynamic new economic structure in Manitoba. Consistent with our broad strategy of promoting technological adaptation while exploring niches for technology creation, several important new initiatives have been launched in the past year. In the forthcoming year our primary emphasis in the technology area will be on implementation of these new program initiatives. Partly as a reflection of this information technology, the Technology Branch and the Manitoba Research Council have been reorganized. This new organizational structure for delivery of technology programs has been reflected in our '85-86 Estimates.

With the transfer of the Information Management function back to the Department of Finance, the information technology group in Industry, Trade and Technology now consists of four SYs. The primary responsibility of this new group will be the managing of Jobs Fund programming in the information technology area including the InfoTech Project and the Teledon project. The InfoTech Project includes \$310,000 for staffing expenditures provided by the Department of Education and some \$4.2 million from industry contributions over the three years. Administrative expenses for the Information Technology Division included in our Estimates are \$15,000 plus salaries.

Estimates for the Technology Branch and for the Grant Assistance to the Manitoba Research Council are only modestly increased from the '84-85 adjusted vote. The major changes are reflected in the Jobs Fund Program administered by the branch. The grant assistance to the MRC will continue to support somewhat less than half of the total MRC Technology Transfer programming. The bulk of the cost of this programming is derived from revenues generated by contracts with industries in the private sector.

In concluding these introductory remarks, I particularly want to emphasize the key role that the Department of Industry, Trade and Technology plays in implementing our government's overall economic strategy. Over the past year we have placed increased emphasis on using the Jobs Fund to lay the economic foundation for the creation of long-term jobs.

The new program initiatives that we will be reviewing as part of these Estimates for this department are

testimony to this reorientation of the Jobs Fund over the past year. These Estimates are also a testimony to the innovative approach to long-term economic development that we have adopted and are implementing.

The dynamic restructuring of our economy to meet the challenge of changing global conditions is not a task that will be completed this year or the year after next. It is a long-term task requiring long-term solutions. In facing this challenge, our province is no different from most other jurisdictions in Canada. Where provinces differ is in the way they approach this challenge. Our approach in this, as in other areas, has been to ensure we put people first. Long-term development and job creation is not an abstract economic problem. It is a challenge affecting people, the way they work and the way they live.

A commitment to putting people first requires that we must be prepared to play a leading role in cooperation with all sectors in advancing and implementing creative solutions to the challenges ahead. We believe that as a government we are living up to this challenge, to this commitment to the people of Manitoba.

On the economic front, Manitoba Industry, Trade and Technology has played and will continue to play an important part in fulfilling this commitment.

**MR. CHAIRMAN:** As is the custom and practice in this committee, the Chair now invites the leading critic of the Opposition Party to make his reply to the Minister's statement.

The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, I will be brief. I believe personally in getting on with the Estimates as fast as possible. The figures that the Minister has been providing, although you can't argue with them, I think he makes a statement in there that you must not let month to month figures influence you and you must not let all of the glowing figures that are presented to government be the only ones that you take into consideration.

The Manitoba economy in the past year has not really grown as fast as the government would like to believe it has. The economy has definitely been in more short-term jobs than it has been in long-term jobs over the past year, as far as government incentives is concerned. The manufacturing investment is not up as high as it was in 1981 and the government keeps using pre-recession years and yet other areas have been moving ahead a little faster than Manitoba, as far as manufacturing investment is concerned and manufacturing jobs.

I have always stressed manufacturing jobs because they are the base for the service industry and every other industry and they are the jobs that can be provided by the use of our resources; so the government has to realize that you can't just take a look at the glowing pictures and you can't take a look, as I said, all of the good reports, like the investment dealers of Canada. The Conference Board is one that this government at the present time sort of laughs at and yet the Premier of the Province used to stand up and make the remark that that was probably one of the

best indicators that there was when he was in opposition and now the Conference Board is something that should not be paid attention to. The horrible horrible rut that people can get into by not recognizing all indicators and doing an analysis of them is something that can be very disastrous.

So, Mr. Chairman, I can only say that the government's figures that they present - they're rather reaching for them, I might say. There are still many more people unemployed than there was before and employment is not growing as fast in this province as it in others, as has been pointed out in the House, so I don't have to go into that too much further.

So the government, as far as I can say, as I said, he's reaching to find figures to make itself look good and they're not taking into consideration the actual facts that are before them. With that, Mr. Chairman, we'll carry on with the Estimates.

**MR. CHAIRMAN:** At this point in time the Chair invites the members of the departmental staff to kindly take their respective places.

Deferring Budget Item No. 1(a) related to the Minister's Salary as the last item for consideration by this committee, we shall start with the consideration of Item No. 1.(b)(1) Administration and Finance, Executive Support, Salaries; 1.(b)(2) Other Expenditures.

The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Well this is the Minister's staff and the Minister's department of the deputies, I imagine. Can the Minister tell me, the deputies and the executive staff - what does that consist of? There doesn't seem to be any change in salaries.

**HON. E. KOSTYRA:** There is no change over the adjusted, however there was a change in terms of personnel in the last year, an assistant deputy minister had been moved into this appropriation. That's Mr. Blicq, but that was done prior to year-end so it was adjusted.

The staff in this appropriation are the deputy minister; administrative secretary; assistant deputy minister, Mr. Blicq that I must referred to; secretary to the deputy minister; and executive assistant to me - five staff.

**HON. F. JOHNSTON:** Mr. Blicq, he's been transferred from Crown Investments, is that it? What particular department is he heading up now in this department?

**HON. E. KOSTYRA:** He had, throughout the period remained on the staff of the Department of Industry, Trade and Technology, but he was on secondment to the Department of Crown Investments and he just recently returned. His main task area is dealing with health care industry initiative, health care industry developments.

**MR. F. JOHNSTON:** The Health Care Initiative Developments, he takes over the place in Industry, Trade Division to look after the development of health care expansion in manufacturing?

**HON. E. KOSTYRA:** It's really an expansion and a more focused thrust on the health care industry. There

still is one industry branch person who is dealing with the broad health care in some other areas. Mr. Blicq is dealing with that sector exclusively along with the one staff person in the Industry Branch.

**MR. F. JOHNSTON:** Is this the area that we discussed in your other Estimates of the Communications Agreement, Hospital Communications, etc.?

**HON. E. KOSTYRA:** Not directly, though there are some proposals being considered from the health care sector to that federal-provincial agreement on communications that Mr. Blicq is involved in, but the initiative is broader to see how we can better capitalize on the health infrastructure that we have in the province and get more industrial development, expanding such things as the Rh Institute, get more companies operating in the health care related fields like St. Jude's Medical which recently opened its first operation outside the United States in Canada to further industrial opportunities relating to the health care industry.

**MR. F. JOHNSTON:** If Mr. Blicq's salary is in here, the amount remains the same as it did last year - pardon me, you explained that didn't you?

**HON. E. KOSTYRA:** That's an adjusted . . .

**MR. CHAIRMAN:** 1.(b)(1)—pass; 1.(b)(2)—pass.

1.(c)(1) Strategic Planning: Salaries; 1.(c)(2) Other Expenditures - the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** This department, as I mentioned, was being set up several years ago and the understanding in the department at that time was that it would be doing the strategic planning work to analyze what would be the best types of industry to go into the province or that the industrial people should be looking for. Is that the function of the department at the present time?

**HON. E. KOSTYRA:** In part it's that function, but it's also broader support function for various policy analysis and development, program assistance assessment and development, project evaluation and that kind of function for all of the department and it supports the role in our department as the lead agency responsible for Economic Development. In other words, we also co-operate with such departments as Agriculture, Natural Resources with respect to the forestry industry, Energy and Mines and Transportation and other related economic departments. So, we take the broader approach in terms of policy initiatives and policy developments in the economic area.

**MR. F. JOHNSTON:** Does the department still work with the industry and if requested to do an analysis of expansion in the different products or assisting industry that is looking at coming to Manitoba as doing analysis as to whether it's viable or not viable. Do they do that type of work, working with industry?

**HON. E. KOSTYRA:** On request from staff of the Industry Branch, this branch will do work on statistical areas in terms of relative industrial sector or a specific industry.

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**MR. F. JOHNSTON:** It's a very large salary content in this and of course I know this phone book isn't up to date at the present time. How many people are involved in the Salaries here?

**HON. E. KOSTYRA:** There are 17 position in this branch.

**MR. F. JOHNSTON:** And it has an ADM in charge of it?

**HON. E. KOSTYRA:** No, there's an executive director that heads up this division.

**MR. F. JOHNSTON:** And the \$459,000 of Other Expenditures, can the Minister give me a rundown of that? We're looking at \$1.2 million here.

**HON. E. KOSTYRA:** It includes a variety of normal expenses related to transportation and supplies, material ready to compute it. The major expenditures in that area are provision for strategic studies, broader range studies and there are provisions for \$370,000 of that \$459,000 that are related to strategic studies. The rest of it is the general operating costs of the branch.

**MR. F. JOHNSTON:** Mr. Chairman, the Minister mentioned transportation. Does this Strategic Planning group travel a lot to different areas to do assessments, etc., or as I might mention, I know it would probably come further on, but the Hong Kong, the Pacific Rim type of trade and investment, did they do a lot of travelling in this respect - or anywhere for that matter?

**HON. E. KOSTYRA:** There's very little in travel in this branch. The total for transportation is 20-odd thousand dollars, so I don't believe any of them have been outside of North America. The staff that do more of the travelling related to industry are the Industry Branch and of course the Trade staff.

**MR. F. JOHNSTON:** Mr. Chairman, I'm not quite clear, Mr. Minister, on the costs of the Strategic Planning. What costs are involved? You'd say most of the costs, \$370,000 is Strategic Planning. That means there are people doing hours of work and research, etc., and planning. Where does the actual large cost come in?

**HON. E. KOSTYRA:** The \$370,000 that I had mentioned is for strategic studies and it includes such things as a study that we did on the manufacturing sector in Manitoba that was done by the Institute of Social and Economic Research, Mr. Mason. It also includes other studies that we do with respect to investment, search. Also we've done some work in the telecommunications industry area. It provides for the ability to do work on contract, of a broader strategic nature in terms of the economy and specific industry sectors in the province.

**MR. F. JOHNSTON:** The Minister mentions "on contract." Does that mean that the department contracts with consultants for studies?

**HON. E. KOSTYRA:** Yes, there have been a number of studies contracted, like the one with the Institute of Social and Economic Research.

**MR. F. JOHNSTON:** How many studies and how many consultants would have been used? Let me put it another way . . .

**HON. E. KOSTYRA:** I'm just totalling them up. Last year there were eight studies, using seven consultants.

**MR. F. JOHNSTON:** Can the Minister name the studies now or could he provide that for me?

**HON. E. KOSTYRA:** There was the manufacturing sector one that I referred to. There was one dealing with technology delivery mechanisms which was related to the restructuring of the Manitoba Research Council and the technology programs in the department. There was a joint investment search initiative. There was the additional one dealing with telecommunications issues, and there was one done on lease-purchase policy; and then there's some ongoing information, strategic information from Canada Trend Report and Decima.

There's provision this year within that budget to do approximately eight medium-sized studies and a number of smaller studies.

**MR. F. JOHNSTON:** The study on investment search, the word "search" is a little confusing to me. Investment search, is that a study on basically what the government should be searching for, I guess?

**HON. E. KOSTYRA:** That one was a small study of \$10,000, done by the IBI group which was looking at a number of investment opportunities in Manitoba and having the consultants try to match them up with some companies that might be interested in those opportunities. It was \$10,000.00.

**MR. F. JOHNSTON:** That's fine, thank you.

**MR. CHAIRMAN:** 1.(c)(1)—pass; 1.(c)(2)—pass.  
1.(d)(1) Communications: Salaries; 1.(d)(2) Other Expenditures - the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, what are the numbers involved here?

**HON. E. KOSTYRA:** There are three staff persons; a director, a graphic artist and an information writer, which is the same as last year.

**MR. F. JOHNSTON:** Mr. Chairman, I understand Mr. Weppler is no longer at the head of this department. Am I correct, and has somebody else taken over?

**HON. E. KOSTYRA:** Mr. Weppler is on leave of absence. The director of this unit is director of the unit in Industry, Trade and Technology, and is also the director of the communications branch in the Jobs Fund. The acting director is Mr. Tim Myers, who does not show in this appropriation, but is on the Jobs Fund staff, but is acting director of the branch which has the two arms.

**MR. F. JOHNSTON:** This section does the advertising or sets the policy for the advertising on the Jobs Fund?

**HON. E. KOSTYRA:** No, the branch in the Jobs Fund does that. This branch looks after the needs of the

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department such as the material that's prepared for specific industry advertising like the farm machinery initiatives that we advertise in the United States, the aerospace advertising that was done in a number of forms, brochures like 'Investing in Manitoba', audio visuals for our trade staff to take out to trade shows, exhibits and those kind of things.

**MR. F. JOHNSTON:** There's a rather extensive film being shown by the government regarding Manitoba. Does that come out of this?

**HON. E. KOSTYRA:** Yes, it was paid for out of this appropriation last year.

**MR. F. JOHNSTON:** Mr. Chairman, where is that film basically being used? Is it being used in Manitoba or is it being used in other parts of the country, in North America, or is it of the type of film or length that you can carry around easily to show people or . . .

**HON. E. KOSTYRA:** Yes, it's in film and video form, so it can be used either on a screen or it can be used with a video cassette operation. It's used both internally here for groups or people that come into Manitoba looking at opportunities here or people from other governments or other agencies. It's also been used out of the province. It was used by the Premier on his trip to Southeast Asia last year. I've used it in Montreal, Toronto, Minneapolis on our business outreach initiatives there and it's used in those kind of forms.

**MR. F. JOHNSTON:** The appropriation of Other Expenses is the same and of course the film came out of the appropriation last year, as the Minister mentioned. Are there extensive plans or something of that nature being done again? If you're not doing a film, are you increasing the other type of advertising now that you have the film?

**HON. E. KOSTYRA:** There was a major industrial development booklet prepared beginning part of this fiscal year. We've also made a number of additional folders. We're looking at more print material and some lower level, lower budget audio visual material that can be used by our trade staff at the various trade shows that they go to, so we'll really be just changing the focus. The film itself will need updating probably later this year, but it just means adjusting the present film, not shooting from start again.

**MR. F. JOHNSTON:** The advertising in this Communications Branch then, is it directed and used to encourage investment and the word "used" with industry, etc. That's the question. Is it being used throughout Manitoba Chambers of Commerce and things of this nature, or is it being used for industry to encourage investment?

**HON. E. KOSTYRA:** Most of the advertising is outside of Manitoba. Some is targeted in industrial development campaigns in places like Minneapolis and Chicago. It's also advertising in some trade publications related to both industrial and exporter trade development. There is some co-op advertising that's done in the farm

machinery equipment area and the same in the aerospace, we've done some co-op advertising efforts; but it's basically outside of Manitoba.

**MR. CHAIRMAN:** 1.(d)(1)—pass; 1.(d)(2)—pass.

1.(e)(1) Financial and Administrative Services, (1) Salaries; 1.(e)(2) Other Expenditures - the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** As I understand it, this is the department that takes care of the library, the filing and all of the administration of the department, if I'm not mistaken.

**HON. E. KOSTYRA:** Yes, that's correct.

**MR. F. JOHNSTON:** The salaries are the same. The Other Expenditure increase is just - I was going to say "just", I wasn't looking at it very good, it's approximately \$100,000 more. Has there been some new equipment or . . .

**HON. E. KOSTYRA:** The increase is just over \$90,000.00. \$2,000 is just general operating expenditure increases; \$88,000 is the purchase of a departmental computer system, the first phase of that for the department.

**MR. F. JOHNSTON:** \$88,000 for the first phase. What size is it and how many phases?

**HON. E. KOSTYRA:** Phase one is developed as the basic word processing and personal computer base for a good deal of the staff of the department. It's structured that it can stand alone or it can be enhanced by a further phase in the future if funds and the need avails itself.

**MR. F. JOHNSTON:** The Industry and Technology Department has now got a computer worth \$88,000.00. Is there no . . .

**HON. E. KOSTYRA:** It's not a computer worth \$88,000.00. It's a computer system. I mean, that's a number of work stations, 20 terminals and work stations, so it's not just one computer, it's a complete system for key personnel in the whole department.

**MR. F. JOHNSTON:** I'm sure no expert on computers. It seems like a lot of money.

**MR. CHAIRMAN:** 1.(e)(1)—pass; 1.(e)(2)—pass.

There will be no resolution on this item until we go back to the Minister's Salary.

Item No. 2, 2.(a)(1) Administration, Industry and Trade, Salaries; 2.(a)(2) Other Expenditures - the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, what is this expenditure, Provides planning and direction to Industry and Trade? What is the salaries of this expenditure or the salary?

**HON. E. KOSTYRA:** This is only the Assistant Deputy Minister, Mr. Eliesen, and his secretary and his expenses.

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As you know, he's the ADM over the Industry and Trade Branch, so it's shown separately like that but that's all that's contained in this line.

**MR. F. JOHNSTON:** Just one salary in there?

**HON. E. KOSTYRA:** Two. The ADM and the secretary to the ADM.

**MR. CHAIRMAN:** 2.(a)(1)—pass; 2.(a)(2)—pass.  
2.(b)(1) Industry: Salaries; 2.(b)(2) Other Expenditures - the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Well, Mr. Chairman, I wonder if the Minister could just give me a list of the development officers that they have, the number that they have, and the industries that they're working with.

**HON. E. KOSTYRA:** There's 11 development officers not counting the director who is a working director. They're broken out as follows.

