

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, January 18, 1990.

The House met at 1:30 p.m.

### PRAYERS

#### ROUTINE PROCEEDINGS

#### PRESENTING PETITIONS

**Mr. James Carr (Fort Rouge):** Mr. Speaker, I beg to present the petition of the Roman Catholic Archbishopial Corporation of Winnipeg praying for the passing of an Act to amend an Act respecting the Roman Catholic Archbishopial Corporation of Winnipeg and the Roman Catholic Archdiocese of Winnipeg.

#### INTRODUCTION OF BILLS

##### BILL NO. 95—THE CERTIFIED GENERAL ACCOUNTANTS ACT

**Mr. Darren Praznik (Lac du Bonnet)** introduced, by leave, Bill No. 95, The Certified General Accountants Act; Loi sur les comptables généraux agréés.

#### INTRODUCTION OF GUESTS

**Mr. Speaker:** Prior to Oral Questions, may I direct Honourable Members' attention to the gallery where we have from the Bonnycastle School, twenty-four Grade 5 students and they are under the direction of Florence Brennan. This school is located in the constituency of the Honourable Member for Fort Garry (Mr. Laurie Evans).

Also, from the Spring Christian Academy we have thirteen Grade 9 students, and they are under the direction of Jeannine Pachorka. This school is located in the constituency of the Honourable Member for St. Vital (Mr. Rose).

On behalf of all Honourable Members, I welcome you here this afternoon.

#### ORAL QUESTION PERIOD

##### Firearms Control Medical Certificate Requirement

**Mr. Paul Edwards (St. James):** My question is to the Minister of Justice (Mr. McCrae) -(interjection)-

**Mr. Speaker:** Order, please. Order. The Honourable Member for St. James.

\* (1335)

**Mr. Edwards:** Mr. Speaker, this city has been rocked yet again by a senseless slaying of a Manitoba woman, Carole Watson. Ms. Watson was a young psychology student, and she was shot five times in the dark of

night just outside her home on Portage Avenue by a killer with no apparent motive, just a twisted mind and a .38 calibre handgun.

The tragedy is that handgun is supposed to be a restricted weapon and as such is only supposed to be owned by people of good mental health. The system broke down, yet again, Mr. Speaker, and lives are being lost which maybe, just maybe, could have been saved had the system worked.

My question to the Minister: will he immediately speak with his federal counterpart and suggest that before a person gets a permit for a restricted weapon they must not just say that they are of good mental health, but prove it with a medical certificate?

**Hon. James McCrae (Minister of Justice and Attorney General):** It is always tragic to hear about an event such as the one raised by the Honourable Member today. So it is wise also to react with as much wisdom as we can muster in circumstances like this and in the aftermath of such a thing.

I will take the Honourable Member's suggestion seriously and consider it carefully.

**Mr. Edwards:** Mr. Speaker, we presently require Manitobans to produce a medical certificate for certain classifications of driver licences, yet we do not place that same requirement on the purchasing of handguns and semi-automatic weapons.

Will the Minister demand that his federal counterpart deal with that loophole, which allows mentally disturbed people to get handguns and other restricted weapons without any proof at all of medical fitness?

**Mr. McCrae:** I think the Honourable Member's second question is basically the same as his first, and I do take his question seriously and will regard it that way.

##### Child and Family Services Firearms Control

**Mr. Paul Edwards (St. James):** Mr. Speaker, for the Minister of Family Service (Mrs. Oleson). On June 14, last year, in the wake of the Reid family slayings, the Leader of the Opposition (Mrs. Carstairs) suggested that Child and Family Service officials who are aware of weapons in violent homes should report them to the police.

The Minister did respond in December and say that Child and Family Service officials would have a problem seizing those handguns. However, I would like an answer to the initial question, which is: what progress has been made in getting them to report on a regular basis and track handguns in homes of violent people?

**Hon. Charlotte Oleson (Minister of Family Services):** Mr. Speaker, I would have to get some more information

from the department as to the status of that exactly now, but I know that workers are expected to report any dangerous situation and to attempt to take police with them should they have to go into a home where they know there is a potentially dangerous situation.

**Mr. Speaker:** The Honourable Member for St. James, with a new question.

**Mr. Edwards:** I do look forward to the Minister's further investigation and report on that issue.

### Firearms Control Enforcement

**Mr. Paul Edwards (St. James):** Mr. Speaker, with a new question to the Minister of Justice (Mr. McCrae), again. Clearly this is not the United States yet, and we do not believe in this country that you have a right to carry a handgun, and we attempt to restrict that, but the system breaks down. I have noted the way it breaks down with respect to mental fitness, but unfortunately it also breaks down in that the existing regulations are not adequately enforced in that people who go to purchase a handgun are not necessarily the people who qualified for the certificate.

Over a month ago I called on the Minister of Justice (Mr. McCrae) to explain what guarantees he had received from his various meetings with his federal counterpart that existing firearms legislation would be effectively enforced, and he took that question as notice. Can he respond today?

**Hon. James McCrae (Minister of Justice and Attorney General):** Mr. Speaker, effective enforcement is an ongoing thing. We do not know that with the most effective enforcement possible there are not still going to be problems and tragic situations that occur, but effective enforcement is something that is a part that the Manitoba Government has a role in as well. We take our responsibilities seriously. We take reports such as the one done by the CBC I-Team on this particular issue seriously, and we do the best job that we can in our justice system.

We cannot, however, stop some people from setting out on a particular path. The legality may be certainly in question. We cannot stop everything, but we can take those measures that are reasonable and appropriate in the circumstances to protect our people.

**Mr. Edwards:** I too of course watched with interest the I-Team report, which was many, many months ago, and we have had a horrendous year in this province and in this country with respect to slayings by guns.

### Restricted Weapon Locations

**Mr. Paul Edwards (St. James):** Mr. Speaker, restricted weapons are supposed to be located at designated places. Police are supposed to know where those weapons are. Can the Minister advise the House if, in fact, the police were aware of the location of this handgun of the suspect in this case or if it was in fact supposed to be at the gun club?

**Hon. James McCrae (Minister of Justice and Attorney General):** That kind of information I can obtain, but I would only want to do so at the appropriate time.

The Honourable Member would know that the particular matter we are talking about is a matter subject to investigation and a potential court matter. It would not be appropriate to discuss it further today.

### Photo Identification

**Mr. Paul Edwards (St. James):** Finally for the Minister of Justice (Mr. McCrae), one thing that the Minister can do on his own right now is to regulate the retailers of guns in this province. Will the Minister act immediately—and this is not the first time that this has been put to this Minister—to require all gun retailers in Manitoba to require not just the firearm certificate but additional identification and photo identification, when it comes into place for driver licences in this province, to prove that the people who are asking to purchase a gun are indeed the ones who have qualified for the Firearms Acquisition Certificate?

\* (1340)

**Hon. James McCrae (Minister of Justice and Attorney General):** Ascertaining that we are dealing with the person that the person says he or she is is of course an important matter, a matter that those who issue Firearms Acquisition Certificates should be aware of that responsibility. I will see to it that those who do that in this province are indeed aware of the significance of that responsibility.

### Housing Market New Starts Decline

**Mr. Jay Cowan (Churchill):** Mr. Speaker, today Manitobans have received more hard economic news as a result of the lack of any Progressive Conservative policies with respect to a housing market in Manitoba. The Manitoba housing statistics just released show that Manitoba housing starts have plunged to a seven-year low.

The last time they were that low was as a leftover of the Sterling Lyon administration's lack of policies. That is one of the largest drops in the country. Manitoba's economy is on the skids under these Conservatives as it was under Sterling Lyon during the 1977 and 1981 years. We are seeing the same sort of results: out-migration, poor starts in housing.

I direct this question to the Deputy Premier. What action is the Government going to take to counteract this slump in the housing market, which is affecting Manitobans right across this province?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, I know Members of the New Democratic Party particularly like to preach stories of doom and gloom. They started that yesterday in the House with some of the questioning.

Manitobans are well aware of the difficult taxation times that they have come through over the last four

or five years, but they are also aware of the potential for economic growth, for the creation of wealth that is going to occur in this province in 1990 and beyond. They are fully well aware that home buildings occur as a result of the creation of wealth in our primary sectors and that can only occur once the climate is in place for the creation of wealth.

**Mr. Cowan:** Mr. Speaker, CMHC, in their official press release, attributes part of the slump to out-migration, excessively high out-migration in this province, which is a direct result of Conservative policies. Whether it be a Sterling Lyon or a Gary Filmon Government, we see people leave this province when the Conservatives come into office.

I ask the Government: what action are they going to take to counteract the Manitoba slump in housing, which is one of the worst in the country, driving our young people out of this province and creating hardship all throughout this province? What action will they take to counteract that devastating economic news for Manitobans?

**Mr. Manness:** When we took over Government we had the second highest debt in the land. We had the second highest taxation regime in the country.

Mr. Speaker, every one of our moves in coming forward with two budgets have been directed to try and provide greater disposable income to Manitobans. We have done that through the removal or the reduction in personal taxation. We have tried to provide corporations with some greater offset against taxation through reduction in the payroll tax. Everything that we have done has tried to work toward the creation of employment, working to greater disposable income so that people have more wealth at their disposal to consume goods.

We inherited a problem. We are trying to deal with it. If the Member opposite—I understand this morning, for instance, I heard that Saskatchewan experienced last year, because of drought in agriculture, the greatest loss in migration in 20 years in that province. We have also suffered from a drought in this province and some of the impacts are apparent.

### Out-Migration Statistics

**Mr. Jay Cowan (Churchill):** The Government knew that there was going to be a problem in Manitoba's housing industry because of out-migration one year ago. Quoting from their own document dated January 12, 1989, one year ago, they say: the central determinant ascribed to the lethargic population growth is the increasing interprovincial out-migration, which is rapidly approaching exodus levels experienced during the 1983 Session.