There's a senior development officer looking after the machinery area; a senior development officer looking after investor identification; a senior development officer in apparel and entrepreneurial immigration; another senior development officer in identification and dealing with the mineral sector; senior development officer in the aerospace sector; a senior development officer in the food product sector; the management of electrical and mechanical industries and with that person there's a development officer for the electrical and electronics area; manager of resource industries; and then there's a business analyst and a person working in the general business investment area.

**MR. F. JOHNSTON:** Did you mention wood products or is that now amalgamated with something?

**HON. E. KOSTYRA:** In response to the question, that's part of the resource industries, the wood products.

I failed to mention two other positions that I missed. One is the senior development officer for food and health, and a senior development officer in the transportation equipment sector.

**MR. F. JOHNSTON:** Are all the positions filled in this particular . . .

**HON. E. KOSTYRA:** Yes.

**MR. F. JOHNSTON:** I just wrote down immigration. Is this where we would talk about the Hong Kong office?

**HON. E. KOSTYRA:** Yes.

**MR. F. JOHNSTON:** Mr. Chairman, what is the present status of the Hong Kong office? I asked a question in the House regarding the office. The Minister said that there was a person that they had ready to take care of that office and then, of course, that fell through apparently and the Minister said he was very close to having the problem solved. What is the status at the present time?

**HON. E. KOSTYRA:** There has been a person hired to staff that office. The necessary visas have been

applied for and are waiting approval and the staff person is working in Winnipeg getting orientated with the files from the development officer that was looking after this area here and we expect by the end of the month that the necessary approvals will be through and he will move to Hong Kong.

**MR. F. JOHNSTON:** Has the person that's been hired, has he had experience with working in the Far East?

**HON. E. KOSTYRA:** The person that was selected is Mr. Richard Walker. He was formerly employed in the Department of Business Development and Tourism as a business analyst and was chosen because of his experience in Manitoba business. He was formerly in the private sector prior to coming on to the Department of Business Development and Tourism and was involved working with the business sector that we're looking at for investment opportunities from people in Hong Kong.

**MR. F. JOHNSTON:** Mr. Chairman, there was certainly what seemed to be several people over in Hong Kong establishing this office and then I believe Mr. Alden, if I'm not mistaken, I saw him on television at the Canadian Trade Show, I believe. What has the Hong Kong office cost the government at this point? We've been talking about it and we've made commitments over there of office space and everything and there still hasn't been anything firm put together as far as the Hong Kong office is concerned.

**HON. E. KOSTYRA:** The situation, as the member may be aware, was that somebody was hired and had agreed to go into that office I guess some five months ago and at the last moment decided he did not want to go after us spending a couple of months going through a process to find a suitable candidate, so it had to be restarted.

At that point, we had also come to an arrangement with Richardson Greenshields for use of their office space and secretarial support. The cost of that is \$3,000 per month for the office space, furnishing and secretarial support, telephone answering and related administrative-secretarial services.

**MR. F. JOHNSTON:** The office that Mr. Walker will go into is located in the Richardson Greenshields office?

**HON. E. KOSTYRA:** Yes.

**MR. F. JOHNSTON:** And to date it's just been more or less an answering service?

**HON. E. KOSTYRA:** Yes.

**MR. F. JOHNSTON:** Can the Minister give us the budget for the Hong Kong Office for the 1985-86 year?

**HON. E. KOSTYRA:** The total cost is \$120,000, which includes the salary cost, travel, and the office expenses, the total cost of the operation.

**MR. F. JOHNSTON:** Mr. Chairman, what investment have we had in Manitoba from Hong Kong to date?

**HON. E. KOSTYRA:** There has been 350 applications or inquiries with respect to people looking at

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investments and opportunities in Manitoba. There has been 85 visas issued by the Federal Government under their entrepreneurial program. The investments we have to date relate to approximately \$8 million.

**MR. F. JOHNSTON:** Of the \$8 million investment, what percentage of that investment or how much of that investment is into manufacturing? I know that there's probably been investment in apartment blocks, restaurants or something of that type. What has the investment been as far as manufacturing or assembly in Manitoba?

**HON. E. KOSTYRA:** I don't have the details. I can provide it to the member subsequent. Manufacturing has been the smaller of the areas. The major investments have been in the service sector. There has been some in manufacturing. One that comes to mind is Weston Plastics, which was an operation that employs, I think, around 30 people in the province. There has been a number of others, but the majority have been in the service sector.

**MR. F. JOHNSTON:** Have the investments in the service sector been a creation of new jobs or have they just been in a purchase of existing businesses?

**HON. E. KOSTYRA:** They are all new jobs, because that's a condition of the Federal Government granting of the visa.

**MR. F. JOHNSTON:** Then the service industry are new businesses? They weren't businesses that were purchased? They are all brand new businesses?

**HON. E. KOSTYRA:** Most of them have been new businesses that have been started up. Some have been existing businesses with an increase of employment in order to meet the visa requirements.

**MR. F. JOHNSTON:** We've had 85 visas and we've had \$8 million worth of investment. Can the Minister supply us with a list sometime of the new businesses or expansions that have been created by that \$8 million investment?

**HON. E. KOSTYRA:** Yes I will.

**MR. F. JOHNSTON:** Mr. Walker is going to be looking for investment in Manitoba, for people to come to Manitoba and invest in Manitoba. But is the office over there going to also work two ways? Will Mr. Walker be working to sell or to encourage people in that area to buy Manitoba products? In other words, will he be in liaison with the trade part of the department?

**HON. E. KOSTYRA:** Yes, the focus of it is on the investment initiative, but the office will be also dealing with and working on trade export areas, both in Hong Kong and other areas of Asia.

**MR. F. JOHNSTON:** Does the Minister feel that having an office there, at the cost we have been discussing of our \$120,000, is warranted; rather than use the Canadian Embassy that's available and the staff that's available to them?

**HON. E. KOSTYRA:** I have a number of comments. One is that under the federal entrepreneurship program, the province has a distinct role in evaluating any of the applications that are received for a particular province, so there is a significant role for the Provincial Government in regard to that federal initiative. So the value of having somebody working there in terms of developing the interests and also being in a position of first-hand or first-line evaluation is important.

The second factor is that this is an area that a number of governments - I believe now five or six provincial governments - have opened similar offices in that area and we feel it's important to exploit Manitoba's opportunities in that regard.

The final point is we do believe that it will provide returns, but we are going to monitor very closely, in both with our agreement with Richardson Greenshields and the employment contract with Mr. Walker for a one-year period, so that we can evaluate and decide whether or not we're getting our money's worth and the benefit which we believe we will be able to prove.

But in any case, we have set a time period to both arrangements so that we can monitor it and make adjustments or decisions, after a period of having that person in place, working on our behalf there.

**MR. F. JOHNSTON:** So then I'm correct in assuming what the Minister said, that if things do not go well for this year or the following year, you have no obligation to continue. You could pull out and then use the Canadian Embassy.

**HON. E. KOSTYRA:** Yes.

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

**MR. D. GOURLAY:** Mr. Chairman, is there any co-ordination or contact with Mr. Walker's office and the various regional development corporations in the province or how is that activity . . . What type of co-ordination would take place?

**MR. CHAIRMAN:** Mr. Minister.

**HON. E. KOSTYRA:** A few points. I don't know if the member was here when I indicated where Mr. Walker comes from. He comes from the Department of Business Development and Tourism so he's quite familiar and was working with the regional development corporations because that is the front line department for interaction with them. We also provide, through our Industry Branch generally, and the same is true of Mr. Walker, detailed information on the various regions in the province, including information and contacts for the various regional development corporations as they exist in many of the regions of the province. We will direct enquiries to them if there's an indication of interest in a particular area or a particular industry or investment opportunity and certainly the flow is also the other way, from the regional development corporations into our department, our branch.

**MR. D. GOURLAY:** Is this the area where it deals with the office in Brandon, covering various enquiries on economic development? I believe I'm referring to Mr.

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Davidge who covers the Swan River area. Would this be . . .

**HON. E. KOSTYRA:** No, he's an employee of the Department of Business Development and Tourism, not of this department.

**MR. D. GOURLAY:** Thank you.

**MR. CHAIRMAN:** 2.(b)(1) - the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** In the aerospace industry - the Minister, I believe it was in the paper; I don't think he made a press release on it that there was a possibility of having a small aircraft built in Manitoba at Gimli. Is that still a prospect?

**HON. E. KOSTYRA:** These were discussions with a company called Equite or Aircraft GMBH of Erbach, West Germany. There were discussions with them as a result of a Provincial Government and private sector initiative to Germany about a year ago now where they indicated some interest in the development of manufacturing a new type of light aircraft in the province.

The discussions are continuing, but at this point they're far from any successful conclusion.

**MR. F. JOHNSTON:** Thank God! Mr. Chairman, I don't say that facetiously and I'm not referring to Saunders Aircraft at this particular point, but we did have an experience with a helicopter company and we kept saying, yes, we have Gimli; yes, we have the facility; we can make arrangements to have the facility work properly - but where's your money? The fact that they could never produce any concrete plan for their financing, although there's a lawyer in town said they could - it was never there and I have the files to prove that - and the airplane didn't have any certification.

I would hope that if the Minister is planning to continue his negotiations with that company that they at least have some certification for the aircraft and some plan for sales, etc., and that they produce their own financing if they want to come here.

**HON. E. KOSTYRA:** I agree with the member's comments and I indicated that I wouldn't call what's taken place with that company negotiations. There have rather been discussions and I don't believe they are going anywhere.

**MR. F. JOHNSTON:** What is the aerospace group doing or what is the work they are doing with Bristol, as far as the overhaul for the F-18 in Manitoba? How does that stand at the present time? I understand that in September decisions will be made, as far as I know, or my information is that McDonnell Douglas will do some of that work for a short period of time and then it will have to be done in Canada. Certainly Bristol has had the overhaul for the old 105 and if we lose that overhaul business in Manitoba, it could be very critical to our aerospace industry.

At the present time, what is being done with Bristol to assist them in getting the share of that business?

The F-18, as you know, we did not get as much of the contracts that were being let across Canada as we would have liked. Certainly it was not satisfactory at all, but the indication of the overhaul was something that we felt would be ours for a long-term basis and long-term jobs. How does it stand?

**HON. E. KOSTYRA:** I'm not quite sure about the latest in that specific area. We, on a regular basis, have been working with Bristol. In fact, some of our staff are with Bristol right now in Paris at the air show and we have been working with them on a number of offset programs with the Federal Government. I don't know what the specific status of the F-18 project is, but I will check on that and get the information for the member.

**MR. F. JOHNSTON:** I'm sure the Minister realizes the importance of that work. I use the words "remaining here" because we have been doing it on the 105.

The article in the paper, I believe last week, regarding Standard Aero possibly doing some work for a General Electric engine. Is that regarded as part of the offsets pertaining to the agreement on the generators at Limestone?

**HON. E. KOSTYRA:** Yes, that could be part of the offset agreement with CGE. It's dependent on the Federal Government purchasing helicopter engines that would utilize a General Electric engine which could be produced in part by Standard Aero, so it's conditional on those factors, but it would qualify under the agreement, CGE and Manitoba Hydro.

**MR. F. JOHNSTON:** Mr. Chairman, what negotiations have taken place? I refer to the announcement where they said there'd be \$10 million worth of investment in Manitoba. Is that \$10 million worth of investment that will be physical plants, manufacturing, in the Province of Manitoba? I'll add as well as this, offset, because the agreement also said that there would be as many jobs in Manitoba as there would to manufacture the generators someplace else.

**HON. E. KOSTYRA:** Yes, the one is the job creation relative to the plant itself; the other is the \$10 million investment in the manufacturing sector.

**MR. F. JOHNSTON:** Mr. Chairman, GE is probably one of the largest corporations in North America, if not in the world. They would be at all times in the corporation making decisions for expansion. Every year they would have, I would imagine, the board of directors of the company both in the United States and Canada deciding what expansion would take place. Have the negotiations started with GE as to what expansion they will put as far as physical plants in the Province of Manitoba?

**HON. E. KOSTYRA:** Yes, there are ongoing negotiations with CGE in regard to that. They are identifying a number of possible options with respect to their investment activity in the province and that's currently under negotiation.

**MR. F. JOHNSTON:** The fact that they received the contract from the Hydro without tender, does that mean

that the government will have some say as to which ones will come? The Minister mentions their investigating as to which ones which will come. Does the Manitoba Government have some say in which ones will come? In other words, if GE makes a decision that the government doesn't believe will be as long-term jobs as they would hope they would be, do you have the right to say, no, we want something else?

**HON. E. KOSTYRA:** No, we don't have any veto power over their decision. I would expect that CGE would be making investments where they would expect to have some permanent ongoing economic activity resulting from that investment, so I don't think they would be investing in something that would not, in their view, provide some future. If it was something that we felt very strongly about that wasn't in our collective best interests, then we would certainly be bringing those points to them. Obviously, it's their money and they're going to ensure that the investment is made wisely from their corporate and business standpoint.

**MR. F. JOHNSTON:** I agree with the Minister that it's their money, but they received a contract without tender and the thing that we want in Manitoba is long-term jobs. There are occasions and it used to happen quite often with DREE and other plans, let's say, where a company could estimate that they would have their money back and their profit out of the product within so many years and from that point on would not be overly interested in carrying it on. I would hope that the Minister would have some input or certainly would have some lever, some way to make sure that the investment in Manitoba is going to be long-term for the benefit of Manitobans.

I'm fully aware that it's their money and I'm fully aware that this company doesn't throw away money unnecessarily, but I think that the government has to be satisfied that what they are doing is going to be of long-term benefit to Manitoba.

**HON. E. KOSTYRA:** There are provisions in the agreement for the discussion of any of the investments and there also are provisions in the agreement with respect to defining what is meant by long-term jobs resulting from that investment and there are provisions to ensure that that's enforced in terms of the agreement with General Electric.

**MR. F. JOHNSTON:** We've mentioned the investment of physical factories which would create long-term employment; we've mentioned the possibility depending on the Federal Government's decision to buy the helicopter engine. That one is in doubt and, as I understand it, the agreement says that there will be as many jobs provided in Manitoba as it takes to manufacture the generators. What are other spin-offs are GE looking at with Manitoba manufacturers? How are the discussions moving along on that basis?

**HON. E. KOSTYRA:** The total package of the offsets includes \$2 million worth of investment in Northern Manitoba. The \$10 million that we've just been discussing is a further commitment of a minimum of 100 long-term jobs in a high technology area with a

target of 160, but 100 is what is written into the agreement. There is also agreement on sourcing of 15 percent of Manitoba components in the contract, that is products manufactured or produced in Manitoba.

There's also provisions for a technology transfer program to work with manufacturers in Manitoba and we've already started those discussions and brought various Manitoba manufacturers together with CGE just over a month ago and we're following up on that interaction between General Electric and various Manitoba companies.

**MR. F. JOHNSTON:** Mr. Chairman, the generators will not really be generating electricity until 1993 or so. Does General Electric have to start this investment immediately in the province or in the near future?

**HON. E. KOSTYRA:** We don't have the detail of the schedule but there is a schedule in the agreement that provides for the related offset investments and actions to take place on a schedule basis from now until 1991.

**MR. F. JOHNSTON:** What input did the department have in the writing of the agreement? Was the agreement done by Energy and Mines or did this department have input into the agreement?

**HON. E. KOSTYRA:** The agreement is with the Manitoba Energy Authority, however a senior member of the department was involved in the discussions and negotiations with GE; part of the negotiating team for the province, for the Manitoba Energy Authority.

**MR. F. JOHNSTON:** The meetings that were held with Manitoba industry were done by this department or were they done by the Energy Department?

**HON. E. KOSTYRA:** I'm sorry, I didn't quite catch the question.

**MR. F. JOHNSTON:** Well you mentioned meetings that were held with Manitoba manufacturers and GE. Were those arrangements made and done by this department or were they done by the Energy Authority?

**HON. E. KOSTYRA:** Jointly, both by our department and the Energy Authority.

**MR. F. JOHNSTON:** Mr. Chairman, on the machinery part of the department, I imagine that that machinery could be - it's farm machinery, I'm aware of that. What is happening at the present with Vicon? Have they made any decision as to where they're going to locate in the province?

**HON. E. KOSTYRA:** They haven't made their decision yet. I'm informed they're looking at four different locations or four different buildings.

**MR. F. JOHNSTON:** The company is being allowed to do the investigation and make the decision themselves as to where they go? I again realize it's their money. Has the department been working with them on the basis of where there is trained people, etc., or are they just working on their own?

**HON. E. KOSTYRA:** Staff of the department have been working with them and we're encouraging them to locate in an area of the province that has the necessary skilled people and is in need of further manufacturing facilities.

**MR. F. JOHNSTON:** Are the towns and some municipalities making presentations to them? Are they being open to hearing presentations from development authorities throughout all parts of the province?

**HON. E. KOSTYRA:** Yes they have been working with the local communities where they've been looking at locations outside of the City of Winnipeg. They are looking, as I understand it, at the possibility of Winnipeg, but we're also encouraging them to look outside of the City of Winnipeg at a number of communities within reasonably close proximity to Winnipeg, because that is one of their requirements.

**MR. F. JOHNSTON:** The agreement that the province has with Vicon for the \$400,000 and the \$600,000 with technology, the Minister answered the question in the House, that the technology they would develop here would be manufactured here. Is there a holdback in the agreement regarding the advancement of funds until Vicon satisfies the government that they're living up to the agreement?

**HON. E. KOSTYRA:** There's two portions to the agreement. One is the \$400,000 assistance with the capital costs, and that is payable on the basis of them making their capital investment and is tied to the job performance of 131 jobs through the period to 1989.