What action is the Government going to finally take to ensure that we have a healthy housing market, to ensure that we have a healthy economy, to ensure that we have a growing economy and not just throw rhetoric at the problem? What actions are they going to take to stem this out-migration and bring our housing market back into line with the rest of the nation?

\* (1345)

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, I have been told just recently that Ontario, with the lowest unemployment rate in the country, also experienced an out-migration last year of people. Now where are Canadians shifting? I understand that things are booming in the Province of British Columbia for a whole host of reasons.

I do not know what point the Member is trying to make if you have the largest industrial province in the country with the lowest unemployment rate, that being Ontario, also experiencing, by the knowledge that has come to me at least, some out-migration.

I say to the Member opposite, we are doing, as a Government, what we philosophically believe is the right way of developing the economy. That is that we leave more money in the hands of business people, in more hands of consumers and through the process of their purchasing that they will come forward and support the economy causing the creation of jobs and therefore leading to the building of homes.

**Mr. Cowan:** Mr. Speaker, the Minister of Finance (Mr. Manness) says he does not know what point the New Democratic Party is trying to make. The point we are trying to make, and the point that is being made by all the statistics every day, is that this Government is failing to provide the type of economic leadership that will keep Manitobans in their homes, in their province, and with their families.

### Goods and Services Tax Seniors Boycott

**Mr. Jay Cowan (Churchill):** My fourth question, or my supplementary, is to the Minister of Finance (Mr. Manness). Given his waffle-waffling to quote the Member for Wolseley (Mr. Taylor), his waffling on the matter of the GST in the past, and the fact today is the boycott by the seniors regarding the GST to show their strong opposition to it, can the Minister of Finance indicate what action his Government is going to be taking to support the seniors in Manitoba on their fight against this unfair taxation and their struggle for a fairer taxation system in this country?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, let me say firstly we will use a different model, a different economic model, than the former Government. We will for instance not borrow money for the purpose of creating short-term jobs, such that we have today an interest charge in the budget of \$500 to \$600 million.

Mr. Speaker, the debt in this province is as high as it exists in the country. That is because of six years of prolific wanton spending by Members opposite, and in any way did not create long-term jobs in this province. Manitobans have rejected that model and indeed this Government rejects that model.

With respect to the goods and services tax, let me again reiterate that this Government finds the GST in

all forms unacceptable. The Premier (Mr. Filmon) has made that announcement over and over again, and again we will make that commitment to Manitobans that we will, on every occasion, make known to the federal Minister of Finance, plus the Prime Minister, our opposition to the goods and services tax.

### Conawapa Project Preferential Policy

**Mr. John Angus (St. Norbert):** Mr. Speaker, the record of this provincial Government is well documented. Unemployment is up, bankruptcies and closures are up, and the Tory initiatives and policies and their ability to manage the economy is way down. They are bungling the economy, afraid of upsetting their Ottawa cousins and totally ineffectual with dealing with the uncaring, insensitive federal Government.

Mr. Speaker, my question is to the Minister responsible for the Conawapa project, the Minister responsible for Hydro. On December 5 the Premier of the Province (Mr. Filmon) said we will be consistent awarding business to the lowest bidder on a tender basis, when quizzed about the provincial preferential treatment of Conawapa. Can he explain to the House the rationale for this position?

**Hon. Harold Neufeld (Minister responsible for The Manitoba Hydro Act):** Mr. Speaker, the tendering process for the Conawapa project will come about in about 1993, 1994. The purpose of the tendering will be to get the best possible price for the people of Manitoba and the consumers of hydro in Manitoba. Where possible, Manitoba labour, Manitoba industry, will get the treatment it deserves.

Manitoba industry, if it comes up with a lower bid—and we will try to bring the tendering process to a level where Manitoba's smaller industry can bid on the projects, and give them the advantages they need to bid.

### Conawapa Project Preferential Policy

**Mr. John Angus (St. Norbert):** Mr. Speaker, the tender process calls, and the Tory policy as I believe, is to award the tender to the person that submits the best price. Given that, is it the position of this Government to totally ignore the businesses in Manitoba, to totally ignore those people who employ the Manitobans, set up their offices and pay taxes in this province? Is there no consideration to help Manitoba businesses with a Manitoba-first policy?

**Hon. Jim Ernst (Minister of Industry, Trade and Tourism):** Mr. Speaker, first of all, it is the job, the duty of any Government to call for public tenders on public projects. I think that has been widely accepted across Canada and across the free world in the free market system. We need to get the best price for the province of Manitoba and that is our primary objective.

Unfortunately, my honourable friend from St. Norbert does not understand that when a project tender is

awarded, you then enter into discussions with regard to those tenders, with regard to industrial offsets. Industrial offsets, Mr. Speaker, provide many, many jobs, and many, many business opportunities for Manitoba companies. In that way we will deal with Manitoba businesses in the creation of jobs in this province.

\* (1350)

**Mr. Angus:** Mr. Speaker, is the Minister of Industry, Trade and Technology (Mr. Ernst) or the Minister responsible for Hydro (Mr. Neufeld) indicating that they will establish a Manitoba-first policy, a preferential policy putting that information in the contracts, in the tender awards, to give Manitoba firms preferential treatment on the awarding of the \$5 billion worth of business at Conawapa?

**Mr. Ernst:** Mr. Speaker, the Province of Manitoba has been a leader in this country in an attempt to obtain free trade internally across Canada. Members on that side have been urging us to do that. Now we have the Member for St. Norbert (Mr. Angus) suggesting that all of a sudden we throw up barriers around the Province of Manitoba because we have a project here. We have people; I spoke last week with a person, a contractor from Manitoba who is dealing on a project in Saskatchewan. Our companies are net exporters of product in this province, and we want to create those jobs here in our province. We are not going to throw up artificial barriers, but we will deal on the question of industrial offsets with the successful bidders.

**Mr. Speaker:** The Honourable Member for St. Norbert, with a new question.

**Mr. Angus:** I have a new question, Mr. Speaker. The Premier (Mr. Filmon) signed an agreement with the other western provinces, an agreement that we applauded in terms of breaking down the interprovincial barriers. He did it on March 6, 1989.—(interjection)—

**Mr. Speaker:** Order.

**Mr. Angus:** —an agreement, Mr. Speaker, which deliberately excluded hospitals, school boards, municipalities, and Crown corporations.

Obviously, these other provinces have excluded this in order to benefit the businesses in their respective provinces. My question is, Ontario has a 10 percent preferential policy, and Ontario Hydro will use this undoubtedly in the bipole awarding business in the awarding of the contracts of the Bipole Three. How does this Minister justify Ontario granting Ontario business preferential rates of 10 percent, but for Manitoba Government not granting them to Manitoba businesses? How do you do that?

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

**Mr. Speaker:** Honourable Minister of Industry and Trade. Order, please.

**Mr. Ernst:** Mr. Speaker, the Province of Manitoba, as I indicated in answering the last question, is a leader

in this country in terms of breaking down interprovincial trade barriers. We are the ones who are leading the way because it is to the benefit of our businesses in Manitoba to do that. We are a trading province. We do not have an engineering consulting community for instance in this province to support the local industry. We need 5 percent of that.

We have a thousand engineers, consulting engineers in this province because we export their talent. We are going to continue to do that and not create artificial barriers that will tend to see them excluded on construction projects throughout this country.

### Conawapa Project Preferential Policy

**Mr. John Angus (St. Norbert):** Mr. Speaker, Saskatchewan is building thermal generating stations in Estevan. First preference of employment goes to Canadian citizens living within a hundred kilometres of Estevan, second preference to residents from Saskatchewan, and third, to the citizens of Canada. Is this Government prepared to introduce a Manitoba-first program for Conawapa, and if not, give special treatment to those people that live in northern Manitoba and second to Manitoba firms to do the business?

**Hon. Harold Neufeld (Minister of Energy and Mines):** Mr. Speaker, we have signed an agreement that will give preference to northern Manitobans. Northern Manitobans will receive some preference in the jobs at Conawapa. Other Manitobans will receive preference, but we have to remember that we also have a responsibility to the consumers of hydro in Manitoba. We must bring the Conawapa project in at the lowest possible tender price. Having said that, we will make every effort that, everything else being equal, the Manitoba industry and Manitoba labour will receive its just treatment.

**Mr. Angus:** Mr. Speaker, this Minister is absolutely flabbergasting, and for a professional accountant he should understand that a minimum 10 percent reduction - (interjection) -

### POINT OF ORDER

**Mr. Speaker:** Order, please; order, please. The Honourable Government House Leader.

**Hon. James McCrae (Government House Leader):** You may have been up, Mr. Speaker, for the same purpose as I. The Honourable Member for St. Norbert (Mr. Angus) ought not to make editorial comments about the quality or whatever he thinks of the previous answer. He and his colleagues all know the Rules about preambles, lengthy, argumentative, and preambles that amount to nothing more than debate in this House.

\* (1355)

**Mr. Speaker:** The Honourable Government House Leader is quite correct; we were up for the same reason. Order, please. On the same point of order, the Honourable Member for Osborne.

**Mr. Reg Alcock (Opposition House Leader):** The Honourable Member for St. Norbert (Mr. Angus), as all Honourable Members on this side of the House, is following the example set by the Government, and I would ask the Government House Leader (Mr. McCrae) to call to the attention of his Members exactly the same issue.

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

**Mr. Speaker:** Order, please; order, please. The Honourable Member for Thompson, on the same point of order.

**Mr. Steve Ashton (Second Opposition House Leader):** Mr. Speaker, instead of trading the comments back and forth on this particular issue, I would ask on this point of order that we ask Ministers to make comments and answer questions that are directly relevant so that the Opposition Members will not engage in the kind of debate that is often necessary to respond to those comments. I would ask that you caution both Members of the Government and the Opposition to follow our Rules, which have been somewhat breached today.

**Mr. Speaker:** Order, please. On the point of order raised, the Honourable Members are quite correct. Answers to questions should be as brief as possible, should deal with the matter raised and should not provoke debate.

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**Mr. Speaker:** The Honourable Member for St. Norbert, kindly put your question now, please.

**Mr. Angus:** Mr. Speaker, I apologize. I will put my question. Why is it, when Manitoba businesses are going bankrupt at an alarming rate, when unemployment is up at an incredible high, Manitoba has been denying the companies? Why are these projects not being given preferential treatment for Manitoba companies?

**Mr. Neufeld:** Mr. Speaker, I have already said we are three to four years away from the contracts being let. Why the Member for St. Norbert (Mr. Angus) would fear monger at this point in time without knowing what is going to happen three to four years from now, I am at a loss. We will make every effort to make certain that Manitoba industry and Manitoba labour is fairly treated.

### Day Care Workers Funding

**Ms. Judy Wasylycia-Leis (St. Johns):** Mr. Speaker, I have a question for the Minister of Family Services (Mrs. Oleson). Last October, in the spirit of co-operation and consultation, the child care workers and parents in this province agreed to withhold any further action against this Government to give this Government more time to come forward with a comprehensive plan to deal with the crisis in day care funding.

My question to the Minister is: given that that deadline is almost past, the deadline of January 24—

I remind Members of the Government side—set and agreed to by this Government for reporting on a plan and making a positive announcement to the child care workers in this province, what has been done over the past three months? Where is the plan? What is the result of the time that has passed?

**Hon. Charlotte Oleson (Minister of Family Services):** Mr. Speaker, I am pleased to report to the Member that we formed a working group on child care which was given the responsibility in the short term of bringing forth some budgetary recommendations for next year. That committee has reported and those matters are under consideration.

### Report Tabling Request

**Ms. Judy Wasylycia-Leis (St. Johns):** Given that only a few days remain before the child care workers and parents in this province expect a reasonable answer from this Minister and this Government, would the Minister today table the report of the working group, which follows on the heels of the appointment of an advisory committee, which follows on the heels of a task force, all of which have made reasonable recommendations. Will she table that report and tell us what the plans are?

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

**Hon. Charlotte Oleson (Minister of Family Services):** That document, as the Member should well know, having been a Cabinet Minister, that document has to have approval before any announcements can be made.

### Funding

**Ms. Judy Wasylycia-Leis (St. Johns):** Finally, to the Minister, will there be an announcement indicating the plans of this Government on child care funding before January 24, which is the agreed upon deadline between the parties and the start of the annual conference of the Manitoba Child Care Association?

**Hon. Charlotte Oleson (Minister of Family Services):** Mr. Speaker, I am not sure that I could meet the time frame of giving the child care community the numbers. Well, in fact I know we cannot. I assure her that we have the report, and it has to go to reach approval, and the members of the working group were representatives of the child care community and are aware of that.

### Health Care Acute Care Beds

**Mr. Gulzar Cheema (Kildonan):** At least 20 percent of the acute care beds are occupied by chronic care patients. This Minister promised a report on the extended care committee nine months ago. Can the Minister of Health (Mr. Orchard) tell us if he has received the report?

\* (1400)

**Hon. Donald Orchard (Minister of Health):** No, Mr. Speaker.

### Health Advisory Network Acute Care Beds Report

**Mr. Gulzar Cheema (Kildonan):** Can the Minister of Health tell us if the Health Advisory Network has received the report or not?

**Hon. Donald Orchard (Minister of Health):** Mr. Speaker, it is my understanding that in the process of reporting, the task force has made a report to the Steering Committee of the Health Advisory Network.

**Mr. Cheema:** Can the Minister of Health tell us when he will table that report in this House?

**Mr. Orchard:** The reporting process is that the Health Advisory Network Steering Committee will consider the recommendations made by the task force and provide advice to Government.

### Repap Manitoba Inc. Swan River Plant Delay

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, the other day the Deputy Premier took as notice a question dealing with Repap from the Member for St. Norbert (Mr. Angus) inquiring as to whether or not some alteration had been made in the master agreement between the Province of Manitoba and Repap with respect to the chipping facility at Swan River.

I would like to report that given that the Department of Environment has as of today not yet provided Repap with a Phase 1 licence; given that both parties, when they were writing and agreeing to the contract as a whole, felt that that Phase 1 permit would be in place as early as fall 1989; and given that Repap has made its intentions quite clear with respect to the chipping facility in Swan River, having called forward venturists within that area to come forward and make a proposal to the company with respect to building that facility, we as a Government have sought no alteration to the contract at this time, I might add.

### Firearms Control Medical Certificate Requirement

**Ms. Maureen Hemphill (Logan):** Mr. Speaker, we were all concerned I think in this House over the tragic shooting of a young 25-year-old woman by a man who had been obviously having mental problems prior to the acquisition and registration of the gun. He had sought the help of priests of the Salvation Army and it was clear by a discussion with the neighbours that this man was seen to be disturbed. The application for firearms requires the police to do a check on both the criminal record and the mental health of the applicant. It is clear that they are easily able to check the criminal record but not very easily able to check the state of mental health.

Does the Attorney General (Mr. McCrae) have any plans to toughen up the existing requirements for the acquisition of a gun, especially in the area of checking on the mental health state of the applicant?

**Hon. James McCrae (Minister of Justice and Attorney General):** I know the Honourable Member knows this is a federal matter when it comes to matters relating to gun control. Her questions would have to do with what part I might play at working with my federal and provincial colleagues, and I understand that.

I think the question was canvassed earlier on in the Question Period at some length. I hesitate to talk in very much detail about the matter that brings the question forward today. I would be happy to talk also with the Honourable Member for Logan (Ms. Hemphill) about whatever suggestions she and her colleagues might have that I might consider putting forward to my federal and provincial colleagues.

**Ms. Hemphill:** I appreciate the fact that the Minister is prepared to take forward suggestions from Members of the Legislature for discussion with his federal counterparts. I would ask when he is doing that if they would look at the suggestion of making mental illness records available to police, or the possibility of, as in the case of getting a passport where you have to have references from people in the community, having some references required prior to receiving a gun?

**Mr. McCrae:** In relation to this there would no doubt be some legal issues involved, which would require anybody making decisions about which way to proceed, would require anyone like that inquiring about the legal aspects of such things—the Honourable Member for St. James (Mr. Edwards), as well as the Honourable Member for Logan (Ms. Hemphill) have talked about mental records and records relating to mental health.

I remember discussions I have had with the Member for St. James (Mr. Edwards) and his Leader in relation to CSIS for example and the alleged free flow of medical information about Manitobans. That does not happen. I recognize the distinction when one is applying for a firearm. I take what the Honourable Member says quite seriously and will look into the matter.

### Manitoba Gun Totals

**Ms. Maureen Hemphill (Logan):** It seems fairly clear, Mr. Speaker, that we do not presently have adequate checks prior to making guns available to people. I am wondering if the Minister can report to us about how many people have applied for guns how many have been approved. In other words, I think the public would like to know at this point, recognizing that we have some weaknesses in the system of approving people, allowing them to have guns, how many people have applied, how many have not been approved and how many people have been given approval to have guns?

**Hon. James McCrae (Minister of Justice and Attorney General):** That kind of information I do not have at my fingertips, but I will inquire and make that information available to the Honourable Member. If the Member for St. James (Mr. Edwards) wants it I will make it available to him too.

### Repap Manitoba Inc. Swan River Plant Delay

**Mr. John Angus (St. Norbert):** This concerns the statement by the Minister of Finance (Mr. Manness) in relation to the Repap and the chipping plant in Swan River.

Mr. Speaker, the contract clearly calls for construction to begin by the end of December 1989. The question to the Minister of Finance is: what are the penalties to Repap for the delays and how long will the people of Swan River have to wait for this chipping facility to begin?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, obviously the Member for St. Norbert (Mr. Angus) must not have heard my earlier response. I said that by our judgment Repap is outside of the contract, but to maintain the spirit of the agreement, given that they have reached out to the community of Swan River through the announcement that they are going forward, that they are building, that they are asking venturers to come forward, invest in their capital with a guarantee of return of revenue, in support of that type of investment, I am telling the Member that the Government is not seeking redress with respect to the breach of the contract.

**Mr. Angus:** Mr. Speaker, he did not answer the question as to how long will the people have to wait? Have they put a deadline on the construction phase to start? How long are they going to let them dilly-dally?

**Mr. Manness:** Mr. Speaker, it seems like the Liberal Party is now advocating that Repap go forward without licence. These are the environmental purists that would have the chipping facility be built and be operational in Swan River before that even undergoes an environmental impact. There are processes in place, and in spite of the fact that the Liberal Party is asking us to break them, we will not.

### Repap Manitoba Inc. Environmental Licensing

**Mr. John Angus (St. Norbert):** Mr. Speaker, then the question is baited. The reports have been done. They have been filed to the Minister of Environment (Mr. Cummings). When will the licence be issued so that the whole process, that massive project for northern Manitoba, can get started by this inadequate Tory Government?

**Hon. Glen Cummings (Minister of Environment):** Mr. Speaker, this—

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

**Mr. Speaker:** Order, please. Order. The Honourable Minister of Environment.

**Mr. Cummings:** Mr. Speaker, this is the born-again green group of Liberals that were going to lynch this Government because we did not have a sound

environmental process. We are now following a process that is clear, that is careful, and we are making sure that we have every opportunity from the public and from the corporation to make sure that environmental controls are in place. Now they are advocating that we go on with the construction before the issuance of the permit. Now they say give them the permit—

\* (1410)

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

**Mr. Speaker:** Order. Order, please.

### Grace Lake Water Quality Analysis

**Mr. Harry Harapiak (The Pas):** Mr. Speaker, my question is to the Minister of Environment (Mr. Cummings). The quality of water at Grace Lake and the outskirts of the Town of The Pas has been questioned because of the operation of the lagoon at The Pas. The LGD of Consol has passed a resolution asking the Clean Environment Commission to conduct a detailed study on the operations and the water quality in Grace Lake. Has your department or the Clean Environment Commission carried out any investigation to see if the operation of the sewage lagoon is affecting the quality of the water at Grace Lake?