The further \$600,000 loan is conditional on a further investment in research and development and there's a schedule for payment of that based on their investment in research and development and it is also tied to job performance as against the 131 jobs.

**MR. F. JOHNSTON:** In other words, the Minister has to be satisfied that the company is living up to all of the agreement before he releases money according to the schedule naturally?

**HON. E. KOSTYRA:** Yes.

**MR. F. JOHNSTON:** Mr. Chairman, the furniture industry in Manitoba used to be one that was flourishing, in fact, we were supplying a tremendous amount of the furniture requirements to Western Canada. Is the furniture industry still working and advancing in the Province of Manitoba?

**HON. E. KOSTYRA:** Yes, it's still an area that has done quite well in the past few years. One of the major furniture manufacturers, Palliser, recently had a plant expansion and in recent times they have looked at further expansion but have not done anything to date. I think overall the furniture sector is in relatively good shape.

**MR. F. JOHNSTON:** Mr. Chairman, there certainly seem to be problems in the apparel industry. Certainly, we hear about one problem in the past. The development of the apparel industry in Manitoba is very important

to the Province of Manitoba and there have been times when the apparel industry has been referred to as sweatshops, etc., but I would say in my own experience from examining and going through many of the plants that are in Manitoba they are well lit, well ventilated. The working conditions are probably better than many apparel industries in other areas.

Certainly, there have to be agreements between the union and the companies, but we seem to be having problems in the apparel industry in that they are looking at other areas as far as expansion is concerned. We have the example of one and I'm told that there are people in the apparel industry who, if they are looking at expansion, they are very seriously looking at other areas of Canada to expand. I would hope the Minister does not regard that industry as one that we don't want because it does employ a tremendous number of people. I'm fully aware of the government policies that the Minister outlined in his opening statement about conditions and with people, but what is the Minister doing to try and solve the concerns of the industry and what seem to be problems in the industry at the present time?

**HON. E. KOSTYRA:** Well, there's no question that we view the apparel and clothing industry as an important one to the Manitoba economy. It's been traditionally an important part of the Manitoba economy and still is today in terms of economic activity and creator of employment for Manitobans. There has been some expansion, some investment made by a number of clothing firms and firms in the related areas like Standard Knitting, Western Glove, White Buffalo Mills, Dominion Tanners - in existing plant in Manitoba. Not all of it has meant expansion of employment, but it has been investment that has ensured the profitability and the efficiency of those operations in the Province of Manitoba.

There has been ongoing discussion with the Manitoba Fashion Institute and staff of our department, and I've met with them on a number of occasions to discuss their concerns as an industry. They relate to a number of areas; the discussion related to trade is one that is high on their agenda; concerns with respect to various legislative matters including labour legislation, and the dialogue has continued.

The only company I'm aware of that has made any plans for expansion out of the province is Tan Jay.

**MR. F. JOHNSTON:** According to the reports, and I'm referring to the reports in the paper that Tan Jay has had a very large expansion of business over the past two years, but they had concerns regarding Manitoba and their expansion has been in the Lakehead and in other areas. In other words, Manitoba has not seen expansion by Tan Jay in the past two years and it is an international company that has a tremendous name in the fashion industry throughout North America and even off the continent. The company was started here by Mr. Nygard who is a Manitoba-born-and-raised person and became a very large entrepreneur and built a very large industry.

I think that there should be some effort made to work with him on his concerns as to what they are. Whether you feel that you can solve or not is one thing, but it

would seem to me that there has to be something done to work with this gentleman to try and encourage him - or find out the reasons why he's not investing or expanding in Manitoba. Sure, we see the reports in the paper, but there are usually ways of solving these problems if people can sit down and discuss them. I personally never found an organization that wanted everything all one way.

Is there nothing that can be done or is there anything being done to overcome the problems that Tan Jay feel they have in the Province of Manitoba?

**HON. E. KOSTYRA:** I have met directly with - not Mr. Nygard, he didn't want - or didn't meet with me - I shouldn't say he didn't want to meet. I don't know why he didn't meet with me but I did write to him some time ago. I guess it was a year ago when I read or heard reference made by the Leader of the Opposition to a company that was going to be expanding in Thunder Bay - it was made in 1984, I believe, in reply to the Throne Speech. That obviously, as Minister of Industry, caught my interest and I had staff research it to determine for me what company was being referenced by the Leader of the Opposition and I was told that it was Tan Jay. As a result of that, I wrote to Mr. Nygard suggesting I'd like to meet with him because I had rumours of possible expansion plans of their company in Thunder Bay.

As a result of that letter, the President of Tan Jay, Mr. Batte, along with, I believe, one other representative, the Vice-President of Finance, Court Joel, met with me in June of last year, at which time I asked them to talk about their plans in the province and whether or not they were considering expansion outside of the province. At that time they told me that they had concerns regarding labour legislation. At that point, on June 5th, the labour legislation was not tabled in the House; it was tabled, I believe, about a week subsequent to June 5th but there was considerable speculation as to what might be in that particular legislation.

As the member will recall, there was a paper - we call it a White Paper - prior to that, outlining a number of areas that might be considered in the bill and I asked Mr. Batte directly which areas were of particular concern with respect to the White Paper. He indicated two areas. One was the expansion of the powers of the Manitoba Labour Board and the second was the provision for final offer selection. As the member will recall, a final offer selection was not contained in the subsequent amendments that were made to The Labour Relations Act subsequent to June 5th of last year.

Also at that meeting I indicated to him that I would send him a copy of the bill as soon as it was tabled and asked him to call me if he had any specific concerns in regard to what was tabled. He did not call me after the bill had been tabled. Also at that meeting he indicated that they had concerns with the actions of the Manitoba Labour Board which I obviously couldn't resolve because the Labour Board is an appointed body of representatives of both labour and management and, as the member is aware, acts in a quasi-judicial fashion and obviously is not under the influence of the government, outside of the legislative framework for the Labour Board or in the appointments that may be made to the Labour Board.

He also indicated that they had ongoing concerns or problems related to their union and one particular representative of that union. To that, I indicated that the government was not in a position to influence the freely chosen bargaining agent of the workers.

So those were the areas that were raised when I met with Mr. Batte at my request. It was a request that was made to Mr. Nygard. When he made his latest comments and I read of them in the paper one morning and also heard Mr. Nygard on CBC radio and I was quite surprised at what he said, to the point that I got a transcript of his actual words so I was sure that my ears weren't deceiving me. I wrote him, expressing my concern about his comments and suggesting that I would be willing to meet with him to discuss his concerns. He didn't write back to me, but Mr. Batte wrote back to me outlining that they were concerned with respect to labour law and other matters and also raised some other matters that he didn't previously raise with me.

So my offer still stands with respect to them, that I would be willing to meet with them to see what possibilities there are for helping them resolve some of their problems. I know that the Minister of Labour has indicated that the services of the Department of Labour are available and I believe were utilized in bringing about a resolve to their particular contract dispute that fortunately was resolved just a couple of weeks ago. Both my department and the Department of Labour stands willing to assist them in whatever way is feasible.

**MR. F. JOHNSTON:** Mr. Chairman, there's obviously something wrong. The indication of discussions that I've had with some people in the company are that the feeling is that they're just not really welcome in this province. The indication was made to me that they informed the Minister, yourself, that they had the feeling from other departments within the government that they really didn't care whether they were in Manitoba or they weren't. I only relate these things and I have reason to believe that the people are straightforward. But, as I said, there's obviously something wrong.

I had the opportunity to attend a fashion show of the new spring line of Tan Jay with some other people and on that particular occasion, Mr. Batte announced that all of the fringe benefits that were available to the office personnel, etc., such as glasses and medical and everything like that would be made available to everybody that works in that company. At the same time, he announced a pension plan that he was putting in for Tan Jay employees. The fringe benefits he offered and the pension plan that he apparently has placed before the employees of the Tan Jay Company are not available to any other of the fashion industry that he knows of in North America. It would seem that we have an employer that is interested in his people . . .

**A MEMBER:** When was that?

**MR. F. JOHNSTON:** Exactly a month-and-a-half ago. He has a feeling or the company has a feeling for employees. He's not a person that was born with any gold or silver spoon in his mouth and he has a feeling for people and his employees. He has their concern at

heart or else I don't think he would have announced those fringe benefits and that pension plan, which is not available to anybody else in the fashion industry.

Yet Mr. Nygard is having problems, he feels, operating in the Province of Manitoba, and I think that there has to be an effort on the government side, whether you feel you've made the effort or not - and I'm sure the Minister has - but we do not want to lose any more of that industry or that company. We would prefer to have any investment or new investment that he's making being done in Manitoba.

Now I also am aware, because he started to look at the Toronto situation a long time ago - we all know that - but you know he is a very large international company and he has to look at that particular area, as far as expansion of his company is concerned. But he is also now, instead of shipping in the United States from Manitoba, he's making more contracts all the time in the United States to make the apparel that he's selling in the United States and he hasn't had any pressure to do that.

He has a feeling that his company is not welcome in Manitoba and he has a feeling that the Labour Board decisions always come down against them, although he hires probably the best people that he can find, legally, to analyze the act, to advise him whether he is wrong or not, and yet he loses all the time. Then he has the situation where it would seem that the union he has in that plant believes he's a terrible employer and this doesn't seem to be the case.

So, Mr. Chairman, I would ask the Minister that everything be done possible, to try and keep that industry here and see that some further investment can be done in Manitoba. Because I assure you, I witnessed his sales staff that he has - and they were all there from North America - and the fashions that he's presenting to the people in North America, with all of his different lines; the comments from the ladies that were there were very good, so you can only see them going up and we should be getting the benefit of that in the Province of Manitoba.

**HON. E. KOSTYRA:** I don't know what the member suggests by doing everything that's possible. I have met with them and will continue to meet with them if they feel it's productive. As I point out, I've suggested on a number of occasions that I'm willing to meet with Mr. Nygard and he's never chosen to take advantage of that opportunity. I think we are willing to sit down with them and to help work with some of their problems, and there are some areas, I'm afraid, that we will not be able to help with his problems.

Without getting into the kind of details of the situation as may exist with Tan Jay and their collective bargaining agent and the Labour Board, I would just draw the member's attention to some of the kind of overview facts, vis-a-vis the labour relations climate in this province. The fact is I'm not aware of anyone else who has brought the kind of criticism towards the Manitoba Labour Board as a group, as has been levied by Tan Jay.

I think, as the member is aware, the board is made up of both labour and management people. There is a chairperson. There are one or two or more vice-chairpersons, including I believe one of the chairs is

someone who was appointed by the previous government and is, I believe, well respected in terms of being a chair of a labour board.

I'm not aware of all that many other employers that are having difficulties with the Manitoba Labour Board, not to suggest that there aren't some that are having difficulty; nor am I suggesting that there may not be unions that feel they're having difficulty with decisions of the Labour Board. But I think, overall, the system that we have in Manitoba works well.

I think another point that should be made is in terms of our overall labour relations, labour-management climate in the province. We do have the second-best record of work stoppages in the country, next to PEI, which isn't quite in comparison to a province like Manitoba. I think that has to indicate something about the attitude of management towards unions and an attitude of unions towards management, that they are able to negotiate and to resolve their differences in the vast majority of cases in the province. In fact our record is better than any other province.

The other area I find a bit perplexing, in terms of his decision vis-a-vis Ontario, is the fact that the labour-relations legislation there is not that much different from what it is in Manitoba. In fact some of the ideas, the radical ideas that we incorporated into labour law changes last year, were borrowed from legislation that was put in place in the Province of Ontario. As I understand the situation there now, there's even thoughts of expanding or making significant changes to labour legislation in the Province of Ontario in the very near future. So I don't know how that environment is so much different from the environment in Manitoba except to point out that their record, on a percentage basis of time lost due to strikes or lock-outs, is significantly higher than that in the Province of Manitoba.

So I think when one sits back and looks at it, the problems in the labour-relations area, from my vantage point that Tan Jay is having is somewhat out of step with the majority of employers and unions in the province. That doesn't suggest that there aren't problems there.

As with any relationship between two parties, it's not always black or white between one party or the other and I would hope, in terms of their difficulties in that two-party process, that hopefully the recent agreement is a signal that there's going to be improved relations there. I know the Minister of Labour is intent on working with them to try to ensure that that would be the case.

In terms of their concerns as an industry, I am hoping to discuss it with them anytime, but as I indicated, when I met with them the areas that they discussed, two of them were areas that I could not influence. One was the actual relations between them and their union. The second was their perception that the Manitoba Labour Board was patently unfair towards Tan Jay, and I didn't share that perception.

**MR. F. JOHNSTON:** Mr. Chairman, I'm sure the Minister and most members receive these reports regarding the CPR and the tremendous expansion that they're doing regarding the double trackage in B.C.- and there will be some in Alberta. What is being done by the department to try and obtain some of this work for the

manufacturers in Manitoba? You make the statement that you put Manitoba manufacturers together with CGE. What has been done to put Manitoba manufacturers together with CPR as far as finding out who their contractors and subcontractors are so that Manitoba companies who will be able to go after some of that business?

I'm not one that believes that industry has to have its hand held and walked down there personally or anything of that nature, but some of our industries are small in a way that they don't have the personnel or the research departments or the people to really know what is happening. One of the things the department can do is make that knowledge available to Manitoba manufacturers so that they can go after the business if they so desire. What is being done regarding this? It says \$600 million spending plan. That was back in January, 1985. In December there's another report. There are reports come in regularly of the CPR expansion and the work being done in Western Canada.

Manitoba has had a lot of industries that have been suppliers to Western Canada. Now, I know Dominion Bridge has had a contract for quite a few of the bridges that are going to be done in this project, but they are a company that is of a size that has the facilities that I spoke of that others don't have. Are there efforts being made to put the smaller manufacturers in Manitoba together with the CPR?

**HON. E. KOSTYRA:** There have been a number of activities related to CPR that we've been engaged in at political level. Both myself and the Premier met last fall with the Chairman of the Board and the President of CPR and other people in Montreal to discuss with them their ongoing and future plans with respect to CPR in the Province of Manitoba relating to the areas that the member touched on, and also how they view their future in terms of investment in the Province of Manitoba, expansion of their plant and activities directly in Manitoba and also how we could expand the sourcing of their activities in the Province of Manitoba.

We also on another occasion brought to the Economic and Resource Investment Committee of Cabinet, the local Vice-President of the CPR to give us a more detailed presentation of their activities in the province. We had a discussion with various Ministers on the Committee of Cabinet and staff regarding their activities and how we could get further activities from CP Rail in the province.

In addition, at the staff level, there is ongoing involvement with CPR through a number of areas. One is the kind of area that the member touched on. We had a major transportation seminar with CPR and a number of smaller Manitoba companies to attempt to match them up with CPR in terms of their purchasing their activities in Manitoba and beyond.

We've also been looking at investment opportunities for other manufacturers who might either expand in new product areas, or manufacturers that might locate in Manitoba as a result of rail activity. There are a number of initiatives that are ongoing and we keep fairly close liaison with CPR, in fact, with both railways, because they are major generators of economic activity in their own right and in the various spin-offs that they provide for other Manitoba businesses.

**MR. F. JOHNSTON:** That's fine. The Minister has mentioned all of the initiatives that are being done, but the September issue of this report, September, 1984, starts out by a big headline saying, "Wanted: More Western Suppliers. CP Rail will purchase more than \$250 million worth of goods and services from Western Canada suppliers this year, but the railway wants to expand its shopping list in the West even more. The railway is looking for new suppliers, new products, even new methods and it has launched an information program to help Western Canadians sell their goods or services to the railway."

That's back as far as September of last year. I can only ask, other than the meetings that have been held, has there any business come to Manitoba? According to these reports, this big machine that's drilling a tunnel through the mountain is well on its way to getting the job done and if we're not receiving the contracts now, it could be doubtful if we will be receiving them, because these orders will have been placed. Other than Dominion Bridge, what Manitoba companies have received orders or are benefiting after the work the department has done?

**HON. E. KOSTYRA:** I indicated that we were working and have worked with CP and a variety of Manitoba companies to help them be part of the sourcing for some of that work. A number of them have been successful. If the member is asking me for details, I'd have to survey all of the companies to find out exactly how much they did get in incremental business. I think you have to recognize that while those numbers are nice and flashy on the multicoloured brochures or reports from CP, a lot of that is related directly to the construction costs of double tracking that line through the mountains in British Columbia which is on-site construction activity which directly has little benefit to the Province of Manitoba but has some indirect benefit in terms of activity.

We did search out some 250 companies throughout North America that are involved in manufacturing related to the rail industry and having success; one manufacturer that has located here as a result of that initiative.

We will continue to do that in terms of their ongoing activities because the transportation system is undergoing change and expansion throughout Western Canada.

**MR. F. JOHNSTON:** Mr. Chairman, I recognize that they are glossy reports. They're very good looking reports, at least the Minister had mentioned the construction that was taking place, but it also says in here, ". . . and \$600 million capital spending planned, and \$700 million more for maintenance. Even record upgrading and expansion doesn't exceed the cost of just keeping the railway in top form.

"In addition to its capital program, CP expects to spend more than \$700 million in 1985 on maintenance of its 24,000 km network. The amount would be used to maintain both main-line and branch-line tracks and structures, locomotives, freight and work equipment."

We're now approaching within a couple of weeks, six months into the year 1985, and I would ask the Minister if we're getting any of that business?

**HON. E. KOSTYRA:** I know we are getting some. If the member is asking for specific figures, I'd have to get into a survey of the companies involved in Manitoba. But we have made efforts to ensure that they are matched up with CPR and will continue to do that with respect to both CPR and CNR.

**MR. F. JOHNSTON:** Mr. Chairman, in this particular branch is the sourcing group that puts manufacturers in Manitoba together with jobs that are going on and there are books available - the Manitoba Sourcing Directories. There are two of them that tell you the names of companies and what they do and then there's the one that says if you're looking for such-and-such an item, that you contact a specific business.

Those books have been available for close to four and a half years now. There's the gas and petrochemical industries which were put together to benefit the manufacturers in the Province of Manitoba. In other words, a directory that contractors throughout Western Canada or wherever, could have available to them so that they would recognize and know what can be produced or bought in the Province of Manitoba.

Are these being kept up-to-date and being used at the present time with contractors throughout Western Canada? Also I know that it's on the computer. I've been at the shows where somebody can walk up and say, "Do you make such-and-such in Manitoba?" The computer will tell you, "Yes or no," and if it's yes, where to go get it and how many people manufacture it, which means you could almost have a phone-in to find out if Manitoba suppliers are capable of manufacturing many products.

Is that sourcing program being kept up-to-date and is it being used or is it being distributed to people who would use it to the benefit of Manitoba manufacturers?

**HON. E. KOSTYRA:** Yes, it was updated as of last January and there are revised copies of the sourcing directories available and they are distributed to a variety of places. They receive quite extensive utilization and are of benefit, I'm told, by the private sector in Manitoba.

**MR. F. JOHNSTON:** Is there a program of information being sent out to Manitoba manufacturers as to the different projects that are going on throughout Western Canada, so that they can peruse them and see if they are interested in voting on them or supplying any materials to it?

**HON. E. KOSTYRA:** It's done on a basis of sectors or areas that there may be involvement. As an example, if there is a Federal Government project that relates to the aerospace industry, then staff will ensure that that information is related to companies that have the ability to compete on those kinds of projects.

If there are other projects that relate to the broader manufacturing sector, that information is disseminated to companies. There has been extensive information being given to Manitoba companies related to Limestone and the various contracts and time lines with respect to those contracts that will flow from the Limestone project. So it's done on kind of a case-by-case basis, depending on the project and the area where it is involved.

We also take companies to particular shows that relate to projects. As an example, there are 12 companies that we've assisted to go to Calgary to one of the major oil shows there, related to developments in the oil industry in Alberta, where there may be some possibility for Manitoba companies to compete on some of those projects.

**MR. CHAIRMAN:** It's now almost 10 o'clock. Do we have an inclination to finish at least this Item No. 2?

**MR. F. JOHNSTON:** I think we could finish this item, Mr. Chairman, in reasonable time. When I say reasonable, I won't be that long, but I would like to finish this item and then I would . . .

**MR. CHAIRMAN:** That's what the Chairman wants to know.

The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** There used to be an arrangement among the Ministers in the western provinces where we would inform one another - and it was done at the Western Economic Ministers' Conference - of the major projects that would be going on in our provinces. Is that still in effect?

**HON. E. KOSTYRA:** I have not attended any meeting of Western Economic Ministers since I've been in portfolio. I'm told that that system stopped around the same time as the major projects in Alberta came to a halt. There has been some general discussion at the Western Premiers' Conference on related areas but they tend to be in the broader context, in terms of transportation, in terms of trade or other issues, though there has been some discussions of late at an official's level to revise that consultation between the Western Economic Ministers.

We have had, on the national front, much more consultation on economic policy where all the Economic Ministers from across Canada, including the Federal Minister, Provincial Ministers and territorial representatives have met on a bi-monthly basis. Every two months we meet with Sinclair Stevens to review areas of common concern regarding economic development; so it's taking place at a national level dealing with a variety of issues related to economic development.

**MR. F. JOHNSTON:** Mr. Chairman, the transportation section. We've heard of the new bus that's being developed for use up North. We've heard of the work that's being done for the cars that are going to be developed so that they can be used to Churchill. What is being done regarding that research in the Province of Manitoba? Is the province involved with these companies in such a way that the manufacturing will be done and continue to be done by the railways, in one case, and I'm not sure who would manufacture the bus that has been developed, what work is being done to see that the manufacturing is carried on and continued in the Province of Manitoba?

**HON. E. KOSTYRA:** In terms of the rail bus, I don't believe that will result in significant manufacturing of

those kind of vehicles. The one that has been produced for trial in Northern Manitoba, the Wabowden to Thompson run, is a passenger bus, an older passenger bus that was converted for use on rails.

In terms of the development of the lightweight aluminum hopper car, that is part of the Federal-Provincial ERDA Agreement on transportation. The prototype has been developed or is nearing completion of development at the CN Transcona Shops and will be ready for testing, I believe, later this summer.

There is a requirement under the federal-provincial agreement that be manufactured in the Province of Manitoba if it proves successful in its trials. We have suggested that it be manufactured by CN themselves, though CN has indicated that they're interested in seeing if there may be some possibility of private sector development of that car; so we're exploring that with them and with some private sector companies, but there is a requirement that those hopper cars, the ones that would be developed, lightweight hopper cars that will be developed for use on the Churchill line be manufactured in the Province of Manitoba.

**MR. F. JOHNSTON:** There's only one - there is two, but there's one main hopper car manufacturer which is in the Maritimes, in Ontario, where at one time they were looking to expand because they just didn't have any more room to expand in their areas and they had some discussion with us in Manitoba regarding the expansion of the construction of hopper cars; but at the time we were talking to them, there was an excess of hopper cars and they would not be making a move at that time. Is there discussions going on with the hopper car manufacturers to take a look at locating in Manitoba?

**HON. E. KOSTYRA:** There was discussion with one manufacturer but there isn't much interest because there is an over-capacity situation right now with respect to that industry. The other fact is that CN can manufacture cars at its own facilities, which obviously include Transcona, but we did have discussion with one manufacturer, but with the over-capacity of the industry now, there's not much interest in any expansion, given the over-capacity.

**MR. F. JOHNSTON:** Mr. Chairman, the electrical industry was one that everybody in Manitoba or everybody in the country felt was one that was going to expand by leaps and bounds because of your bubble memory, etc., and we have a tremendously good facility in Manitoba with our research centre. We developed that research centre on the basis of having available to the manufacturers and to the industry in Manitoba research that they could use in co-ordination with the university. As the Minister is aware, if he takes a look at places where there is a lot of industry, you'll find that there is a university that is geared to working with industry.

What advances have been made with the electrical industry with the use of our research centre in Manitoba?

**HON. E. KOSTYRA:** I can give a general response to that. The Micro-electronics Centre at the University of

Manitoba, which I know the member is aware of, has had significant increase in the amount of private sector work that they are doing, which is an indication of the usage that the private sector is making of that centre and is also an indication of the relative health of the industry.

Most of the firms in that field are at pretty significant levels of activity at the present time in the Province of Manitoba. We've also worked with the industry to form an Electronics Industry Association which is headed up by Mr. Bulloch and they are looking at a number of areas of trying to co-ordinate activity, particularly among some of the smaller firms to help enhance the situation with regard to exporting some of their products outside of Manitoba. The larger firms have been successful in that area but it has been somewhat more difficult for the smaller firms and the Industry Association is, along with support from our department attempting to help come to grips with some of the problems that face the smaller firms in that area. I think overall the health of that sector of Manitoba industry is quite buoyant right now.

**MR. F. JOHNSTON:** Mr. Bulloch?

**HON. E. KOSTYRA:** Bristol Aerospace.

**MR. F. JOHNSTON:** The food industry and the health industry; of course, the health industries are the hospitals and the hospital requirements - the food industry in Manitoba, certainly we were concerned that we were losing some of our processing and I wonder what is being done to work with the milling companies, etc. We lost Maple Leaf Mills because of an old building and there was indication from them at the time that they would not forget Manitoba when they looked at future expansion. We lost that one because instead of processing the food product here, it was being shipped and being processed in the countries where it was being bought. Has there been any indication from people like that or that company that they would expand or take a look at Manitoba for expansion?

**HON. E. KOSTYRA:** There hasn't been anything in milling industry but in terms of the overall food processing industry, I think we've done quite well in Manitoba. The rationalization that has taken place with respect to the red meat industry, the meat packing industry through Canada has meant a lot of excess capacity being brought down to more realistic levels in terms of the overall capacity of the industry in Canada. Fortunately, Manitoba has been able to see a maintenance of its meat packing industry. In fact, in terms of employment there has been an increase in employment at the major packing plants and there is expansion being looked at in terms of the industry in general and some of the firms in particular.

There's also been continued expansion of the other processing companies in the Portage la Prairie area. In fact, there will be further expansion of the companies operating in the potato and possibly into the vegetable areas in Portage la Prairie in the near future. We're working with other companies with respect to a possible investment or additional food processing in the Province of Manitoba.

**MR. F. JOHNSTON:** Mr. Chairman, in the health industry there was a show held. I think there was two held. One that was held so that the hospitals could display what they required so that Manitoba manufacturers could take a look at them and, of course, that was done at a show with other industries as well, but with the health industry. I believe there was a turnaround of Manitoba manufacturers being able to show the health industry what was available in Manitoba. Many of the people in the health industry in Manitoba said that their worst customer was Manitoba. They did better selling their products outside of the province and we've tried to do something to bring the two together.

Are the Manitoba manufacturers developing products that can be used in the health industry? I must say I admit to the Minister it's general. You can go from rubber gloves to tongue depressors in this particular business. There's all kinds of things. Are the Manitoba manufacturers now starting to appreciate more business from Manitoba? Have they been brought together and are they developing products that can be sold to the health industry throughout the country? I know you mentioned Mr. Blicq is working on that particular program.

**HON. E. KOSTYRA:** We're not satisfied with that area and that is why we've put a senior member of the staff, Mr. Blicq, on that particular sector. We think there is a lot more opportunities that can be developed utilizing the health infrastructure that we have in this province in terms of better sourcing for Manitoba manufacturers but, equally or more important, attempting to develop more spin-off industry out of the existing critical mass that we have in terms of health care research in the province. We are not satisfied that we're doing as much as we can in that area and that's why we've put in place a particular initiative for that sector.

**MR. F. JOHNSTON:** I just had one other sector to ask the Minister about, Mr. Chairman, and that's the leisure industry.

We had a tremendously good plant in Rivers at the base there that was making leisure trailers. We had a good boat manufacturing industry in the Province of Manitoba and we've had certainly in my colleague's constituency tremendous companies that were making products that were being sold throughout Canada and, of course, the leisure industry took a bit of a beating during 1981-82 but it's certainly starting to come back. Are we working with those companies as to markets? I know we worked with one at one time to sell the products in Holland. As I said, it's a very big market and it's coming back and are we encouraging anymore people to come into Manitoba as far as the leisure industry is concerned. Again, it's quite general, Mr. Chairman, the leisure industry has many products in it.

I believe we have a fellow in Portage la Prairie making damn good fishing rods and many other things. We had a young fellow we put into business or helped get into business into Brandon who makes damn good golf clubs, and I can verify that. He doesn't make them so I don't slice once in a while, but he does a good job.

Is the leisure industry generally being worked on? I notice we have Mr. Allden working in the apparel and

leisure industry and we've discussed apparel. It would seem to me that those - I guess the leisure industry works together in the department with apparels, because there's apparel that's leisure apparel, but I don't think that one person can be involved in both of those because they're both very big. What is being done in that industry?

**HON. E. KOSTYRA:** Well, in terms of the existing industry in the province, it has stabilized from the dramatic down turn that the leisure industry took a number of years ago. Companies like Triple E are on the growth mode again.

We haven't seen any new investment opportunities with respect to the leisure industry. The area where we have been most active with is on the trade side, where we've assisted individual companies who want to further develop their export markets. Outside of one or two areas that we were looking at new investment of companies that might locate in the province that are related to the leisure industry but they are relatively small investment decisions and they haven't been made as of yet.

**MR. F. JOHNSTON:** Mr. Chairman, my apologies. I have one more question and I'm asking it because I'm sure Don Elliott would be disappointed if I didn't. What about the use of the Black Island sand to make glass products in this province? I used to ask Don once a month, "Where is our glass plant?"

It still doesn't seem reasonable to me that we have that tremendous product, that is regarded as one of the best in the world, being shipped out of this province to make products elsewhere. There must be somebody that's interested in doing that and I would say, if this Minister can accomplish it, he'll had have done something I couldn't or didn't. How does it stand at the present time?

**HON. E. KOSTYRA:** I ask Don Elliott the same question once a week, and then once a month lately. As the member is aware, that area is one that has been identified for a number of years as an opportunity for Manitoba. Its time will come.

We are in very active discussions with one company at the present time. It was reported at one occasion in the paper, AFG Industries of Kingsport, Tennessee, who we discovered were looking at the possibility of expansion plans. They originally were looking at expanding in the United States. We've convinced them to look at Canada, at Manitoba, and they are in the position now of evaluating a number of options. We've been very active with them at the staff level. I have met with them down there and here in Winnipeg. There's been support from the Federal Government and the company is exploring a number of options, one of which is a possible plant in Manitoba; the others are expansion decisions in the United States.

**MR. F. JOHNSTON:** Pass.

**MR. CHAIRMAN:** 1.(b)(1)—pass; 1.(b)(2)—pass.  
Committee rise.

## SUPPLY - EDUCATION

**MR. CHAIRMAN, P. EYLER:** Committee come to order. We are considering the Estimates of the Department of Education, Item 1.(g) Communications - the Member for Morris.

**MR. C. MANNES:** Mr. Chairman, now that the Minister has had some two and a half hours to review some of my questions with respect to the department and various people in the department, using from time-to-time the term 'Manitoba Education', and I had an opportunity to go through the press releases and I see they're used at different times, I would ask the Minister whether she has anything more to add to her answers that she offered previously, or are the terms synonymous and used freely from time-to-time?

**HON. M. HEMPHILL:** Mr. Chairman, I don't think I have anything else to offer. I believe that most of the press releases, or I would imagine that the press releases since the name change was accepted say Manitoba Education. If there's one that doesn't, he can bring it to our attention. I'm not sure it's the end of the world. I have indicated that for the purposes of contracts or legal agreements that we are still required and are still using the name 'Department of Education'.

**MR. C. MANNES:** Mr. Chairman, the Minister, last year, when we were discussing a certain survey that was conducted by the Policy Branch with respect to attitudes towards education, in discussing some of the conclusions coming from that report, the Minister indicated that she felt that the citizenry of this province was not receiving enough in the way of information. She thought it was the responsibility of herself and the department to disseminate as much information as possible with respect to all areas of education.

I'm wonder if the Minister can tell me what has been done from this branch's point of view over the past year to improve that problem perceived, at least within her own mind.

**HON. M. HEMPHILL:** Mr. Chairman, I think I indicated some of those earlier. I think previously and my guess is that during the entire administration of the former government, I think the focus was largely on communication within the education community. I think it's been a major change to recognize that our communication with the public is every bit as important.

We've done a number of things. Certainly one of the big ones, I think, is the television series, which I already discussed, and which is a major effort by the department to raise educational issues for public discussion, and to give them information that they presently don't have on a number of significant topics.

What we did was attempt to select those areas that they were most interested in, or might have the greatest amount of public interest, and I think we've been successful in that way.

I think that the public workshops that we've put on, on involvement in education, were done some time ago, but there's been some activity as a result of them at the school division level. As a result of those workshops that we initiated, it has improved the communication at the school division level, between school divisions and trustees.

I think that we're making some attempts to provide information to people through what you might call other than just traditional media, which might be seen to be television news, radio programs, where we're using local newspapers, where we're using community newspapers and newsletters, and providing information directly of interest to them, to that particular target population. Because we know that not all the news that we put out is of interest to the entire public, and we know that a lot of it isn't picked up, or isn't of interest to the more traditional media, but is of great interest to smaller communities. So I think we've made a lot of effort to do that.

Certainly, another form of communication is through public speeches and public meetings by the Minister, dealing with a wide variety of topics in different communities and in regions across the province. In those, although the Member for Morris indicated before that there was no bad news in the press releases, there's sort of announcements about really good news and things that you're undertaking, new thrusts, new programs, and new ideas. I've always in my speeches, regardless of what the topic was, identified both the issues and the problems and then dealt with the actions and the initiatives, so that I always raise the public knowledge and awareness that way.

I think we've had a number of conferences that we've put on that have been open, not just to the educational community, but to the community at large, and I think that quite a number of these are new initiatives.

We've also encouraged staff to - and I think because of the attitude in the department, we're getting more calls from the public, more direct calls from people asking for information. We rarely got them before. We not get about 70 calls a month from the public, coming right directly to the Communications Branch, and asking for a variety of information that we then provide for them.

**MR. C. MANNES:** Mr. Chairman, I thank the Minister for that answer. She's certainly answered in part, although I gather from her answer that the two thrusts over the past year in attempting to address this problem of - and remember what the problem was, a year ago it was identified by way of the survey, that only 60 percent of Manitobans were happy, if we can use that word, with the state of education in the province at that time. The Minister indicated that we had to do a better job of convincing people that conditions were much better, convince the other 40 percent.

You're pointing at me, Mr. Chairman. Is there some reason?

**A MEMBER:** He doesn't like what you're saying.

**MR. C. MANNES:** I'll continue then. So my question then - at least my understanding of what the Minister offered in answer is that over the past year the Communications Department has done basically two things. Firstly, it has developed a TV series and I would ask the Minister if she could provide for me an outline of the subjects covered and the titles. That may have been done in a press release, I don't know. If it has, I missed it.

The second course of action taken is that her Communications Branch or herself have provided more

speech material for her so that she could go out and develop the awareness of Manitoba's public.