**Hon. Glen Cummings (Minister of Environment):** Mr. Speaker, I know that there has been some activity regarding the Grace Lake issue. I cannot call to memory what work precisely has taken place, but I think it should be made very clear that this is not a problem that just popped up in the last 18 months. It has been going on for a considerable length of time. I will get the details and report back to the House and to this Member.

**Mr. Harapiak:** Mr. Speaker, to the same Minister, Dr. Pip, from the Biology Department of—

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

**Mr. Speaker:** Order, please; order, please.

**Mr. Harapiak:** Mr. Speaker, the previous Minister—

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

**Mr. Speaker:** Order, please. Order. The Honourable Member for The Pas has the floor.

**Mr. Harapiak:** Mr. Speaker, Dr. Pip, from the Department of Biology from the University of Winnipeg, has carried out tests on three samples submitted to John Bodnar from the Canadian Executive Services Organization, which show that there are high levels of nitrate, sulphite and chloride. Will the Minister and the department carry out the necessary tests to see that the lagoon is functioning properly? Will he also take into consideration the feasibility of running a pipe to run the water directly into the Saskatchewan River rather than have it run into Grace Lake?

**Mr. Cummings:** Mr. Speaker, I would not want to comment on the viability of what the Member has just suggested. I cannot recall the work that has been done on Grace Lake, but I will report with all of the facts.

### Ducks Unlimited Canada Corporate Headquarters

**Mr. Harry Harapiak (The Pas):** I have a final question to the same Minister. The Manitoba Naturalist Society has joined several other environmental groups in opposing the Oak Hammock proposal to build a corporate office. Can the Minister ensure other Manitobans will have an opportunity to express their concerns about their project by having public hearings carried out by the environmental commission?

**Hon. Glen Cummings (Minister of Environment):** Mr. Speaker, yes, and I would like to remind the House that the Minister of Natural Resources (Mr. Enns) put on the record earlier this week or in the previous week that that was exactly what would be happening and wish to reinforce that today.

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

### ORDERS OF THE DAY HOUSE BUSINESS

**Hon. James McCrae (Government House Leader):** Mr. Speaker, I -(interjection)-

**Mr. Speaker:** Order, please. The Honourable Government House Leader.

**Mr. McCrae:** I would seek the unanimous leave of the House to vary the Estimates sequence established under Rule 65 (6.1), tabled in this House on June 15, 1989, by setting aside the Estimates of the Departments of Labour and the Civil Service Commission and the Status of Women, to consider the Estimates of the Department of Industry, Trade and Technology.

**Mr. Speaker:** Is there leave of the House to alter the sequence. Leave? Agreed.

**Mr. McCrae:** Mr. Speaker, I move, seconded by the Honourable Minister of Northern Affairs (Mr. Downey), that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Minnedosa (Mr. Gilleshammer) in the Chair for the Department of Industry, Trade and Tourism; and the Honourable Member for St. Boniface (Mr. Gaudry) in the Chair for the Department of Family Services.

\* (1420)

## CONCURRENT COMMITTEES OF SUPPLY SUPPLY—INDUSTRY, TRADE AND TOURISM

**Mr. Chairman (Harold Gillehammer):** Order, please. I call this section of the Committee of Supply to order. When last we met this section of supply was considering the Estimates for the Department of Labour. However, by leave of the House we will be considering the Estimates for the Department of Industry, Trade and Tourism. We will commence with an opening statement from the Honourable Minister.

**Hon. Jim Ernst (Minister of Industry, Trade and Tourism):** Thank you, Mr. Chairman. It is my pleasure at this time to present the spending Estimates for '89-90 for the Department of Industry, Trade and Tourism.

In the course of introducing the Estimates a year ago I outlined measures the Government had taken to consolidate two departments relating to business development, tourism, industry, trade and technology. At that time I also outlined departmental policies and planning priorities I considered essential for getting Manitoba back on a solid economic footing. I spoke of achieving efficiencies in the operations of the new Department of Industry, Trade and Tourism, eliminating redundancies and programming no longer relevant.

I indicated that my Government would seek out and establish new directions in programming that would attract and strengthen investment in Manitoba. As a Government we have provided a breathing space for business allowing the market forces to create and sustain a momentum necessary for success. To those ends I believe the Government has succeeded, and succeeded with distinction.

Manitoba has witnessed significant growth in investment and industrial activity. We saw existing firms expand and welcomed new and innovative enterprises into our dynamic and diverse industrial infrastructure. Investment activity by Boeing Canada, Hughes Aircraft, Mineba Corporation, Canadian Occidental, Western Combine and Wang, are all evidence of the new business climate that now exists in Manitoba.

Indeed, Stats Canada figures for capital investment intentions in manufacturing indicate more than \$359 million will be invested in this sector during 1989, representing an increase of 104 percent over the preceding year. As a result, our industrial infrastructure has been strengthened while economic forecasts project significant growth for Manitoba.

We can expect new investment, new employment opportunities and new prosperity flowing from the increase in the diverse economic structure. This year industry has been given a new opportunity in the form of the Canada-U.S. Free Trade Agreement, an opportunity where the Government of Manitoba is working in harmony with industry and business to ensure our companies maximize the export benefits available to them.

As we go through the Estimates you will readily see that we have taken positive steps towards our stated

goal of departmental efficiency. The goal of greater efficiency is evident in the overall administration and finance costs which are down significantly. Yet we have expanded our strengths in investment and trade promotion.

My department's Trade Branch will receive additional funding for the Trade Assistance Program supporting group and solo trade missions. We will maintain the Marketing Plan Program assisting Manitoba firms needing to hire consultants for the planning and preparation of strategies and promotional materials for use in expanded export markets. We continue preparing our exporters through our Development Training Program, providing guidance for small and medium-sized businesses entering the export market for the first time. We are supportive of greater co-operation amongst the western provinces in the reduction of interprovincial trade barriers as they apply to Government purchasing.

In the new era of freer trade and a more competitive global economy we are playing to our strengths. Our health industry sector, so important to an increasingly aging population, will be strengthened because of our continued commitment to the Aging and Rehab Product Development Centre. The centre, with support from the federal Government, is nearing reality. A board of directors is in place. The building is secured for administrative and showcase purposes. Staff of our Health Industry Development Initiative are working with corporations and with our trade representatives in Hong Kong and in Europe in active pursuit of new markets and new investment in the Manitoba health industry sector.

\* (1430)

Our support for manufacturing adaptation and technology commercialization will allow Manitoba business and industry to adapt and adjust to the changing marketplace, assisting in the development of new technologies and products for Manitoba's entrepreneurs. Our department will maintain the newly established Business Resource Centre, providing information and counsel for those involved in small business. We are in the final stages of development of a division capital fund which will provide necessary venture and growth capital for the creation, expansion and modernization of Manitoba business.

Our Business Start Program will provide essential loan guarantees for those wishing to establish a business. It will be especially sensitive to the needs of women and rural entrepreneurs. We will continue to be strongly supportive of small business and will continue to press our federal counterparts to seek out ways to curb high interest rates. In our support for the University of Manitoba's Faculty of Management Development Plan, we are investing in Manitoba's future by contributing to a stronger program of academics for Manitoba's future business leaders.

We believe tourism will play an increasingly important role in Manitoba's overall economic development. This past year we utilized the additional \$1 million in tourism marketing allocations to enter into co-operative

promotions of Manitoba not only throughout Manitoba but in Saskatchewan and northwestern Ontario and in the substantial twin cities market in Minnesota. As a result, Manitoba was the only significant Canadian provincial jurisdiction to record a significant increase in the U.S. tourist business in the summer of 1989. The Government of Manitoba will continue its support of this critically important industry by supporting the development and upgrading of tourist facilities, amenities and attractions.

Mr. Chairman, Manitoba business and industry are moving forward with confidence and pride and with recognition that working together we have the capability to face the challenges of a new decade and the new changing global economy. The Department of Industry, Trade and Tourism remains the lead agent for economic development in this province and, as evidenced by the Estimates before you, is committed to sustaining the positive business and industrial momentum Manitoba now enjoys.

**Mr. Chairman:** At this time, I would recognize the critic of the official Opposition Party, the Honourable Member for Seven Oaks, for an opening statement.

**Mr. Mark Minenko (Seven Oaks):** Mr. Chairman, in the interests of time, and unfortunately the Estimates process is quickly winding down, I believe I and my honourable friend from Brandon will keep our remarks relatively short as well. One of the most critical things that we have been seeing in this province over the last year is the increasing number of business closings. Our position with respect to the Free Trade Agreement remains unchanged and in fact was eloquently and forcefully put forward in the year before the agreement was actually signed by the Member for St. Norbert (Mr. Angus), so I do not need to further dwell on that aspect.

Still, we have the spectre of business closings in Manitoba, whether they are from the Free Trade Agreement or other reasons. Too often they have been reduced to numbers of workers unemployed, numbers of businesses opening and so on. Too often by the simple use of statistics to try to prove one point or another, we often forget the worker and the impact of the job loss on an individual worker and his family. From there leads our concern with respect to the whole issue of job adjustment strategy. The Prime Minister of our country, when negotiating and debating about the Free Trade Agreement, himself advised that he recognized and his Government recognized that there were indeed going to be job adjustment difficulties for many people throughout Canada and yet we see nothing coming from the federal Government.