Now my question specifically to the Minister is, after one whole year is her Policy Branch or some branch within her department, is it today surveying again attitudes of Manitobans, and is the number of people who accept what she and her department are doing within the area of education, is that number beginning to increase from 60 percent, because remember, that was the root cause, the Minister expressing her concern that indeed people in our province were not receiving adequate information with respect to education in this province.

So the specific question is, is she measuring now the acceptance of her new programs by Manitobans and are they now beginning to find greater favour with the thrust and the directions of the Department of Education?

**HON. M. HEMPHILL:** Actually, Mr. Chairman, one of the things that we've learned, first of all I think I said that it was one of the reasons - when I came out with the information about the public attitude survey and I indicated that while it was not at an alarming level, it was not at a high enough level and not as high as I thought it should be. One of the reasons - not the only reason, but one of the reasons - was the public knowledge and public information about what was going on in schools today.

I think I gave the example of the Special Needs Program that had been instituted, that the province was spending something like \$35 million, where there were Special Needs Programs in almost every school across the province, and yet 54 percent of the people that were surveyed didn't know what a Special Needs Program was, didn't know there were any in their schools. So that clearly, there are major initiatives taken to deal with high priority needs where the public isn't at all aware of what's going on. One of the things that has to be addressed, that we'll address is better information.

We can do some of that from our department. I don't suggest for a minute, nor did I ever, that improving communications in the Department of Education, to the public, improving their understanding, information and accessibility, was going to solve overnight the questions of confidence in the public schools system, it couldn't possibly be that simple, that you develop three or four initiatives in a Communications Branch and you solve all of either your communications problems, or have a significant increase in public feelings and attitudes about education.

What we do know is that they're getting very little information from the schools, and I think this will be one of the major deficiencies. When they're asked where they get their information from about the education system, they say largely, and the greatest amount of information comes from the media - and then it comes from kids or from neighbours or from people in the community, but very few of them relate information about the education system coming directly in a formal way from the school. Since the schools are the ones that are providing programs, a wide variety of programs in each school division and each school, I think that a lot more is going to have to be done to help schools

and school divisions get information out to the parent about what is going on in their child's school and what programs are going on there, because that's of far more interest to them than general programs across the province, some of which may or may not be in their child's school.

I wouldn't stand up here and say that there is increased support or that there should be. All I can say is that we have attempted to improve our communication ability, particularly with the public; we've attempted to raise issues and raise awareness and understanding and knowledge of the public at large and parents; and that we have tried to improve the information and the communication that comes out from my department. That will only be one factor in the questions that you raised.

**HON. C. MANNES:** Mr. Chairman, taking the risk of being a little flippant I suppose, the Minister says that the main source of information available to citizens in the province today is from the media, and I suppose I could say, well, probably the media receives most of theirs from the press releases, the 180 or so that come from her department. So maybe that's where the media receives a lot of its information. I know I almost see verbatim at times the press releases as printed in the media, printed within papers. They're printed as developed by her own press people, her own Communications staff, so I don't know who she's being critical of, or if she's being critical at all.

I would ask a couple of questions now with respect to the style of writing in the press releases. I'm not going to move into the content at this time, but I'd like to use a couple of examples:

May 10, 1985, a press release came out, Kids and Trees, Program Under Way. It's a half-page press release, indicating that Departments of Resources, Education, Highways and Municipal Affairs kicked off Kids and Trees Program near St. Adolphe May 7th. It went on to indicate what the program was designed to do and it said the first planting was done May 7th by 130 students and 20 teachers from Gretna Mennonite Collegiate.

I ask the Minister, who decides who will make mention or not mention of the fact that there were other Ministers in attendance, indeed, the Member for Morris, following the Minister of Resources, was the second person to plant a tree. How does the Minister or her staff decide when other individuals of other political stripes should not be mentioned within releases coming from her department?

**HON. M. HEMPHILL:** Mr. Chairman, I didn't know he had planted a tree, but I'd be glad to give him all the credit for doing so and for participating in a very sort of creative, I think, program, whose basis is reforestation, not just planting of trees. I think when you talk about planting of trees, it sounds a little frivolous, but the idea was to make kids understand and have a better appreciation of soil conservation and reforestation by having them involved in the tree planting in critical areas.

I don't think that that press release - and we may have to check on this because the Director of Communications and I have been talking together -

but neither one of us remember putting out that press release and I think that it likely went from Department of Natural Resources, although it was a co-operative program between us and Natural Resources and we participated through the students in the schools I don't believe we put out the press release.

**MR. C. MANNESS:** Mr. Chairman, I candidly admit my feelings aren't hurt that much. The only reason I posed the question is, I find these press releases, particularly after you read 180 of them - I always wonder at times how the author attempts to be non-political, but yet at times always manages to quote the Minister as if she's the only authority at that particular place at that particular time. — (Interjection) — Of course, the Minister was not there at that time. She's right, she was not there at that time, but at many of the others, she was there.

I guess it brings into question a longer-standing concern of those of us who are watching the press releases come from all various departments of government and wondering when they've crossed the barrier and moved into a purely political review of the statement of facts.

I would also refer to a press release dated May 10, 1985, and it's titled, "Hemphill announces lowering of teacher retirement age." I would ask, who issued orders to the Communications Branch to make mention or to state for public consumption the fact that some agreement had been reached between the department - in other words, the government - and the Teachers' Society with respect to the vital issue of the time, removal of penalty for a full formula pension at age 55?

I ask this question because the Minister knows that this has happened now on at least a couple of occasions and maybe more, where she's made the introduction by press release of a program, particularly when the House was sitting, in this case before enabling legislation was even tabled. I ask the Minister, who made the decision to release this information before the courtesy was shown to bring it forward to the House?

**HON. M. HEMPHILL:** Just before I answer that, I wanted to go back to the other point that the member made when he was suggesting that all of a sudden press releases have become political because we're only mentioning Ministers or we're not mentioning members of the opposition when they're there.

I don't mind if we want to sit down and work out an agreement. I can't remember and we can't remember a press release coming from the former government that included anybody but themselves. If they can find one press release that did justice and said that they were introducing a program and that the members of the opposition were in attendance, I would love to see it, so I'd ask him to table — (Interjection) — I'm saying I'd love to see examples of press releases that did what he suggested we should do.

In terms of their question as to who authorized the press release, of course the Minister always takes full responsibility for the authorization of press releases, their preparation and distribution. As the member knows, I have already stood in the House and offered

an apology on that. I'm not sure how many apologies the member requires. I stood in the House and said that it was not the tradition, that I regretted it, and it wouldn't happen again.

**MR. C. MANNESS:** You said that last time.

**HON. M. HEMPHILL:** I think the point was made; the apology was offered; and one would hope that one would be enough.

**MR. C. MANNESS:** Mr. Chairman, the Minister says she hopes one is enough. I would hope so too. I think she also said that when it happened here a year ago. I can't specifically remember what the other one was, but if the Minister wants me to research that out too, I will.

Mr. Chairman, I don't have any further questions in the Communications Branch at this time. Unless other members of the opposition do, I am prepared to pass this section.

**MR. CHAIRMAN:** 1.(g)(1)—pass; 1.(g)(2)—pass.

1.(h) Administrative Services: (1) Salaries - the Member for Morris.

**MR. C. MANNESS:** Mr. Chairman, I propose to discuss a number of issues under this heading.

I'd like, firstly, to discuss a number of policy issues and I do so because I don't know what better area that I might do so. I would ask the Minister if she could comment as to the process of setting up her Workplace Safety and Health Committees - when I say her, I mean the government - as they apply to school divisions.

I have before me a letter dated March 12, 1985, coming from the Pine River School Division, No. 30, and also a letter of March 11th coming from the Rolling River School Division. The specific concerns included within these letters deal with the tremendous requirement time-wise and the cost of enacting and bringing into place these particular committees.

I haven't seen the Minister's response with respect to these letters. I would ask her if there are any changes in policy or any views that may make it easier for some school divisions to live up to the legislation.

This one letter, in particular, from the Pine Creek School Division indicates that every one of their meetings has a cost to the school division of some \$1,800, I believe the figure was. I think the letter requested the Minister and her department to give consideration to somehow funding or sharing that cost. I stand corrected, Mr. Chairman, the total cost in salaries is \$1,489 per day plus transportation; the total cost per day per meeting is \$1,764 to the school division.

In light of that information, I ask the Minister whether her department has done any in-house reviews as to the development of these committees and the onerous cost that they have upon school division and whether or not she's prepared to recommend any changes.

**HON. M. HEMPHILL:** Yes, Mr. Chairman, I think there are a number of issues there that I'd like to address, one of which is the suggested cost of the meetings. I have been in communication with school divisions because a number of them have indicated some

concerns and uncertainty, and said that it was unfair about how they were supposed to apply the workplace health and safety legislation to schools, that they feared that strict application would, in some cases, not make a lot of sense, and could be very onerous.

My communication back to them - first of all, I set up a meeting with the Minister of the Environment and his officials and my officials, because I felt that we shared the responsibility to provide information and communicate to school divisions and help them to work out the system that would indicate how it would and how it should apply to school divisions. We agreed in that meeting that the school division or the Department of Education would take some responsibility to communicating with schools - that's who they're used to hearing from and who they're used to getting information from, and furthermore that we would set up workshops in the fall, I think they're going to take place, and they're under way in terms of the planning now, across the province, maybe three or four regional workshops where we will take them through what the act means and how it applies and how to deal with it.

However, I did say this. It does apply. The Workplace, Health and Safety Act does apply to schools and it should apply to schools. The reason it should apply to schools is that we have a lot of chemicals, a lot of materials that are dangerous and our children are being taught on vocational equipment and machinery that is the equivalent of that which is in industry. Of course, they're not trained yet so it becomes even more dangerous, I suppose you could say, when you are training young people on it and we have to make sure that the same requirements and precautions that are taken for trained adult workers are also being taken for young people in schools.

You might have noticed that over the period of the last three or four months there were a number of cases of either explosions or accidents in schools that resulted from the storage or the mishandling of a variety of chemicals in the schools. There weren't any accidents to children but there could have been very easily.

So we said that it does apply but we also said that it doesn't apply strictly. In other words, an act that was designed for industry and the workplace with adults does not apply to an educational setting and institution. What we've agreed to do is to have workshops and to work out between the workplace, health and safety legislation and staff and our staff and school divisions how to apply it. What is it reasonable to apply? What is it reasonable for school divisions to do? Clearly, we want them to take precautions in the storage, in the handling of chemicals and materials in places like science labs. We want them to take precautions in the training of children on heavy equipment.

I think that when we've gone to these meetings we will have sorted out a lot of the concern. A lot of it's uncertainty. Goodness, do we have to take that and apply it strictly? Does the whole act have to be applied strictly to schools? If it does, they can see a lot of problems. I agree with them. So, what we have to do is say what is it that should apply and what is reasonable and how do we apply it to schools? We will be working that out this fall.

I'm not sure that I buy the argument that it costs them \$1,800 a day or \$1,400, whatever the figure is. What they're really doing is taking the people that are

supposed to be on the committee and it's a variety of people from janitors and secretaries, it's everybody that works in the building - students and teachers - and sort of adds up what they would be entitled to get for the period that the committee is meeting and then charge us that and say that's the cost of the committee. Well, that's really quite ridiculous.

When we have committees and we have things that have to be done - they have committees that meet on dozens of other issues in schools and it may be curriculum, it may be standards, it may be discipline, they don't sit down and say we had four teachers and two principals and a secretary sitting in for a three-hour meeting and it cost us \$1,000 for that meeting. They expect that meetings that are held on issues that are required to be dealt with by school staff, and this is one of them, are part of the responsibility of that school staff and they don't cost-out the particular cost of the meeting.

No. 1, I think what we want to do is reduce uncertainty; (2) I think we want to give them clear information about what they have to do to apply it, and (3) we want it set up so it's handled in a reasonable manner so that it isn't causing an undue burden but also is not neglecting our responsibility for safety of the students in the schools.

**MR. C. MANNES:** Well, Mr. Chairman, let not the Minister try and divide me from the intent of the legislation for trying to determine what is safe and what is unsafe in the schools too. I have no difficulty with that. The problem is the calling of the meetings.

Like the letter goes on to say - and again I'm quoting from the Pine Creek School Division No. 30 letter to the Minister, March 12, 1985. "Since the number of employee representatives is equal to the number of employer representatives, it'll be impossible to get agreement to hold evening meetings. The superintendents suggested that meetings should be held in the evenings and he was quickly reminded that legislation provided for at least four meetings during working days and that the employer is to pay for all expenses. Shouldn't it be the right of the employer to call the time of the meetings if the expenses are paid by the employer?"

Again, I guess what I'm asking the Minister, this school division and indeed others are saying, yes, let's try to develop the committee system and let's try and uncover those areas where there are unsafe conditions within the public school system, but let's attempt to do that when there is no cost to students by way of teachers not being in the classroom, no cost to the division in having to replace bus drivers. Let's do it in the evening when it's a contribution made by everybody for the good of education at no cost to anybody.

I'm asking the Minister whether she's going to take a side on this issue or whether she's going to insist that these meetings be called during the daytime pulling custodians, teachers, bus drivers, transportation supervisors and everybody involved - bringing them from their basic responsibilities to a meeting to discuss safety within the context of the school.

**HON. M. HEMPHILL:** Mr. Chairman, first of all, every time there's a problem which they can't resolve or

there's a dispute, the members want me to jump in and either pass a law or pass a regulation that forces people or tells them what to do. The requirements are reasonable. They have to have from 4 to 12 members. They have to meet at least quarterly, so this isn't something where they're having to meet once a week. I think that initially the meetings may be longer when they're determining what the safety problems are in their schools and once they've established a procedure and identified the areas that are of concern, I don't think it will be as heavy.

Initially, it's going to take more time. Meetings have to be held quarterly at the call of either co-chairperson. The information that I have here is that if the members want, these meetings should be held during the working day. Management must provide members two days with pay to attend safety workshops.

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

**MRS. C. OLESON:** Thank you, Mr. Chairman.

Could the Minister tell us who is to pay the mileage for the teachers, for instance, that are on this health and safety committee that have to drive, say, 50 miles to the meeting? Some of the school divisions are very large and while you're driving that 50 miles it takes an hour. You have your hour, you go to the meeting which may last any length of time and then you're back to your home; two hours on the road and an hour and a half or two at the meeting; that teacher is out of that classroom; they'd have to pay a substitute, for instance, and who pays for the transportation of that person?

**HON. M. HEMPHILL:** I suppose that one of the advantages of having the responsibility to organize in your own division, without having it laid on by the Department of Education, as to how it's going to be set up and when it's going to be set up and how you're going to have them, is that you can organize them to your best advantage or the way that you want.

I would suggest that school divisions that organize in such a way that causes them extraordinary costs should be looking at their own organization. Clearly in a school division where people have to travel 50 miles or 75 miles to get to a meeting, one would think that meetings would be called and organized so that they were held when people were already there and didn't have to make a special 100-mile trip to get there and go back from the meeting.

However those decisions are theirs and if they choose to do it that way, then I guess they will choose to deal with the effects of organizing, to have the committee meetings held when they arrange them.

**MRS. C. OLESON:** Mr. Chairman, I think the Minister is missing my point. Schools are all over the division. No matter where you have the meeting somebody has got to travel. If the meetings are held during working hours - the working hours for the bus driver are different from the working hours of the teacher, obviously, and the working hours of the custodial staff can range from within those hours that the teacher and the bus driver are working to beyond that. So in order to have a meeting during everyone's working hours, it's a problem.

**HON. M. HEMPHILL:** Now I get her point. I'm not saying for a minute that there aren't some already identified problems with either setting up the committees or what the committee's job is or deciding how it's going to be handled, because we've never had this before. We're just in the process of setting them up and having the workshops for the school divisions.

I think that there may be problems, and these will be identified by school divisions like the one you've mentioned, that may have a very good case to be made. I think what will happen is they will bring those points up at the workshops because that's the purpose of them. It's not just for them to hear information about what is under The Health, Workplace and Safety Act and what they have to do, but how can we apply it? What kind of problems are you having, and what can we do in terms of setting up procedures that will help you with those problems?

I think we're quite prepared and will be quite prepared to look at anything that comes out of the meetings that indicates that it has to have some attention or there's some problems. But until they all get together and until they all sort of deal with it, in a provincial arena where they're all talking about the same activity, I don't think we would be inclined to make individual minor changes until we go through the workshops and see what it is we need to do to implement the committees.

I think we'll be quite open at the Department of Education level to hear any unique problems or particularly difficult problems they have in implementing the intention of The Workplace, Health and Safety Act to the schools. If information comes out during those workshops, that there's a widespread sort of serious problem that is interfering with them, then at that time we'll try and sort out with the school divisions how to handle it.

**MRS. C. OLESON:** Mr. Chairman, I think it would have saved the Minister a lot of grief if this process had been looked at before the committees were ever formed, because it doesn't take much to figure out that the school is a unique workplace. It isn't like a factory where everyone has a shift. It isn't the same sort of thing and I think it would have saved the school divisions a lot of time and grief and wondering if the Minister had sat down with the environment officials and looked at this in the first place and said, look here, school divisions are a different animal. We will have to treat them differently because that's what is going to be the end result of it all, only a year after the fact.

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

**MR. C. MANNES:** A final question on this area of concern, Mr. Chairman. How many departments of government does the Minister feel should have the right to enter into public schools for purposes of safety?

Now maybe the Minister isn't aware at this time, but these are the people, these are the departments that are presently coming into the public school system for some aspect of safety or other: the Department of Health; the Department of Labour; the Department of Education, which, of course, is your own department; the Fire Commissioner's Office, the Loss Prevention Officer - and I don't even know what that means; and

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No. 6, Intertech, inspecting fire alarms, electrical and heating.

Now, Mr. Chairman, there are six arms of government who feel they have free access to knock on the door of a public school and for good reasons, I submit, to come and view the physical plant. But surely there must be some way of somehow concentrating these efforts in the hand of one or two arms of government, so that it can be done by one or two checks a year at one or two levels, because when is it going to end, Mr. Chairman? I mean six different arms now and the Minister obviously will buy any argument given to her by her colleague, the Minister in charge of Workplace, Safety and Health. So I'm wondering if she's at all concerned about these numbers of people that again are coming to the public school system?

**HON. M. HEMPHILL:** Mr. Chairman, I must say that I have not, until this time, had anybody, at any time, in any meeting, or any discussion, or any presentation of resolutions, or any of the dozens and almost hundreds of meetings that I go through, with people in the education system, had anybody raised this as an issue or a problem of concern. While I didn't hear the sixth one that he said, I mean you can rule out education . . .

**MR. C. MANNES:** Intertech.

**HON. M. HEMPHILL:** . . . I mean rule out education as being one that's sort of going in there. The other one is the safety officer, the Loss Prevention officer is going in from MAST, that's the Manitoba Association of School Trustees Program, and I would think that we all understand that their accessibility is as great as mine or ours.

There weren't any others that I heard mentioned that I would have any problem with. The Department of Health, when they go in, they go in for a reason. When you're talking about the fire alarms and things like that, I mean they don't just run in anytime out of the clear blue sky. There are requirements for the testing of equipment in a school and it requires people of skills and knowledge to go in and do that. When there are health problems, it requires people from the Department of Health to go in and deal with them, not somebody from the Department of Education.

In this case, it isn't a matter of our just being willing to open the door and let anybody go in for any reason. I think the question of safety is a top priority and it's probably been something, that with or without The Health, Workplace and Safety Act, we probably should have been paying more attention to previously, without the requirement to set up committees or to look at this. We probably should have been not leaving to a haphazard sort of procedure, the identification and the handling of hazardous materials and equipment in the schools, and I think it has been left to a very haphazard manner.

That's one of the reasons they're having so much trouble with it, they've never done anything about it before. They've never paid any attention to the issue. In some cases they're finding some tremendous surprises about where they're storing - for instance one of the big issues, because they're often lacking in

storage space - is where they're storing some of these chemicals and they're finding they've got things stored that they didn't even know they had and they've got things stored in places that it is not safe to have them stored in; so I don't apologize for either this initiative and I don't really have any problems with the numbers going in. I haven't heard of anybody else that does.

**MR. C. MANNES:** I asked the Minister what was wrong with the former system and I quote from a letter from the Rolling River School Division No. 39 to the Minister, March 11, 1985, and yes, this particular paragraph that I am about to cite does make reference to the MAST Loss Prevention Officer, and I quote, "Our board believes that the MAST Loss Prevention Officer, who does periodic inspections of our school has been doing an excellent job. Obviously your department does not share in this belief." Did the department or the other Ministry in charge of Workplace Safety and Health find a shortcoming in the previous situation where MAST supplied a Prevention Officer to come and review safety conditions?

**HON. M. HEMPHILL:** Let's be realistic, Mr. Chairman. While I'm sure that the person they hired was a very good person and probably very committed, you've got a couple of hundred thousand students and 714 schools and one Safety Officer and there is simply no way that one individual can get around and do the inspections and the things that are required of everything, equipment, labs. It's a very large task, and clearly that isn't something that you solve by having somebody go in and check on what the division is doing to see if it's okay, like an examiner or a tester or a monitoring person.

What you do is build it into the system so the people that are ordering the materials and handling the materials and storing the materials and teaching the children about them and teaching them how to handle equipment know what the safety requirements are and know what steps to take to at least reduce, as far as we can reduce, any potential for serious accident in our science labs or in our classrooms, so I think it has to be done at that level.

Even those that are having trouble understanding how to apply it all admit that there's a lot of inattention and a lot of lack of information by all of us in the field and in the schools in knowing how to deal with this question of safety. So I think that it's simply something that we've identified that needs a much more concentrated attack, that needs the efforts of all those people that are on the front lines and in the classroom, who are doing the teaching with the children, the buying of materials and the storing of materials, to be doing it in a way that makes the Safety Officer's job either not required or that much easier because there's a lot less to monitor and to give direction to because they're doing it properly in the first place at the school division level.

**MR. C. MANNES:** Mr. Chairman, I'll leave this subject. I'm certainly not in a position to state that chemicals that are used within school setting laboratories are more potentially dangerous than they ever used to be. I honestly don't know.

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Mr. Chairman, I would like to ask the Minister a couple of questions on a different subject. I would ask her if the Department of Education, if it accepts all registered letters that are sent to it, and if it doesn't, who makes the decision not to accept them?

**HON. M. HEMPHILL:** As far as I know, we accept all registered letters that are sent to us and I don't know of any situation where a registered letter was sent and I or anybody in my department made a conscience decision not to accept it. How could you make that decision if you didn't know what was in the letter?

**MR. C. MANNES:** Mr. Chairman, I am intrigued by the Minister's answer. The letter was sent to the Department of Education, a registered letter, the date being - I'm looking at the postmark. It looks like February 2nd; I'm sure it was some time later than that. It came from an individual who wanted to serve notice to the department that he intended to set up a private school. The Minister probably knows of whom I'm speaking.

This letter however, mysteriously, was not accepted and more so than that, it was returned to the sender and — (Interjection) — The Minister of Agriculture says, why do you say "mysteriously." I say that because it was returned to the sender but the sender's return address was not on it. Mr. Chairman, that's why I posed the question to the Minister, whether or not her department accepts all registered letters and, if not, why not? Because here's a classic case of an individual who sent a registered letter to the Government of the Province of Manitoba, Department of Education, Finance Branch, 511-1181 Portage Avenue, Winnipeg, Manitoba. Obviously, the department knew who it was that was sending it, did not accept it and returned it to the individual they thought had sent it.

Now I posed the question, because I wonder who makes decisions in situations like this and doesn't the Minister consider this somewhat serious, when a registered letter is sent to her Ministry and not accepted? She may not know a lot about this, but if she wants me to provide more detail, I gladly will, because I suppose one could pose the question as to how the government even knew who the sender of the registered material might have been. I guess the main question I have is why would they be afraid to accept registered mail?

**HON. M. HEMPHILL:** First of all, Mr. Chairman, we're not afraid to accept registered mail, and in the case that we're speaking and the parent that we're speaking about, if we were afraid of him, we wouldn't have had my staff meet with him about 10 times to discuss the issue and provide information for him. — (Interjection) — No, I know that you're talking about a registered letter.

**MR. C. MANNES:** Do you want me to send it over to you?

**HON. M. HEMPHILL:** No, I'm just saying, this is an issue and a person with whom my department had a great deal of personal contact and communication, so there is absolutely no need or no reason to think that

we would be concerned or worried about accepting a registered letter.

I think we do need more information on it. It didn't come to my department and I think that we will have to look into it. I think there are some assumptions being made though. The only thing you really know is that he sent it and where he sent it to and that it came back to him; and I think you're making some assumptions there that it was received by a member of the staff of the Department of Education who was afraid to receive it - for what reason I cannot imagine - and they didn't accept it and that doesn't really make sense at all because there's absolutely no reason for it. So I suggest that he provide us with the additional information. We'll look into it, in terms of looking at the particular department and section that it went to and come back and provide him with any information that we can find.

**MR. C. MANNES:** Mr. Chairman, I'll provide the envelope to staff of the Minister and if she wants to delve into this situation a little bit more fully from her viewpoint, that would be fine. As I recall, the individual was serving notice to the department that he was going to engage in some type of legal proceedings, and I think he had forewarned the department that that was coming, and it seems strange that the department, at least from the story I received, would not choose to accept registered mail.

But we'll leave it at that, Mr. Chairman. I was intrigued by the fact that, from one person's point of view, the Ministry of Education would not receive registered mail.

**HON. M. HEMPHILL:** I'd like to respond to that, because there was a little bit of an inference there that because he was saying that he was going to go to court, we didn't want to receive that, and so didn't sign it and take it in. We knew he was going to go to court and we'd had many direct discussions with him and we had provided him with the information about what the laws were, and what interpretation there was from both legal counsel and ourselves about how it applied to his particular situation, which was a home-schooling situation, where he wanted his home to be designated as a private school. He said he was going to court, and we said we had done as much as we could to both help him and to provide him with information about the decision and the position the department was taking, so it didn't require us to get this through that registered letter to know that he had made a decision to go to court. He told us directly.

**MR. C. MANNES:** Mr. Chairman, I'm not going to debate the merits or otherwise of the case. I didn't even mention it; I think the Minister did. My concern was, again, the wisdom of the department not accepting in some cases — (Interjection) — Well, the Minister challenges me and says I don't know it — (Interjection) — and the Minister of Agriculture says I don't. I guess he does, but I don't, Mr. Chairman.

The point is, how is it that a piece of registered mail is returned without opening when the Minister can receive mail from somebody putting on the address, nothing more than the Minister of Education, Legislative Building, Winnipeg, and yet this address was much more

detailed than that. What she is claiming is that it didn't reach the hands of somebody within her staff.

I can't accept that, Mr. Chairman. The back was ripped off; somebody accepted it, and I don't know the process of internal mail as to who signs for and then tears off the registered portion of the postage. Anyway, Mr. Chairman, we'll leave that for another time.

I'd like to ask the Minister whether she is contemplating introducing any legislation in this Session that would give to the teaching profession a professional act, which would give to that profession some of the specific objectives that they had sought in an act that was prepared some two or three years that they've lobbied for a period of time to have come forward in this Legislature. I'm wondering if the Minister is intending to introduce any legislation along that line.

**HON. M. HEMPHILL:** Mr. Chairman, our legislation, as the members opposite know, is in the works and is in the process of being tabled on a daily basis. It will become clear what legislation is or is not being tabled in this Session, when we have completed the tabling of all of our legislation, including the question of the professional bill.

**MR. C. MANNESS:** Mr. Chairman, we're now approaching the middle of June, the Minister has obviously received the same number of letters and concerns that I have, from people throughout the province with respect to the concerns that they have should this proposed bill come forward. I ask her why she can't be a little bit more definitive.

I would hope that we're drawing to the end of the legislative agenda and so I'm wondering why she can't be a little bit more forthright and candid tonight and tell us whether or not there is something coming forward in that particular area. I don't really see a reason for her to not be a little bit more open. The Minister now has three bills on the table and I'm asking her, in good faith, whether she intends to introduce a bill that will address this concern?

**HON. M. HEMPHILL:** Mr. Chairman, I recognize the point the Member for Morris is making, that we're getting towards both the end of the Session and we all hope the end of the legislative package that's going to be introduced this year, and I recognize his interest in knowing whether or not there will be a bill of that nature brought in.

What I can say is that I expect that I should be able to give him a clear answer and shouldn't have any trouble communicating that information to him very shortly, probably within the week, if all our Estimates are up.

**MR. C. MANNESS:** Well, Mr. Chairman, because the Minister won't say no, obviously there's something forthcoming.

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

**MR. C. MANNESS:** The Minister warns me not to assume. I mean what else can I do when she could say no tonight and then I know it's not coming, but she says no, wait for a week, and then you'll know.

How else can I interpret that answer, Mr. Chairman? I don't know why, if the government had decided not to bring it forward at this time, she wouldn't disclose it at this particular point in our discussion this evening.

Obviously, she's smiling at me, so there's no way I'm going to drag it out of her, but I can hardly believe for one second why she should be so reluctant, to not be more candid, Mr. Chairman. I don't want to launch into a 15 or 20 minute speech as to how on guard a large portion of the education community is within this province with respect to this legislation. We've heard nothing, of course, over the last five or six months. Indeed, some thought that maybe there would be no movement within this particular area since the Teachers' Society had gained an awful lot in the area of pension reform.

So I'm a little caught for words right now, because I gather by the Minister's reluctance that some additional tradeoff has been made, or that there is major legislation still coming forward that may possibly contain some extra room and extra support for the teaching profession.

I would ask the Minister who in her department reviews reports that come from other provincial jurisdictions. I have before me two such reports. They're both from Alberta education. One is the Review of Secondary Programs and another one is Partners In Education: "Principles For A New School Act." I'd ask the Minister who reviews these various reports and research materials performed in other jurisdictions and I'd further ask her whether or not her department looks very closely and scrutinizes the recommendations set as forth within these reports?

**HON. M. HEMPHILL:** Mr. Chairman, that certainly is a blanket statement. I can't say that we review all reports that come from all agencies and all departments and take all of their recommendations very seriously. We don't all have the same agendas, the same problems, the same issues or the same priorities. However, we do, for instance, in the Research and Planning Branch make a great effort not to do research studies where there already is a lot of research that has been done. One of the jobs of the Research Branch is to search out existing information that has been done and to compile it and prepare that for us so that we're gathering the best information that there is without reinventing the wheel each time.

In terms of papers or proposals that come forward from other governments or other departments, it depends on what the subject area is I would think. Quite frequently, they would be reviewed by the Research and Planning Branch. It's also possible that they could be reviewed by the department that is the most involved in the subject matter so that if it was dealing with a matter of curriculum, it might be reviewed by both - Research and Planning and Curriculum. It is was in Native Studies and the proposal and the brief was on Native programs then, clearly, it would be reviewed by our Native Education Branch. So, it depends on the subject.

In terms of whether we take it seriously, partly it depends on whether or not it's an area that we're moving in that we're looking at and whether there is, from our point of view, some useful information in it.

We all know that different provinces have different attitudes and different philosophies and may be moving in very different directions. I wouldn't think for a minute that I should put myself on the hook for saying that if there's recommendations coming out of another province - a very good example, for instance, is the Bovey Report in Ontario on post-secondary education that was presented to the Council of Ministers and for whom we all had some interest in learning about it but had a great deal of reservations about the basis upon which a lot of the assumptions were made and the number of the recommendations to the point that we only received it for information because we did not want to have it perceived that by receiving it the Council of Ministers was endorsing the recommendations. So, there are a lot of cases like that where there might be useful recommendations and others where we wouldn't find them useful at all.

**MR. C. MANNESS:** The Minister on several occasions has stated her total abhorrence to the concept of provincial test standardized exams. I ask her whether her attitude has changed at all over the last year, whether the Department of Education at this time has been giving any consideration to the reinstatement of departmental exams in the Province of Manitoba?

**HON. M. HEMPHILL:** Mr. Chairman, I don't like to be picky on this issue. I realize that the Member for Morris has chosen Administration and Finance and Administrative Services to throw in a number of policy questions that he wants to ask. In the case of the other couple of questions that he asked, I think it's hard to know where they go and where they might fit and just as easily to handle under the Workplace and Safety and the question of reports under this section. However, assessment is different and we do have a section where the assessment program is delivered and it's 16.4.

I think that because we have a program that is built into an Estimates line that it would be more appropriate to deal with the question in its entirety, the whole question of assessment when we reach that section if that's all right with him.

**MR. CHAIRMAN:** 1.(h)(1)—pass; 1.(h)(2)—pass;  
Item 2. Teachers' Retirement Allowances Fund and Operational Support Services, (a) Teachers' Retirement Allowance Fund - the Member for Morris.

**MR. C. MANNESS:** Mr. Chairman, this is a timely opportunity to discuss this whole section. By my calculation, the appropriation total this year represents a 9 percent increase. It's \$19,318,000 in total which is some 9 percent greater than the \$17,786,000 spent the year previous.

I would ask the Minister why this appropriation has increased by 9 percent?

**HON. M. HEMPHILL:** Mr. Chairman, I think that the obvious reason, of course, is the changes in The Teachers Pension Act and it gives us an increase for a number of reasons. One will be the increase in the number of retirees as well as the full year cost of those that retired in '84-85. There is a cost-of-living adjustment to existing pensions that is built in and I think \$130,000

of it is for compliance costs and there will also be additional costs in there, I think, for the part-time teachers. The increase of 9 percent is not just a 9 percent increase over what existed.

As the Member for Morris knows, there are increased benefits. There will be more teachers retiring. The compliance areas have some cost to them and the cost-of-living adjustment. I think then the part-time teachers was the other one that I was thinking of mentioning which has an additional cost. So it's compliance, part-time teachers, enhanced early retirement and indexing cost-of-living adjustments would account for the increase.

**MR. C. MANNESS:** I would ask the Minister if she could break down the 9 percent increase, the roughly \$1.5 or \$1.6 million in addition? Could she break it down into those four groupings that she's just provided for us?

**HON. M. HEMPHILL:** The breakdown that I have now was that the increase in the number of retirees plus the full-year costs of those that retired in '84-85, 920,000; the cost-of-living adjustments to existing pensions is 620,000; other is 27,000; and 130,000 for compliance costs.

**MR. C. MANNESS:** The additional cost, because of the part-time teacher pension aspect, is that included in one of those three numbers? Was that the other?

**HON. M. HEMPHILL:** It's included. It's 46,000 and I think it's with the 900,000 figure. It's in there.

**MR. C. MANNESS:** Mr. Chairman, the Minister says that almost a million of it would be because of more retirees. Can the Minister indicate how many more retirees? First of all, I should ask, is this the new group of retired individuals that would be coming on under normal schedule, plus the additional that are expected because of the Minister's new pension reform package? Then I would ask how that 920,000 splits between those two? Maybe the Minister could tell me that.