We also, to date, I do not believe have seen anything coming from the provincial Government with respect to job adjustment in our province. Indeed, the concern has to be geared toward not only the younger worker who has perhaps greater potential in finding a future in some other vocation, but perhaps more importantly on the older worker. I am sure each of us have constituents who find themselves in the situation where they have been laid off because of whatever job closing and find themselves at age 55, 59, 61, 63, short of pension, short of business opportunities for further

employment, and often find themselves in great despair. I think that is an area that, listening to the comments of the Minister of Labour (Mrs. Hammond) in days previous, considering the Estimates of her department, I was indeed gravely disappointed and have some grave concerns and will be inquiring of this Minister about this area and the initiatives that his Department plans, in conjunction with presumably other Departments of Government, to put in place.

Throughout the year I have had the opportunity to visit over 30, 35 Manitoba businesses, both small and large, from your corner store to some of the larger employers in the Province of Manitoba. Many of the questions and comments that I will have throughout the Estimates process will be based on the visits to these companies and the comments and concerns that they have expressed to me. On that note I look forward to questioning the Minister with respect to the operation of various segments of his department.

**Mr. Chairman:** Thank you for this opening statement. The official critic of the Second Opposition Party, the Honourable Member for Brandon East.

**Mr. Leonard Evans (Brandon East):** Thank you, Mr. Chairman. I share some of the concerns raised by the Liberal Party Critic on Industry, Trade and Tourism with regard to economic policies of the federal Government, namely the Free Trade Agreement, which I know this Minister, this Government supports.

We believe that the Free Trade Agreement has many negative impacts or effects on Manitoba, and I think we have seen that already. We have seen a number of examples where we are losing industry in Manitoba, Toro Engines, Molson Breweries. I know the Minister might say, well, beer is not covered under free trade, but it is going to be, and the new owners of the company have stated that they are getting ready for the free trade arrangement in beer products in North America. Moves have been made by the brewery industry in that respect.

Marr's Leisure products, from my own constituency, one of the first products to be affected by free trade—as I understand it the tariff on leisure products as such were removed as of January 1, 1989. There are other factors as well, but I believe the trigger in this case was the fact that the tariff was removed under the Free Trade Agreement, and the City of Brandon lost 43 or 44 jobs on that account.

There are other examples as well. Even if you look at Campbell Soup in perspective, you will see that they are getting ready for North American competition, and they are reorganizing, consolidating and so on. As a secondary effect of the free trade, therefore, on Manitoba, we are going to lose that industry unfortunately.

To some extent what we do in Manitoba and what this Minister and what this department does is very much dependent on federal national policy, and indeed it depends on international economic trends as well. It depends not only on trade arrangements of the federal Government, but also the monetary policy of the federal

Government. It is my view that the Bank of Canada has followed an unreasonable high interest rate policy which has affected business development right across the country, including Manitoba. We have much less growth than we would have had, in my judgement, if we had had a more reasonable lower rate of interest.

\* (1440)

I appreciate the fact that this Minister and this department is the lead agency for economic or industrial development in the province, and I know it has a good staff and everyone is well meaning, including this Minister, I am sure. It is a very frustrating business. It is a very challenging business, challenging work to bring about real sustained economic growth in this province for many reasons which I will not go into at this point.

The Minister quoted some figures about increased capital investment in manufacturing, which is great. He mentions a 104 percent increase over the preceding year. I point out that because it is a relatively small figure, that you do get these high percentage changes, negative or positive, from year to year. I would point out, since he has brought in some figures, just by way of retort at this point, that I am distressed to see in the figures issued by Statistics Canada that the number of people working in manufacturing in Manitoba actually declined in 1989 over 1988. For the first 11 months of 1989 there has been a decline. It was 0.4 percent. You might argue, well that is not much, but as far as I am concerned, one job less is one job too much.

You have a situation, in spite of perhaps some increase in investment in manufacturing, where there are actually fewer people working in manufacturing in Manitoba in 1989 than there were in 1988 according to Stats Canada. For the month of November itself I note that in 1988 there were 63,000 people employed; November 1989 there were only 60,000 people employed.

I just want to make the point also, Mr. Chairman, that we will be interested in pursuing the policies with respect to regional development in Manitoba. We are concerned that there be more balance of industrialization in the province, particularly in the regional centres, and also we share the Minister's concern about assisting small business. We think there should be a great deal of effort put into enhancing small business development including community and cottage enterprises around the province.

Certainly we believe in supporting tourist promotion, although I would note that for whatever reason there are fewer dollars available for tourist promotion marketing this year than last year. Now maybe I have not read the document correctly, but it looks to me that there is some drop, and maybe there is an explanation for that, but it seems to me that this is one area if you want to promote tourism you have to spend the money. So with those few words, Mr. Chairman, I look forward to detailed discussion of the Estimates of this department.

**Mr. Chairman:** Thank you very much. Just before we start line by line discussion, we will allow time for the Minister's staff to come forward.

Before we start, we will allow a moment for the Minister to introduce his staff.

**Mr. Ernst:** Mr. Chairman, I will not go through all the staff that are sitting out there at this point, but as they come forward for their individual sessions, we will take a moment to introduce them.

At this point I would like to introduce Mr. Hugh Eliasson who is my Deputy Minister, Mrs. Valerie Zinger who is Director of Finance and Administration, and Mr. Neill Allison who is Executive Director of Strategic Planning for the department.

**Mr. Chairman:** Item No. 1 is Administration and Finance. Under Manitoba practice, the debate of the Minister's Salary is traditionally the last item considered for the Estimates of a department. Accordingly we shall now proceed with consideration of the next line.

Item 1.(b), Executive Support: Provides for the operations of the offices of the Minister and Deputy Minister. Number (1) Salaries, \$293,300—the Member for Seven Oaks.

**Mr. Minenko:** Mr. Chairperson, just a couple of short questions here. With respect to the Other Expenditures section on page 21 of the Supplemental Estimates, Transportation, for the Adjusted Vote, \$29,000 for last year, was that amount spent last fiscal year?

**Mr. Chairman:** The Honourable Minister—the Member for Seven Oaks.

**Mr. Minenko:** Perhaps while we are waiting for that, I am just wondering if the Minister could also advise who would be flying on that Transportation budget?

**Mr. Ernst:** Myself and any support staff from my office who I deem necessary to attend, and the Deputy Minister.

**Mr. Minenko:** Are there any other sections throughout the department's Estimates where the Minister or his staff can draw on for Transportation budget?

**Mr. Ernst:** From time to time if the Minister is participating or the Deputy participates in a function directly related to industry or directly related to a specific departmental function, from time to time funds are drawn from the travel account of that department within the overall department to fund those things.

**Mr. Minenko:** Would the Minister have the answer to respond to the first question?

**Mr. Ernst:** We will get the answer. We do not have it at the moment.

**Mr. Minenko:** Does the Minister anticipate that he will be spending all that Transportation budget? I certainly notice from my twinning arrangements I get from my Whip, the Minister is spending a sizable portion outside the Province of Manitoba. I can appreciate promoting Manitoba and Manitoba industries, but does he anticipate that whole budget will be spent?

**Mr. Ernst:** Not if we keep sitting in the House as long as we are. It is very difficult obviously to be away for any extended period during the time that the House is in Session. With respect to the individual day or two leaves of the House for—when you look at what my department is responsible for, industry, trade, tourism obviously, sport, fitness from time to time. We have science and technology. Then you have western Ministers' meetings and full meetings of the Ministers from across the country. So you start coupling all of those things together and it becomes quite onerous to travel.

**Mr. Leonard Evans:** On this item—we are under 1(b) Executive Support—I was going to ask this later, but the Member for Seven Oaks (Mr. Minenko) raised it now and maybe it is more appropriate also. I wanted to know, and I am not asking this in a critical way, just how many trips were taken this past year by the Minister and the senior staff? Where did you go, what was the purpose of the trip, how successful was it? If we could get a report from the Minister—I am not looking at the number of dollars you spent, I am looking at where you went, what was the purpose of the mission and the trip, who accompanied you, what was the outcome of the trip or trips. Now there may be another item that the Minister wishes to discuss this under.

**Mr. Ernst:** No, that is not a problem. I am happy to talk about it now. Specifically I do not know how many—lots. In any event, sure, we will endeavour to put together a list. As I say, when you consider just ministerial meetings alone for both western Ministers' and national Ministers' meetings, it is extensive. When you consider it is half a dozen different departments, times two or three times a year, times all of those portfolios, it is significant. We also travelled for other purposes, other reasons, departmentally related, apart from ministerial meetings, but I am prepared to provide that list. That is no problem.

\* (1450)

**Mr. Leonard Evans:** Inasmuch as we will not be spending six weeks this year on this department, but more like a couple of days, would it be possible to have it prior to the next meeting of the committee which is on Monday, I suppose?

**Mr. Ernst:** I will attempt to do that. I will not promise that we can put it together in that period of time, but I will attempt to do that.

**Mr. Leonard Evans:** Okay.

**Mr. Chairman:** 1.(b)(1)—pass; 1(b)(2) Other Expenditures \$76,400—pass.

Item 1(c) Strategic Planning: Provides resources for planning, development, assessment and research support to the Department, (1) Salaries \$401,600—the Member for Seven Oaks.

**Mr. Minenko:** Mr. Chairman, I will have a series of questions here and I suppose we will just check off

with my Honourable Member for Brandon (Mr. Leonard Evans) as we go along on the various areas. I believe that the whole area of the Free Trade Agreement can be considered in this section.

**Mr. Ernst:** Mr. Chairman, we do have a trade division and we have trade policy under that. That might be the more appropriate place.

**Mr. Minenko:** All right, that would be fine. Then perhaps if I could just direct some aspects to some of the activity identifications as cited in the reference material we have before us. I am just wondering if the Minister can advise us as to some of the studies that the staff have been doing with respect to the effect of the Free Trade Agreement on employment by industry in the Province of Manitoba. It would appear from the Minister of Labour's Mrs. Hammond) discussions that her department is not doing anything of the sort and is relying on Industry and Trade to do exactly that.