**HON. M. HEMPHILL:** Mr. Chairman, the member is right, it is both. It's both those that were retiring and those ones that will retire as a result of the withdrawal of the early penalty. The breakdown is approximately half and that's estimated.

**MR. C. MANNESS:** What does that mean in terms of teachers, Mr. Chairman? The Minister says half-and-half; half that would have retired, given no changes under the 55, 1.5 percent penalty that was in existence, and half will go to those individuals who now will retire, who feel encouraged to retirement because of the removal of the penalty. What are the numbers that go into making half-and-half?

**HON. M. HEMPHILL:** About 150 teachers in total; 80 that would normally retire and approximately 70 that we expect will retire as a result of the removal of the early penalty for retirement.

**MR. C. MANNESS:** Mr. Chairman, I'm going to have to dig into my Hansard. I asked the Minister the same

question in the House the other day. I asked her how many people normally retire. She said . . .

**HON. M. HEMPHILL:** That was last year.

**MR. C. MANNES:** Normally, that's right and she said 185, but this year you're expecting nine more, that number to go to 194. Which set of numbers are correct?

**HON. M. HEMPHILL:** There were 184 projected and 195 actual, so there were nine more than they expected. I think the point he's getting at is what the difference, since we say there's going to be more retiring this year and the total figure that we're giving is now less. We're saying that the total is 150, including those that are early retirement.

The fact is that the numbers retiring fluctuate from year-to-year and they fluctuate according to the age population and those people that are — (Interjection) — oh, I've just had some clarification. We've got 150 early retirees. That's the projection, it was 150 early retirees.

**MR. C. MANNES:** Mr. Chairman, I am flabbergasted at what I just saw happen here. We had the Minister prepared to accept any number that was given to her to try to give explanation to something that made obviously no sense whatsoever, and that tells me a little bit as to her understanding of this whole pension reform. — (Interjection) — Mr. Chairman, if the Member for Inkster has a problem, why doesn't he get into his seat and be recognized and state it for the record? — (Interjection) — He doesn't have to chirp behind my back; he can go over to his chair and do it.

**MR. CHAIRMAN:** Order please, order please.

**MR. C. MANNES:** Mr. Chairman, the Minister is now saying then that there's roughly 100 this year. Her department is estimating that there will be the normal 185 retirees, plus an additional 150, because of her new program; therefore a total number of 330 teachers forecast at this time to retire in 1985.

**HON. M. HEMPHILL:** Approximately 300, in the range there or projected.

**MR. C. MANNES:** Mr. Chairman, the May 31st deadline or notice has come and gone. Obviously the department at this time must have a pretty clear understanding of the total number of people retiring as of June 30, 1985. Can the Minister share that number with us at this time?

**HON. M. HEMPHILL:** Mr. Chairman, I haven't had an update since the last time I reported and it was on a very small number of school divisions, but I will ask for an update. Not all divisions are reporting to us and we have not done a telephone call to the 56 school divisions to get this information. But we had information coming in from about three of them that suggested, about a week-and-one-half ago, that there were 53, and as I said, that was from a limited number of school divisions. So we can attempt to confirm a figure for that, if he wishes.

**MR. C. MANNES:** If I can just get it correct, Mr. Chairman. Is the Minister saying that the estimate of 50 that she has, in and around that area, that total had come from just three divisions? — (Interjection) — The Minister acknowledges that and adds to my question from three large urban divisions, Mr. Chairman, for the record.

When will the Minister know, when will she have that final number? When will her department know the total number of people who have exercised their right to retire, given the May 31st deadline?

**HON. M. HEMPHILL:** My guess is that we won't have the final figure in for some time, probably after the legislation has passed. Some teachers have handed in their resignations with a rider and the rider is based on the legislation going through, so those will be held until it becomes a reality and then they would become in force, so I'm not sure how many are in that category. The final number may not be known for some time, although I don't think we'll have much trouble meeting the projections that we anticipated.

**MR. C. MANNES:** Mr. Chairman, I made a number of charges in the speech I made on Bill 26 last Friday and I challenged the Minister to disprove them, I suppose.

One of them was that I feel that the cash cost over the number of years of bringing forward what the Minister calls the compliance of changes, compliance to the new pension laws that were passed within the province in 1984, I believe, that the cash costs of providing those services would be in the area of \$23 million.

I ask the Minister whether she has had an opportunity to ascertain, from her point of view, the accuracy of that number?

**HON. M. HEMPHILL:** I think what I did indicate - I didn't confirm the \$23 million - I think that I did confirm in a previous debate with the Member for Morris when he was asking what the cost would be for all the teachers who were going to retire up to 1990, which would include compliance; he asked if that could cost \$30 million and I think I confirmed that that was a reasonable projection or estimate; that for the period up to 1990, the cost of all of the retirees, plus the early penalty retirees and the part-time and the compliance could come to the \$30 million figure that he threw out. I do not have confirmation of the \$23 million on compliance.

**MR. C. MANNES:** Mr. Chairman, I'm asking a completely different question. I want to know whether officials within the Minister's department, officials within the Teachers' Retirement Allowance Fund Board have determined what the price tag is of the changes that were brought forward from The Pension Reform Act that came into being a year ago. Will the Minister share with us what the costs are of those changes - and I'm not talking about the effect of Bill 26 which we're debating in the House at this time - I'm talking about the previous pension changes.

Can the Minister indicate what the cash costs are to the province, of incorporating and accepting those changes?

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**HON. M. HEMPHILL:** Just to make sure I have the question right, I think it's the one I just answered. He was asking me to verify compliance costs and I said that I had confirmed the total dollar figure, but that I did not tonight have verification of the compliance, so it's the same answer.

**MR. C. MANNES:** Going back to the Minister's breakout, she talks about the cost of living adjustment. I understand that this varies between 3 percent and 8 percent. Is it 5 percent, average, across the board as the Minister again indicated in an answer to me in the House some time last week? Does the 5 percent, on average, create the \$620,000 cost of living adjustment that is included in this year's appropriation?

**HON. M. HEMPHILL:** Mr. Chairman, I'm informed that the current range is 5 percent, that it hasn't been beyond 5 percent.

**MR. C. MANNES:** That's fine.

**HON. M. HEMPHILL:** We'll check that and give you that information tomorrow.

**MR. C. MANNES:** Mr. Chairman, I and many members of the opposition, indeed, I'm sure members of the government, have received numerous requests from individuals who have taught in the province some time ago.

I have a letter before me from a Mrs. Rose Clyde indicating that - and I'll quote the letter - "I have taught for the Winnipeg School Division No. 1 since 1956. Prior to this, I had 10 years teaching service with the Province of Manitoba. While many teachers withdrew their contributions when they changed provinces, I did not, hoping that at some future date there might become a reciprocal agreement. This did come about, I believe it was in 1973, but the reciprocal provisions only applied to those teachers who had transferred in '63 or later, which effectively excluded me."

I'm asking the Minister whether anything has been done over the past year to allow individuals - and I suppose we've had the largest number of people contact us who now are in Alberta and who have teaching experience here, but have not been able to gain credit. Of course, many of them are reaching retirement age and feel if they retire there, they'll lose any claim they have to the buildup of credits that may have been achieved in the Province of Manitoba. I ask the Minister whether anything has been done over the past year to address this concern.

**HON. M. HEMPHILL:** Yes, Mr. Chairman, it is one of the matters and one of about a dozen matters that we referred to both the task force and the negotiating committee and it's one that they have discussed for at least that period of the last year.

What happened is that they came to agreement on a number of issues and we agreed on a number of issues and those are before you and they include things like the early retirement and the education leave and some of those others that I have summarized are a part of the bill.

The one that was not settled was the '73 cut-off date. It is not a dead issue; it is still under consideration. In

other words, we decided at the point in time that we had to go forward with the legislation that we would go forward with those things in which there was agreement and with which we agreed and this one, we directed that they continue examining and studying and asked them to report back to us in a reasonable period of time on this issue.

**MR. C. MANNES:** Can the Minister specify who she means by "they" and could she give me some indication how close we are to some agreement? Is the agreement between provinces? Is there a major cost implication at work here? What is the problem?

**HON. M. HEMPHILL:** It was studied by the task force, the pension task force and the review committee of the task force and I suppose, suffice it to say, that they simply were not prepared at the time they made the other recommendations, to recommend on this issue.

We accepted that, but said that they should continue to deal with it and they should try and resolve it as quickly as possible, because I quite agree that there are a reasonable number of people out there who are in a difficult position, who want an answer on what resolution, if any, there is going to be on this issue and I think they're entitled to that. I've asked them to report on this issue as quickly as possible.

**MR. C. MANNES:** What happens in cases where individuals approaching 64 or 65 years of age, teaching in Alberta; want to retire; afraid to do so because if they do, from their viewpoint, they'll give away all the claim they have to teaching credits that they've gained within the Province of Manitoba. What does the Minister say to those people? Does she tell them to hang in and teach another year, that something may be forthcoming? What type of hope is she going to hold out for these individuals? Obviously, she has to be a little bit more definitive. She has to tell them when, what goals, and what time frame she's working toward.

**HON. M. HEMPHILL:** I think I've been quite clear on that, Mr. Chairman. I've said that it wasn't one of the issues that they either resolved or made a recommendation with. When they came forward, I indicated that I had some concerns that this be resolved; that it was an outstanding issue for - it isn't a huge number of people but it isn't just the numbers of people that are important. It's the impact on the individuals of the 1973 cutoff, and that whatever resolution was going to be, we should determine it so they would know where they stood.

They did know when they went. That doesn't make them feel any better about it now, but when they made their decisions, they knew what the agreements and what the supports were under the pension plan, what the effect would be on their pension plan. That doesn't mean that if there's a deficiency or an inequity, that it shouldn't be resolved just because people knew it; because there are a lot of inequities in our pension plans and it's one of the major reasons for a lot of the reforms that we have brought in, to give people fair access and better security for the pensions that they are entitled to.

I indicated I was concerned and I asked them to deal with it as quickly as possible. I expect that means it

isn't going to sit on somebody's desk for a long period of time. I did not give a date and I think that's a reasonable requirement. Please deal with these, in a reasonable manner, as quickly as you can. I think they got the message.

**MR. C. MANNESS:** For my edification, Mr. Chairman, I would ask the Minister what the issue is, and I ask that out of some type of ignorance. I don't understand. Maybe she can tell me what the 1973 cutoff does or what it doesn't do, and maybe she can enlighten me a little bit with respect to it.

**HON. M. HEMPHILL:** I think there may be a number of issues and I'm not sure that I fully understand them all, because they're still at the point where they're being examined and they have not been brought forward with recommendations in the information. But I think there are financial costs and there is maybe a suggestion that it may be precedent setting, but I'm not sure that those are the two major issues.

I know that there are issues to resolve. I guess I can only say that if it weren't important for a group like that - the task force on pensions with their knowledge and experience about pension reforms and pension programs and The Pension Act, to examine them and provide us with information - I could just make a decision myself. I could make it based on my feelings or what I would like to do, in which case I would probably do it, because I feel as sorry for some of those individuals that are caught as you do.

However, it's more complex and I expect the skills and the special expertise of the people that are on the task force and sitting on the review committee to do the necessary reviews and provide the necessary information upon which we will then make a decision - since they haven't brought it to me yet, I don't know exactly what it is.

**MR. C. MANNESS:** I'm glad the Minister offered her last sentence, because she's given me procedures and processes. She still hasn't told me what the issue is. She's surrounded by staff, who, I would think, have some understanding as to what are the issues involved in the 1973 cutoff. People tell me they're prepared to buy back their pension. I understand this is a process that's used, to some degree, for those individuals wishing to retire early in the Province of Saskatchewan.

Is the Minister telling me that nobody, within voice distance of her, can tell me what the issues are, so that I can give an answer to these people who are writing me and phoning me wanting to know what position that we may have when we assume government - which will be soon, I might add. But after that, surely the Minister must be able to tell me what the issues are at this time and why she said she'd love to grant it, and if it was within her power, she would. Yet I don't even know if she understands what it is she wants to grant. So will she tell me what the issues are?

**HON. M. HEMPHILL:** Mr. Chairman, I already indicated that I thought they were in two areas and I indicated that one I thought was financial. I don't have the dollar figures in my head, although I recall hearing a figure that indicated there could be some potentially significant

costs to this benefit that they wanted to check out a little further. They are taking that time to do it.

Pension changes are very complicated, as we've learned from the reforms brought in last year and the changes this year, and it requires very specialized skills and knowledge of actuarial people and the people that have been assigned to the pension task force to examine and provide us with the necessary information. Since we are still in the process of their examination and they have not yet made recommendations to me, except to communicate; they have not resolved this issue to their satisfaction so they can make a recommendation, I will await it.

**MR. C. MANNESS:** Mr. Chairman, there's no clearer demonstration than the answer just provided by the Minister of Education that members opposite have no understanding whatsoever of the cost implications associated with the pension reforms that they're introducing into this House.

Mr. Chairman, it's blatantly clear that members opposite have a goal in mind. They don't care what the cost is associated with providing it and they just don't really even care as to the analysis that may show the costs in the future.

Mr. Chairman, I said so in my speech last week on Bill 26 — (Interjection) — Well, the Minister says, "I'm wrong." My goodness, the Minister can't even tell me what the issues are involved on this 1973 deadline. She doesn't even have a clue as to what the issues are and she's telling me I'm wrong. I recognize I don't understand what the 1973 issue is, but how can the Minister say that I don't understand, when she can't even tell me what it's about, and yet she's introducing major pension legislation.

The government has brought forward major pension review last Session, and I submit, Mr. Chairman, that members opposite do not have one clear idea as to the cost implications to this province in years to come. Nothing is more obvious that they have a star; they're shooting at it; and they don't care what the cost is or what it takes to get to it. I find it, in many respects, deplorable that members of the government would ask those of us in this House to support legislation where they don't even understand the total cost implications involved, Mr. Chairman.

I indicated that the costs associated with Bill No. 26 would in my view total over \$50 million. I haven't had the Minister or any member of the government, including the Minister of Finance, challenge me with respect to that cost and I'm talking over a period of 30-40 years, the same period that the Minister always uses in answering her questions. So, Mr. Chairman, when I see an appropriation of \$19 million and growing at the rate of 9 percent, I guess I ask the Minister simply this question, the analysis that I presented when I came to a total government expenditure over 30 years in billions of dollars; and I'll tell the Minister again how I came to that number. I used \$19,318,000 as a base and I compounded it at 9 percent over 30 years, the same 9 percent difference, an increase is as shown in this year's Estimates.

If you do that, the total cost to the taxpayers of this province in providing pension benefits to one sector of public service within this province comes to roughly

\$2.6 billion. Mr. Chairman, I ask the Minister, how many years over the next five can we expect a 9 percent increase in this appropriation? Can the Minister or her staff tell us at this point in time whether this will continue to inflate at the rate of 9 percent, given the fact that the Consumer Price Index at this time is in the 4 percent, 5 percent, 6 percent range, given that the number of retirees will continue to be roughly 185, in total, under the normal trend and that there will be additional to represent those who take early retirement without penalty. Will this appropriation continue to rise at a rate of 9 percent?

**HON. M. HEMPHILL:** Mr. Chairman, the figures that we give are those that come from the government actuary, and in fact any other figures that don't come from the government actuary are just purely speculative figures.

I think what the member opposite is trying to do with his figures - and I just wanted to take it a little bit farther than the pension programs - where he takes the cost now and he applies 9.5 percent or 9 percent and he compounds it over the whole life of the program. First of all, there was \$17 million last year and \$19 million this year. I think he applied it on \$19 million, but if you took the same logic for a 50-cent cup of coffee, it would cost you \$16 in 30 years and a 75 cent Free Press would cost you \$24.00.

The point I'm making, and I don't mean to be . . .

**MR. C. MANNES:** That's right. You're into that game. You talked to Parasiuk.

**HON. M. HEMPHILL:** . . . frivolous.

**MR. C. MANNES:** That's right. Now you've got the message, Maureen. Now you know.

**HON. M. HEMPHILL:** I don't mean to be frivolous, but the point I want to make . . .

**MR. C. MANNES:** Now we're right down to the hard nuts of politics. You're right at it now.

**HON. M. HEMPHILL:** The point I was making was the point that the projections and the information and the estimates that we get come from actuaries, and in fact I think that's the only place that you can get accurate figures, and actuaries only project for a five-year period, and within that three-year period they must review triannually and do a full analysis of all the assumptions, because the assumptions change a great deal and one of the assumptions is interest rates.

Some assumptions can be wages, they can be interest rates, they can be any of the basic elements; so that what I'm saying is that the information that we have is the best information you can get, comes from the government actuary, and they are the only ones that I know that are in a position to give figures.

They project them for a five-year period and re-examine all of their assumptions every three years to make sure that they're correct. So I guess my answer is that it's difficult to accept his projection of a 9 percent increase over a 30- or 40-year period as being an accurate estimates of costs, since the actuary, whose

job it is to know, wouldn't so presume or wouldn't predict that.

**MR. C. MANNES:** Mr. Chairman, who is the actuary acting on behalf of the Teachers' Retirement Allowance Fund?

**MR. C. MANNES:** Turnbull & Turnbull, the same actuary we've had for the last 20 years; your actuary and our actuary.

**MR. C. MANNES:** Mr. Chairman, I thank the Minister for that because I'm glad to see true confessions here this evening. It's taken some time, because I've been waiting for her to talk about five years. I understand that particular firm will not go beyond 20 years in any forecast, in any actuarial base.

Now the Minister says five years, but remember what the Minister said in the House in introducing Bill 26 for second reading. She said that the present value of that program was \$6.2 million and I asked her over what time period and she said 30 to 40 years. The Minister used the time span 30 to 40 years; I didn't. I used it after she did and hoped that she would come forward like she has tonight and realize that the actuaries never go out that far.