In the Economic Council of Canada Report just before the Free Trade Agreement came into place, when they were looking at various industries, they identified a whole series of industries, many of them in Manitoba, that would be gravely affected by the Free Trade Agreement. Especially they identified in general terms that the manufacturers will be seeing a net reduction, with an increase in employment in the service industry. My question then to the Minister is, have they completed an impact study of the Free Trade Agreement on employment, industry by industry?

**Mr. Ernst:** Mr. Chairman, by and large we have not conducted any impact studies on what might happen. The fact of the matter is the Free Trade Agreement is a reality whether any of us support it or oppose it. The fact of the matter is, it is a reality, it is here, we have to live with it.

As a result we have focused our attention and our energies in the department to assisting Manitoba businesses in preparing for the eventualities of free trade, preparing them to enter export markets, assisting them wherever we can to ensure that they take full advantage of the opportunities that are available to them under the Free Trade Agreement, and that has been the focus.

**Mr. Minenko:** I am quite concerned about the Minister's statement. I do not see how his department can be the lead agency in the Government to develop economic strategy for this province without an understanding of what possibly may happen, even looking at the results now. We see almost on a daily basis results in the newspaper. Yes, I agree with the Minister, the Free Trade Agreement is here, it is fact, we have to live with it.

I would certainly be looking for a Government that is interested in long-term strategy as to looking at the effect on employment, especially when certainly we have the information from the Economic Council of Canada. It affects a number of sizable industries in Manitoba and, of course, as I mentioned in my opening remarks, the impact on the individual workers.

It is all well and good to say that we are looking at providing seminars, and so on, to assist people in

exports. I have received notice of that. I saw the ad and responded to it and received information. I think that is obviously a step that has to be taken. I would think on the other hand the step that has to be taken is a review and an understanding of what industries in Manitoba will be affected.

I think that perhaps then signifies that this Government has not been looking at any job adjustment strategies as well, because unless you know what impact, what industries are going to be impacted by something, then you can perhaps look at who are the people who are going to be affected, what is the level of education that they are at right now, what strategies do we have to put in place in order to prepare these people to take advantage of new things.

I would like to ask the Minister then—and I do not want to get into rhetoric here, that is why I stayed a little clear of the whole Free Trade Agreement. We can leave it for a concurrence motion if we wanted to get into that, but I think what is critical is getting and analyzing some of these individual industries. Then my question is: has the department done any research to substantiate what the Economic Council of Canada said, that we are looking at a net reduction in manufacturing jobs with a greater increase in service industry jobs? Would the Minister and his department agree with that statement, that is going to happen pursuant to the Free Trade Agreement?

**Mr. Ernst:** Mr. Chairman, firstly let me say that in what could be considered direct response to the Free Trade Agreement, Manitoba manufacturers increased their investment by \$359 million last year. If that means they are pulling back, shying away or going to face dire consequences in the immediate future, I suspect their opinion is different. Theirs is the money to put up, so that as far as industry is concerned they increased substantially their investment in manufacturing plant and equipment in the Province of Manitoba.

So I think maybe the Economic Council of Canada either is referring to a very long-term approach or misread the situation. In any event, regardless of that we have taken a pro-active approach. There is not much point, in our view, in speculating on what might happen in the future over the long term when in fact we have an opportunity right here and now if people will take advantage of it. What we have done is we have geared our efforts to, instead of navel gazing or projecting or considering, speculating what might happen into the future—we see opportunities here and now.

We see also that our companies must take advantage of those opportunities here and now if they are not going to run into some difficulties a little ways down the road. If they sit back and do not modernize, do not become competitive, do not take advantages of export markets, do not reach economic scales of production where they do not have them at the present time, then there are going to be problems. There is a trend. There has been a trend for sometime, the last 10 years or so, towards the service sector as creating more jobs than in the goods producing sector of our economy, but—

**An Honourable Member:** It has been going on for 50 years.

**Mr. Ernst:** Exactly. That is a fact of economic life across the world. In fact I just came back from a two-day conference in Toronto on global competitiveness attended by about 150 CEOs of major corporations, and let me tell you that global competitiveness is what we are facing and we are going to continue to face. We no longer live in an isolated economy.

We had one speaker there who indicated, and was rubbing his hands with some glee, that Europe of 600 million people now, of course including the East Bloc and considering them in the same context as the West Bloc, was going to be the dominant market in the world, and they were finally going to be able to stick it to North America for a change. Now that is, I think, said somewhat tongue-in-jest. Nonetheless there is an element of thought there that in fact a market of 600 million people in Europe is going to be the dominant market.

\* (1500)

**Mr. Minenko:** Well, it is all well and good. The Minister again bandies around various figures for increase of investment and so on, and while considering the state of affairs in this province, previous to 1988, it is no wonder that we see some measure of increase of work in the environment in the Province of Manitoba.

I would like to ask the Minister whether he could advise us if the department has any information as to the reasons that led to the increased investment, has that been explored with the various companies that have invested, and whether he could advise us as to whether this investment is in large or small companies—and I think small companies can be defined under 50 people—and whether the companies that are increasing the investment are American-based companies or are they Manitoba-based companies. So there are three aspects to that question—and if he could advise us if the department is tracking that?

**Mr. Ernst:** Mr. Chairman, we do not specifically track how many dollars per se fit into one category of company or another. We are intimately familiar with those companies who have in fact made their investment, and it is pretty broadly based in terms of the manufacturing area, across the whole manufacturing sector. The principal reasons are modernization, expansion of ability to produce product and competitiveness, restructuring their operation to make sure that they are producing goods—(interjection)—you may have had some effect in that regard. I would think that just the general business climate would be affected by reduction of payroll tax, as the Member for Seven Oaks (Mr. Minenko) points out, Mr. Chairman.

We have been working closely with those companies. I will give you a good example. Boeing Aircraft, for instance, produced a doubling of the size of their plant for about \$28 million or thereabouts, strictly to produce more of what they presently produce, because their order book is full until 1998 or 1999 in terms of new aircraft production. They required the production output from this plant because this is the only plant that produces wing-to-body fairing parts for Boeing airliners.

**Mr. Minenko:** Could the Minister advise me as to how much of the investment that he cites has been done in the larger companies and how much in smaller Manitoba-based companies?

**Mr. Ernst:** Mr. Chairman, I do not have the specifics, but staff have advised it is relatively broadly based. I mean, it is somebody buying a new machine for \$25,000 to make his product line more efficient, to somebody like Boeing who is doing a major expansion. I think we can safely say it is not two or three companies accounting for all of the investment, that is not the case. It is relatively broadly based.

**Mr. Minenko:** There are other questions here, but I think before I leave this section, although we recognize that service industries are becoming more and more prevalent as a form of employment, I still think that generally speaking economists would agree that what we really need is a firm manufacturing base, because unless you have people making something and bringing home the dollars, unless those people are making things and making those dollars, there is certainly not going to be anybody to service.

So I guess that is sort of a dangerous stand. The next question then would be, has the Minister or his department tracked the differences between the person who works in a manufacturing company, what their earnings are, as opposed to someone who works in the service industry? Because, although when we look at raw numbers and say that there are X number of thousand people working in the service industry and it has increased and taken over the overflow from manufacturing, but the question is, what are their earnings?

**Mr. Ernst:** To be facetious, Mr. Chairman, we can start with lawyers I suppose. But, no, our department does not specifically track those. But let me say this about the manufacturing sector. Ninety percent of the department's efforts, particularly in terms of its financial programs, are geared to the manufacturing sector, and geared primarily to the export manufacturing sector wherever possible.

So we are focusing our attention, not exclusively, but certainly within the financial programs area of the department, on that sector. We realize that a sound economic base—there is an argument of course that the Canadian Manufacturers Association uses, that they are the only creators of wealth because they produce goods. There is a body of argument amongst economists and others across the whole spectrum of the economy that will dispute that, but nonetheless we understand, we appreciate and, quite frankly, I take no personal credit at this point, but I think we have been blessed, all of us for many years, in the fact that Manitoba has had a reasonably diversified manufacturing sector.

That credit probably goes to a lot of entrepreneurs who have had the intestinal fortitude, and the money to invest in their own individual enterprises, and created basically big ones out of little ones over a long period of time, many number of years. Collectively

Governments have had some effect over time certainly, some positive, some negative, but by and large it has been those entrepreneurs, those people who were prepared to invest and risk their capital and try and bring their own ideas to fruition that we all benefit from today.

**Mr. Minenko:** I would like to maybe just switch into an area, and there are some other questions that perhaps we can leave for the trade section. Under Policy and Program Assessment, I was indeed a little concerned earlier this last spring, shortly after the federal budget, where we look at a decrease in the amount that the federal Government was looking to allocating to Publishing Assistance Program. I guess I am still waiting for a response from the Minister from a question in Question Period around that time, as to what effect the reduction in the amount of assistance that the federal Government is providing to magazines, newspapers produced in Manitoba would have. But that perhaps we can leave to another time as well.

The whole issue of the Sustainable Development Centre announced by the Prime Minister last year yet, and seeing that part of the Policy and Program Assessment is, monitors economic programs and intentions of the federal Government, can the Minister advise us as to what is the present status of the Centre for Sustainable Development?

**Mr. Ernst:** Mr. Chairman, firstly, the program is a federal Government program, not under my control. I suppose were the Speaker of the House here he might rule it out of order, being not under the jurisdiction or control of the Minister. But let me say this, I want to be as co-operative as we can, but the federal Government has indicated to us that the last time we spoke to the Prime Minister, the Premier (Mr. Filmon) and myself, at the First Ministers' Conference, indicated that the Centre for Sustainable Development was just about ready to be announced and they had expected that to occur sometime within the next month. Now that period of time I guess is about up at the moment. We have not yet seen that, but I am anticipating it will occur shortly. I might ask, Mr. Chairman—considering his Leader has the Cabinet documents from Meech Lake's meeting of yesterday, of the federal Cabinet, that he might well know that anyway.

**Mr. Minenko:** From the Minister's statement, I am a little disappointed. Where it says, like right in the statement here, activity identification monitoring intentions of the federal Government. Have they advised the Minister or his staff as to when they expect to start putting money into the project in some appropriate amount?

**Mr. Ernst:** Mr. Chairman, I just indicated to the Member for Seven Oaks (Mr. Minenko) that we were advised—at this point it is a political decision. The departmental functions both of the federal and provincial Governments have been done. The question is now a political decision by the federal Government. We are anticipating that anytime, and we question them at every opportunity. I will be doing that again next week when I go to Ottawa.

\* (1510)

**Mr. Minenko:** Seeing that the federal Government, anyways, have been dragging their feet on this issue for a number of months without indicating their intentions really one way or another for whatever reasons they have, does the Minister intend to deal with this situation by putting in place any of their own type projects dealing with sustainable development?

**Mr. Ernst:** The Manitoba Round Table on the Environment and the Economy has been meeting for about a year. That Round Table has a number of subcommittees, which are working on a variety of different projects relating to sustainable development. Those committees are reaching a point now where they are going to recommending projects to be undertaken, activities to be undertaken, related to sustainable development. The Government has a sustainable development secretariat in place that is working on these kinds of projects, and we will be announcing those in due course.

**Mr. Minenko:** I have a final question before I pass it on to the Member for Brandon (Mr. Leonard Evans). Can the Minister advise us, is there a definite date set for when the subcommittees are reporting to the committee and when the Round Table will report to this Minister or the Ministers responsible?

**Mr. Ernst:** Some have reported, some are still working. The two that I happen to sit on are still in the development phase of their recommendations to the Round Table. Two have reported, I believe. I cannot comment exactly on the ones of course that I have not either seen at the Round Table or do not participate on my own.

**Mr. Minenko:** What are the two committees that the Minister is sitting on then?

**Mr. Ernst:** Incentives and demonstration projects.

**Mr. Leonard Evans:** Mr. Chairman, I would like to ask a number of questions as to the work and function of the Strategic Planning branch or division, whatever it is referred to. I see we spend nearly a million dollars a year in that particular area. I would imagine that you have a number of economists working on various projects.

As outlined in the Supplementary Estimates information given to us, there is reference made to annual strategic planning efforts. I was wondering what exactly is happening this year. Do you have a strategy that you have agreed to for this year, and if so, could you enlighten the committee on this matter, the annual strategic planning effort that is referred to in the Supplementary Estimates? I can just read it.

It says "Co-ordinates the Department's annual strategic planning efforts, and prepares relevant background material on economic strengths, threats and opportunities for Manitoba." I think it would be interesting to hear what is—it is page 22 of the Supplementary Information for Legislative Review—just

what is the current state of planning efforts in the department?

**Mr. Ernst:** That section, Mr. Chairman, refers to the internal planning functions of the department. When we go out and deal with the private sector business community, we insist on business plans. When we look at financial support for companies, we want to see a business plan before we will consider assisting them. This is the internal function of the department in the preparation of their business plans on an annual basis.

**Mr. Leonard Evans:** Well, I can see the department doing that, but nevertheless, it does say here, co-ordinates the department's annual strategic planning efforts. I would have thought that would have encompassed questions such as, what industries will we emphasize this year with our limited resources? Shall we spend more time with the aerospace industry? Shall we spend more time on the food processing industries? Shall we—(interjection)—computers, elements of the service sector. The health industry has a number of opportunities which I know you have been working on, other questions such as, to what extent we will put departmental resources into the Parkland Region versus Westman versus Norman or whatever?

**Mr. Ernst:** That is exactly what I said. That is what strategic planning is, Mr. Chairman.

**Mr. Leonard Evans:** Mr. Chairman, I thought I heard the Minister say that the effort here was to—I thought he had said that it was to ensure that firms come up with plans that are reasonable and so on. Maybe I misunderstood the Minister, so I wonder if he would elaborate.

**Mr. Ernst:** Perhaps I was confusing. If I was, I apologize, but let me say, this section deals with the internal strategic planning function of the department. So they will determine internally where the focus should be, how much money should be spent in this area, and so on. I said, if we require it of businesses from outside, then we should require it from our own people. This is the function that our own people carry out.

**Mr. Leonard Evans:** Would the Minister not care to share with the committee what the major priorities are for the coming year based on strategic planning?

**Mr. Ernst:** I can indicate, Mr. Chairman, that we are focusing primarily in four specific areas. That is not to diminish at all any of the other activities of the department. We understand that the shotgun approach to every industry in every part of the country is not realistic. We have limited resources. We need to focus on them. We have chosen four strategic areas in which to focus our primary efforts. They are the aerospace industry, the health industry pursuant to our agreement with the federal Government on the Health Industry Development Initiative, the microelectronics industry, and secondary food processing industries. Those are the four basic strategic areas that we are pursuing.

**Mr. Chairman:** Shall the item pass—the Member for Brandon East.

**Mr. Leonard Evans:** Thank you for that information. What about in terms of strategic planning? Is there any thought given to regional emphasis as part of the strategic plan? It is a well-known fact that at least 65 percent of the population of the province is in Winnipeg or within a 10-mile radius of Winnipeg. Of course, this reflects the concentration of industry here, of economic activity.

It seems to me that it is incumbent upon any Government, including this department, to make a serious effort to try to decentralize, as much as possible, economic activity in the province. I was wondering whether, as part of the annual strategic planning efforts, some thought was given to assisting and enhancing economic growth in selected regional areas of the province.

**Mr. Ernst:** Mr. Chairman, that answer is yes, the short answer. From time to time, we get comments made by people suggesting that somehow our department makes decisions upon where businesses are located. I hate to dispel the myth, but the fact of the matter is, the business who is investing their money makes a decision where they are going to locate. Our job is to attempt wherever possible to point out the relative opportunities and benefits of locating around the province. We do that on a regular basis, dependent upon the industry.

Obviously in the case of Boeing, when they had an existing plant here, they were going to expand it. They were not going to expand it in Brandon. They were going to expand it adjacent to their existing plant. Nonetheless, we do on a regular basis point out advantages, take people out to rural Manitoba to point out the strengths and opportunities for them in a variety of regional centres throughout the province. As a matter of fact, just two weeks ago we, the entire senior administration of the department, were in Brandon to have some meetings with Brandon people there, with the new mayor, the council, the economic development people and so on, because they felt that somehow our department was locating all the businesses in Winnipeg.

Let me say again for the record that industry decides where they are going to go, not the Department of Industry, Trade and Tourism. Our job is to provide them with as much support, opportunity, assistance, encouragement and a variety of those kinds of things to make sure they are fully aware of all the opportunities before they make their decision, then they make it.

\* (1520)

**Mr. Leonard Evans:** Mr. Chairman, I can appreciate the fact that a business has to ultimately make a decision. It is the investment by that particular private enterprise, but nevertheless, Governments both federal and provincial historically in this country have had various kinds of industrial incentive programs geared towards decentralizing industry in this country. There have been whole federal departments, such as DREE for example, going back in history, Department of Regional Economic Expansion and there has been DRIE and so on and we have had federal-provincial agreements.

Is the Minister telling us that he has no ability at all within the department, through an incentive program, to encourage, not force, but to encourage decentralized investment in the province? In fact I had asked the question a few weeks back along these lines, whether there were some incentives available, some programs available, to encourage industries to locate outside of the City of Winnipeg.

Surely if you had an incentive program, this could be built into it and therefore not force, but perhaps cause a particular area to be more attractive than it would be otherwise, whether it be Brandon, Portage, Dauphin, Thompson, or whatever.

**Mr. Ernst:** Mr. Chairman, firstly, let me say that programs within my department are universal. They apply anywhere in the Province of Manitoba. No one is treated any differently. We do not discriminate one way or another against businesses because of where they intend to locate. We from time to time will target specific sectors in the economy. For instance, the Business Start Program is one where it is in fact targeted, 60 percent of the program is targeted to women and to rural entrepreneurs.

We have seen good opportunities with a minimal amount of investment to get started, cottage industries, small industries in rural Manitoba whether they be operated in a farmer's machine shop, a farmhouse or in a small community, we see opportunities there.

We have had—in fact, during a number of visits all across rural Manitoba last year, that I undertook as Minister, the demand for that sort of thing was there and that is really what they were asking for. So we have attempted to meet that demand.

In terms of suggesting that we will financially support a company that locates in Portage la Prairie versus one that—but will not support them if they are in Winnipeg—that is not the case nor will it be the case. We will encourage, are encouraging, and will continue to encourage companies to look at the relative advantages of locating in other centres in the province besides Winnipeg. A number have and a number we are working on are considering those, the Western Combine in Portage la Prairie, for instance, that is a good example. There is a gall bladder plant that should be scheduled to go under construction any day now in Brandon.

**Mr. Leonard Evans:** I am sorry, which one was that?

**Mr. Ernst:** Gall bladder plant. Yes, it is an entrepreneurial immigrant program. Well, 20 people, 20 jobs.

**Mr. Leonard Evans:** Is this the one with the Chinese—

**Mr. Ernst:** Yes. So I understand the paperwork and the red tape is just about completed so they should be able to start that relatively shortly.

**Mr. Leonard Evans:** I am not quite clear. The Minister on one hand says, well, we do not discriminate in terms of encouraging industry to any particular region or

province. Yet, on the other hand I thought he said, well, we have a program that encourages women, and cottage enterprises, or community enterprises, or whatever and 60 percent of the funds are for that. I am not sure what program he is talking about. Perhaps he is talking about two different dimensions. I guess what I am pleading for is a policy, a strategic plan which says we will pro-actively encourage industries to locate out of Winnipeg through an industrial incentive program.

This is not a new idea. It is not a radical idea. The federal Government has done it in the past, certain provinces have done it in the past, they have provided incentive for particular industry to locate outside of a particular growth centre. Look at European countries and you see it done on a very wide scale. Britain, for example, had all kinds of incentives to get industry to locate out of London, up in the north, the Midlands and so on, simply because there was an overconcentration in the southern part of that country.