Mr. Chairman, why would the Minister then, in introducing Bill 26 on second reading, why would she talk in terms of 30 or 40 years in terms of this particular pension reform?

**HON. M. HEMPHILL:** Because, Mr. Chairman, there is a difference between predicting the specific costs of an option that is a very specific option that can be measured like the early retirement clause and making predictions for the entire pension program that covers all of the teachers that are retiring at any time, those that are in now, and those that will be retiring up until the next 20 years, taking into consideration all of the elements that are difficult to predict now.

When I said the 6.2, we don't have any trouble estimating the costs of the early retirement benefit. That information we have from the actuary. He's quite able to tell us that removal of the early retirement benefit will cost us, I think, \$6.2 million under the present value, which is the way they estimates costs of all pension plans; so that we can say that over the life of the program that it's going to cost us \$6.2 million, but that is not the same as actuarial predictions for the entire program.

**MR. C. MANNES:** Mr. Chairman, the Minister said the life of the program would cost \$6.2 million in present value terms. I asked her how long the program would last; the Minister, in answer to that and also in introducing the bill, said it was a 30 or 40-year program. I know that the actuaries, I've heard and I know, will not go beyond 20 years. Why then does the Minister make reference to 30 and 40-year program, when the actuaries, the very same people that she's making reference to, that I have, will not go beyond 20 years?

**HON. M. HEMPHILL:** Because they're two different things, Mr. Chairman. There is a difference between the period of time over which a government actuary

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will make predictions and give costs and the life of the program which is determined to be that period of time that it will take for all of those people that are presently in the system to pass through the system. They don't have anything to do with each other. They're not the same. The life of the program is that we believe it will take 30 or 40 years for those people that are in the pension plan to pass through it and to complete the life of the plan. The question of the period of time of actuary's predictions is a totally different question.

**MR. C. MANNES:** Can the Minister tell us what the total cost will be of the new plan given the 30 or 40 year time period in which it'll take everybody that's teaching today to pass through the system?

**HON. M. HEMPHILL:** You weren't asking early retirement? You were asking everybody?

**MR. C. MANNES:** No, early retirement. You can give me both if you want to.

**HON. M. HEMPHILL:** Present value cost of the program is 6.2 million. It would cover the costs for the life of the program.

**MR. C. MANNES:** How was that number determined when the actuaries won't give an estimate beyond 20 years?

**HON. M. HEMPHILL:** Well, they have difficulty with estimating things that are totally unpredictable in terms of salaries and inflation and interest rates and factors like that, but they're quite able to predict based on the numbers of teachers that we expect to be the additional number of teachers retiring under the removal of the early retirement, and we said it's an estimate. We said that we're estimating that there will be about 70 teachers retiring a year, but on that basis, they've based their predictions on the number of teachers that we believe will be the additional number retiring over and above the regular retirees.

So, just to make the point. It is an estimate in terms of our having to make some judgments about what we think those numbers will be. It's not as uncertain as things like wages and interest rate and other factors like that. The record of the actuary to make predictions like that has been quite good.

**MR. C. MANNES:** Mr. Chairman, the other day in my presentation, firstly, I asked the Minister to provide to us if she could the cash costs associated with this new pension scheme. In answer to my colleague, the Member for St. Norbert, the Minister gave us a five-year listing of cash cost to Government of the Day. I asked the question because it became readily obvious that in 1992-93 the number soon approached and surpassed \$1 million a year and from that limited information, I made the forecast that if you add a little inflation to it and it continued to grow at the rate it was, that you very quickly over a 30 or 40 year period came to a figure approaching \$50 million. I ask the Minister to tell me if there was something wrong with my logic or to indicate whether there's another answer that is more properly reached once you total the cash

cost to government over the life of this program? Again I ask her whether I was correct?

**HON. M. HEMPHILL:** Mr. Chairman, we've had no confirmation by any information or statistical financial figures given by the actuary that the total cost figures that the member is putting forward of, was it \$50 million, is accurate. We do have, and I confirmed his original suggestion that the combination of - I repeated this just a few minutes ago - all those teachers that are in, that are retiring to date, and the additional ones that will take the option of the early retirement, and the part-time teacher benefit and those things related to compliance, could by the year 1990, I think it was, add up to \$30 million. The actuary has confirmed that figure.

I think it's important to remember that I think the member once again is trying to find a big dollar figure to either scare everybody or thinks that the suggestion that these are the costs of the deal that we made with the Teachers' Society, when clearly the plan has been in place since 1925. Most of the teachers that are getting their benefits are getting them through a plan that has been negotiated and developed over a very long period of time and only those things that were brought in this year to comply with the law of the land that was passed through this Legislature last year and the other benefits that we have added this year are really the additional costs.

Of course, he always fails to mention what the offsets are. He always talks about the cost of the 6.2 million and conveniently, I suppose, fails to mention the savings that we know are going to accrue to boards when they lose teachers at the high end of the pay scale and gain what most of them will replace these teaching positions with and we know that, will replace them with either new teachers or teachers at the low end of the scale. We did just a little bit of arithmetic and found out that they could save \$1 million if they were all hired at the low end of the scale. We don't expect that, but even \$500,000, half of that amount is reasonable to expect and an annual saving to boards being able to hire teachers at the lower end of the scale.

We also know that, and they haven't mentioned that the teachers are picking up all the costs for the first five years of the early benefit. That comes to 3 million, and the removal of the revenue guarantee is a clause that was very important for government and was a difficult one for the teachers to give up, because that would cost government millions of dollars over even the next few years and possibly many more millions of dollars over the period of the next decade or so.

We negotiated a good deal and in the long and the short run when you look at the offsets, I'm convinced that this isn't going to cost the taxpayers anything like these suggestions from the Member for Morris.

**MR. C. MANNES:** Well, Mr. Chairman, those have to be the most hollowest sounding words that one could ever hear. This Minister doesn't even know what the issues are associated with a 1973 change in pension reform. She's telling me now that she has negotiated a good deal. I just can't buy that. The Minister doesn't even understand the pension systems in place, Mr. Chairman, so who is she really trying to kid?

Now, the Minister talks about the offset, the fact that the government doesn't have to guarantee some level

of investment return. Well, Mr. Chairman, I asked the Minister to provide the detail associated with that. I asked for it on Friday. She acknowledged at that time she would present a little bit more detail to me. Hopefully, she took my request seriously because I wanted to, for my own self, be able to determine the claim by herself and by the Manitoba Teachers' Society that the teachers were funding 70 percent of the cost of the new program. So hopefully she took my request seriously and will attempt to provide that information to me.

With respect to the increased commitments that governments are going to have to put into place to meet the Teachers' Retirement Allowance Fund requirements, Mr. Chairman. I never for one moment indicated that was not a requirement of government. I never passed judgment on that whatsoever. As a matter of fact, if anybody wants to read my speech, I said that was a commitment of the government. Government has to find money to meet those pensions. So, I don't know what shadow of doubt the Minister is attempting to cast over myself and the Opposition, Mr. Chairman.

I was trying to point out that if this appropriation continues to grow by a factor of 9 percent, 22 years from now that the Government of the Day is going to have to find \$128 million-plus to satisfy Appropriation 2.(a) within the Department of Education Estimates; and year 30 the Government of the Day will have to find \$250,000 just to direct in towards teachers' pensions. I said the Government of the Day because it was the law and it has to be done. I wasn't saying that it shouldn't be done because obviously it has to be done.

Mr. Chairman, let not the Minister stand before us and firstly say well I'm using the theory that a cup of coffee is going to be worth \$16 in some point forward. By my calculation, correct. Mr. Chairman, now for a month and a half we've had the Minister of Finance, we've had the Minister of Energy and Mines and we've had the First Minister of this province tell us the profits that are going to be associated with the power plant that isn't going to be completed until the year 2005. I've gone out to the year 2015 using the very same logic as the First Minister and those senior Ministers of his Cabinet. What I'm doing is the same thing as other members of the Minister's government.

I'm asking in conjunction with Bill 26 simply one thing. When people realize that government is going to have to raise funds in the measure of \$2 billion over 30 years to meet total pensions and then we talk about Bill 26 and my estimate that the cost of that to government will be somewhere around \$50 million over its life. Mr. Chairman, I ask the Minister this question. In her negotiations with the Manitoba Teachers' Society, was the Society prepared or did the Minister try and have the Society accept an argument where they would fund totally the removal of the penalty clause to allow full formula pension at age 55?

**HON. M. HEMPHILL:** Mr. Chairman, when you negotiate a number of positions are put on the table, that's what negotiations are. Over the course of the discussions, the number of options were put on the table and discussed. Certainly, we had some interest in examining

the possibility of the Teachers' Society picking up the cost of the early retirement benefit. To that end, I think the agreement that we got was the combination that gave us them picking up their cost and our cost for the first five years at a cost of \$3.4 million over that five-year period and the removal of the revenue guaranteed clause.

The information that we had, to tell you the truth, was that the removal of that clause was actually far more beneficial probably in terms of potential savings to government than would be carrying the full costs beyond the five-year period of the early retirement benefit plan. The five years is 3.2 million. We're looking at potential cost savings of many more millions of dollars than that.

Now, this is based on information that comes from people who are knowledgeable and skilled in the pension field, they were set up to review that and provide us with information. My feeling is and our feeling was at the end of the negotiations that the combination of having them pick up the first five-year costs at a cost of \$3.24 million and the removal of the revenue guarantee and its potential cost to government which I tell you is far beyond the \$12 million that I've indicated was an excellent deal and the best deal that we could get.

To answer a question he raised before. I thought I had given him the breakdown of the 70-30 split before. The present value of the total early retirement package is \$32.8 million. The fund which is the Teachers' Society covers 70 percent which is \$23.2 million. The government's cost was 9.6 million. The government's share is reduced to 6.2 million because of the fund picking up the additional costs.

**MR. C. MANNES:** I would ask the Minister if she would provide that information for me so that I can see it first hand, Mr. Chairman?

I understand, at least my sources tell me, Mr. Chairman, that one section dealing with commuted value has some long-run potential cost implications to the Province of Manitoba upwards of \$10 million. I think the authority of my source of information, Mr. Chairman, is pretty sound. I'd ask the Minister whether this is included in the whole ledger of costs to government and benefits because of certain arrangement? I'll ask her whether this was taken into account at all?

**HON. M. HEMPHILL:** Mr. Chairman, commuted value is part of the \$30 million figure that I gave.

**MR. C. MANNES:** Well hopefully it will be split out at some value too, Mr. Chairman. I would like the Minister to again send over the balance of those two sides. I tell her I'll be sending it to individuals in whom I have fair confidence and I hope that she would do her best job to provide accurate material.

Mr. Chairman, if you'll just allow me a second. I made reference to it the other day, Mr. Chairman, to a newspaper article in which the president of the Manitoba Teachers' Society, Mr. Murray Smith, indicated the government really had experienced no saving at all as far as the revenue guarantee. He was quoted as saying so in the paper - I don't have that quote here right

now, I left it downstairs - that indeed the government was saving itself nothing. I again ask the Minister whether she's absolutely certain and confident in those people around her or whoever may have advised her that there is a saving associated with the removal of the revenue guarantee in question?

**HON. M. HEMPHILL:** Yes, Mr. Chairman, I'm absolutely confident that there is and that the figure that I've presented earlier is probably even a conservative estimate. I think it may be larger and I may be able to provide some additional information on that as we go along in our debate and discussions of the bill.

I don't think that in terms of his response, he said there were no savings and we don't have the quote here in front of us. I think he was questioning whether the savings would be the \$12 million that I suggested. I think it's understandable. I think they were not wanting to appear to have given away the ship, and would probably err on the side of a low estimate in terms of what they had given up when they're talking about it, publicly.

However the information about the \$12 million has come from the people, who I believe know, and come from the government actuaries, and it's a figure that I think is an accurate figure that I accept. I also believe that in those early stages when there were a lot of figures being thrown around and a lot of calls being made, and confirmation of those figures coming, with questions being presented in a lot of different ways. I know a lot of times I had questions presented and they would just phrase it a little bit differently and the answer would be a different answer.

So I think after that initial sort of reaction, I believe there has been acceptance and some confirmation, or if not confirmation, at least acceptance that the figure we put out is probably the accurate figure.

**MR. C. MANNESS:** Mr. Chairman, does the Minister agree with my statement the other day that the teaching profession in the Province of Manitoba is a young profession, compared to almost any other occupation that she'd choose to compare? Is it not a fact the teaching profession in the Province of Manitoba today is one that can be considered young?

**HON. M. HEMPHILL:** No, Mr. Chairman, it is not, although I know that the Member for Morris presented some statistics and figures and that he is a statistician . . .

**MR. C. MANNESS:** Not a very good one.

**HON. M. HEMPHILL:** . . . but he does like statistics and does use them. I know he presented a basis upon which he made his point that the teaching profession is a young profession, but I don't agree with some of the numbers or some of the interpretations that he gave.

The present profile in our teaching population, as he suggested, is that they're young and not an aging population. I think he suggested that the median age of teachers was 37 last year and therefore said that they're a youthful group. But in 1970, the median was 30, and in 1984, the median age was 39, so that it

shows that it is an aging profession, which I think is more important than the median age.

He also made reference to the fact that the proportion of teachers under 25 years of age has declined from 28 percent in - just a minute, I was trying to see my notes if this is his point or my point - proportion of teachers under 25 years of age has declined from 28 percent in 1970 to 2 percent in 1984. So I think even those two things together, showing that the median age has changed significantly in a decade, and there is a very significant decline in those teachers under 25 years in terms of percentage, disputes some of the points that he made.

He also made the point that there was the same number of teachers under 25 as over 60. I think that was one of the other points he made. Well, 60 and over form 3 percent of the population, and 25 and under form 2 percent of the population. When you're talking about somewhere between 13,000 and 14,000 teachers, that's a significant difference in numbers of teachers.

So most of our teachers - and I think this is the most telling point - most of our teachers are between the ages of 35 and 50, so that 52 percent of our teachers are in this age group and it means that we've got a bulge. It's not a baby-boom bulge and it's not a senior bulge, it's probably a middle-aged bulge.

**MR. C. MANNESS:** What bulge?

**HON. M. HEMPHILL:** A middle-aged bulge. We've got a large number in the range of 35 to 50, a large concentration, 52 percent of the population is in that range.

**MR. C. MANNESS:** Well, we do in most occupations.

**HON. M. HEMPHILL:** So the point that I'm making with those . . .

**MR. C. MANNESS:** Except professional hockey.

**HON. M. HEMPHILL:** Right. The point I'm making with those points is that we do have both an aging teaching population and a large number of teachers in that age range, a particularly large percentage of them and a reduction in the young teachers, that we have a higher proportion of middle-age, moving towards aging teaching population in our workforce. — (Interjection) — We certainly are.

**MR. C. MANNESS:** I'm intrigued by the Minister's statistics. I have before me the 1983-84 teacher profile. It was given to me just the other day by Mr. Smith. He indicated that he didn't have the 1984-85 figures ready at that time. Is the Minister saying that she has access to them, and the President of the Manitoba Teachers' Society does not?

**HON. M. HEMPHILL:** My figures have come from my department, from the Department of Research and Planning. I believe that they are both accurate, up-to-date and a little more specific in terms of detail about ranges than the information put forward by the Member for Morris, from his information from the Teachers' Society.

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**MR. C. MANNES:** Well, the source of this or the Teacher's Certification and Records Branch data, obviously the Minister's own data, analyzed by the Manitoba Teachers' Society Research Office. I'm wondering if the Minister then can provide her raw data to me, so that I might compare it to this material that I have? The Minister nods yes for the record, Mr. Chairman.

I'm intrigued though by some of the numbers that she uses. Either there's a completely different classification. Is there any chance that the Minister can provide that information now? — (Interjection) — Mr. Chairman, then I don't believe there's much use going too long, because I don't really want to complete this section until I've had an opportunity to see the Minister's department's figures in this area.

The only thing I point out, unless these statistics are completely erroneous, that last year at the 59-year-age bracket there were 89 individuals teaching within the Province of Manitoba; and at the age of 58 there were 92. Now if there's any validity to these statistics at all, you would think that one year later that most of those that were 59, the 89 in total, would be 60. I mean that's a logical conclusion, Mr. Chairman.

Given that, I can't understand for one moment how all of a sudden the numbers that I presented in the percentage breakouts by age grouping could change so drastically in a year. So, Mr. Chairman, I have to rest my case this evening then, and ask the Minister, if she would, to provide her raw data as to breakout by age grouping?

**HON. M. HEMPHILL:** Yes, Mr. Chairman, I'd be quite happy to do that. It's in my notes and in my handwriting and I don't think the Member for Morris is going to accept that as raw data from my department. He might think it's a little too raw. — (Interjection) — Okay. So I would be quite happy to prepare that.

It's also possible that in some cases we're using the same figures and a different analysis, but I think what we should do is prepare the information and give it to you tomorrow.

**MR. B. RANSOM:** Committee rise.

**MR. CHAIRMAN:** Committee rise?

**HON. M. HEMPHILL:** Committee rise.

**MR. CHAIRMAN:** Call in the Speaker.

### IN SESSION

**MR. DEPUTY SPEAKER, P. EYLER:** The Honourable Member for Turtle Mountain.

**MR. B. RANSOM:** I move, seconded by the Honourable Member for Morris, that the House do now adjourn.

**MOTION presented and carried** and the House accordingly adjourned and will stand adjourned until 2:00 p.m. tomorrow (Tuesday).