This is what I am pleading for, I guess. I have asked the question. I gather there is no regional development program in this department as such, I mean, apart from bringing people around and trying to get them interested, but there is no hard cash available to say to a company if you locate in Dauphin or Portage we are prepared to give you X amount of financial assistance to encourage you to do this.

**Mr. Ernst:** With respect to direct financial incentives to locate in centres outside of Winnipeg, the answer is no. Programs in the department are universal, they apply everywhere in the province and they are available to anybody who qualifies.

**Mr. Leonard Evans:** What was the reference then— if that is the Minister's position, that is fine. I do not agree with it, but—

**Mr. Ernst:** If I can clarify the earlier comment, it is the Business Start Program, Business Start Loan Guarantee Program, as a result of travels around in rural Manitoba. There was an indication there, from women through the women's initiative and through my own travels there and rural entrepreneurs, that they saw a minor phenomenal type of matching loan program to get them started in small industry, small businesses was highly desirable. Based on that initiative, we introduced the Business Start Program which is universal. It applies everywhere in the province but is targeted 60 percent towards women and rural entrepreneurs, because that is from whence the request came.

**Mr. Leonard Evans:** In order to save time, I wonder if the Minister can make the literature on that program available. There must be pamphlets available, literature on this.

**Mr. Ernst:** The easy answer is it is at the printer. It is that close. The banks who will be delivering the program have the agreements at the moment, are reviewing them, so anytime now we will be able to have that information available. When it is available I will make it available to you.

**Mr. Leonard Evans:** Thank you, that was my next request, if the Minister would undertake to make

available to Members of the Legislature, in particular the critics, the literature on this particular program? Just carrying on, could the Minister update us on the current status of federal-provincial agreements in the area of industry? These have varied over the years and so on, and I am not clear on what the present status is. Do you have an active agreement in place with the federal Government, and could you tell us in a broad way what the characteristics of that agreement are?

**Mr. Ernst:** Mr. Chairman, firstly, in response to the Member for Brandon East's (Mr. Leonard Evans) earlier question, we will table the information, the literature on the program when it is available in the House, so that everybody is aware of it.

With regard to—I presume you are referring to ERDA agreements or what were commonly referred to as ERDA agreements—

**Mr. Leonard Evans:** The names keep on getting changed.

**Mr. Ernst:** Well, there is one in place at the moment. That is the tourism agreement and will expire in a couple of months time. March, 1990 is when it expires. There were a number of other agreements, some of which had a specific single purpose such as the upgrading of the dust control system in the Churchill port, which was an ERDA agreement, the expansion of the Winnipeg International Airport, which was an ERDA agreement, and while classified as ERDA joint provincial-federal agreement, it is really related to federal expenditures they would have had to make in any event, so there was a little misnomer in some areas.

At the present time, we are in the process and I think finally have reached a point of conclusion with regard to the federal Government in dealing with a new package of agreements similar, I suppose, to what you would call those ERDA agreements relating to a variety of different items. It is unlikely that they will take the form of the past ERDA agreement that we have had for the last five or so years, but will take a different form of assistance for economic development under a variety of different guises.

\* (1530)

One of which, of course, is the much doubted and often referred to in the news media, particularly in the Brandon Sun, SDI, the Southern Development Initiative. So that we anticipate -(interjection)- I thought it was kind of neat actually. SDI was Star Wars in the American Government. When discussions first took place about a year ago with this matter, the questioner said, well what can we call this? I said, well, we can refer to it as a southern—you know, it was intended to be for southern rural Manitoba—anyway, it wound up as being SDI, which I thought was a little different.

In any event, we are hopefully that close to resolving those issues with the federal Government.

**Mr. Leonard Evans:** The Minister is so right when he says there is a great deal of interest in Brandon in this, the SDI. So what you are saying is, in a matter of weeks

perhaps, we may have some word as to the agreement. I would take it under that it would follow there from, that at some point the Minister, the Government, would be able to go to the various municipalities concerned and advise them as to what amount of assistance is available.

**Mr. Ernst:** Yes, Mr. Chairman, it is our anticipation that—and I had met with the Minister Mayer just immediately before Christmas to again discuss this matter. He indicated at that point that we are simply waiting for them to have it through their process in Ottawa. Once that is concluded, we can then in fact prepare the necessary agreements, sign them, and be on our way. Once we have the commitment from Ottawa, we can obviously then start to deal with the municipalities.

The main concern of course, in the whole thing, is the question of the position of the Federation of Canadian Municipalities, of which the Member for St. Norbert (Mr. Angus) and I advanced a position many years ago during our other political incarnations dealing with the question of infrastructure in urban centres across Canada, and the need for federal participation in those programs, and to try and differentiate these programs with those because they are significantly different.

Here we are not dealing with bridges and roads and sewer pipes in the ground, and things of that nature, we are dealing more with the environmental protection, sewage treatment. We are dealing with water treatment plants, things of that nature, sort of the major infrastructure facility as opposed to the distribution network, if you will, or the collection network in the case of environmental protection. So as soon as we got it, we are on our way.

**Mr. Leonard Evans:** That is good news. I have a couple more questions in this area, and then I guess we will go on to the next section.

What about the Western Diversification Initiative? Is the Minister satisfied with what has been happening in Manitoba under the Western Diversification Initiative? Can we get an update on what has been happening in terms of projects and monies being made available by the federal Government?

**Mr. Ernst:** As of December 1, 1989, we had been allocated 21.2 percent, or about \$84 million, under the Western Diversification Initiative.

**Mr. Leonard Evans:** What is the 21.2 percent of?

**Mr. Ernst:** It is of the total allocated—

**Mr. Leonard Evans:** —for the four western provinces.

**Mr. Ernst:** Yes—for the four western provinces.

**An Honourable Member:** How much is that total?

**Mr. Ernst:** It is 83.5 out of 393. In August of '88, we were at 19.6. So we are up a little, another \$20 million

or so. They are directly related, of course, to projects. As projects come along, they are considered and funded. But there were a couple of things, like the Agricultural Soil Agreement for \$46 million, which forms part of the Western Diversification Initiative, applies to all—well actually the three prairie provinces—Alberta, Saskatchewan and Manitoba; B.C., the South Moresby project, and Salmon Enhancement projects were major projects that they decided were going to be pulled out of the Western Diversification Program.

I guess you have to look at the question of how much money, globally, is applied sort of to each individual region. You had an \$800 million ERDA program in Quebec, but you had \$1.4 billion drought allocation in Western Canada, the three prairie provinces, and B.C. got the South Moresby project. So if you look at the global numbers they try to balance them out, at least that is the indication I have got from the feds.

**Mr. Leonard Evans:** Well, is the Minister saying he is pretty well satisfied on the share that Manitoba is getting from the Western Diversification Initiative?

**Mr. Ernst:** Well, Mr. Chairman, I would like to have all of it, every single last dime, but we have to have a project, reasonably good, sound business project to apply it to, and we have not had many good, sound, reasonable business projects turned down. But to have them developed, to have them put into a state of requirement of cash and so on like that, meet the criteria—so we are working on those and some have succeeded and some have not yet been brought forward to it, so we are pushing in that direction and we would like to take as much as we can. But the question of allocating a notional amount of money to Manitoba—if you have not got a project you are not going to get it, so what is the point? What we really need to do is develop the projects.

**Mr. Leonard Evans:** Would the Minister want to share with the committee some possible manufacturing projects that could be assisted under this, or is that going to undermine current negotiations?

**Mr. Ernst:** My honourable friend from Brandon East (Mr. Leonard Evans) will remember when he was in Cabinet how upset other levels of Government get when you preempt announcements.

**An Honourable Member:** Even when you are friends.

**Mr. Ernst:** Exactly. So I will not comment further, except to say that, and the point is well taken. We have 14 percent of the population in Western Canada and we have 21 percent of the money, so maybe that is not too bad after all.

**Mr. Leonard Evans:** So the challenge is to find the opportunities. I have two more questions on this and then I will yield the floor to my opposite number here. Reference is made again in this document about the activities of the Strategic Planning group to list the major capital projects currently under way. Could we obtain a list of those projects currently under way?

**Mr. Ernst:** I do not see why not.

**Mr. Leonard Evans:** I would think that it is pretty well straightforward.

**Mr. Ernst:** I do not have it here.

**Mr. Leonard Evans:** No, okay, if we could get it sooner, rather than later. The last item was regarding the quarterly economic new report, there is some reference to that in the report, that this section provides, or is now preparing a quarterly economic news report. I do not believe I have seen it, I am not sure that I get it, and I was wondering, are you distributing this widely to the public, or to business communities, and really is it available for Members of the Legislature?

**Mr. Ernst:** Mr. Chairman, that generally is for internal consumption within the department. It is a compilation of information available from a variety of public sources, but nonetheless produced for the benefit of senior managers in the department.

**Mr. Leonard Evans:** Maybe to wrap it up in this way. We have received other departments' complete set of pamphlets and literature that is available for the public and I am wondering whether we could obtain that? In other words, a set of the booklets, pamphlets, other literature, whatever. These are public documents, we receive them from other departments from time to time and I think it would be useful to have them on file. I am also thinking of constituency inquiries which we do get from time to time from people who ask a number of questions and it is useful to have it in the constituency offices.

**Mr. Ernst:** Sure.

\* (1540)

**Mr. John Angus (St. Norbert):** Mr. Chairman, through you to the Minister, speaking of the Western Diversification Fund, it has come to my attention that you are considering approving some funds for Ducks Unlimited, through the Western Diversification Fund. Is there any truth to that rumour?

**Mr. Ernst:** I do not approve funds under the Western Diversification Fund. That is a federal Government program.

**Mr. Angus:** Are you running interference for them or negotiating for them or trying to lobby on their behalf for some money out of that fund?

**Mr. Ernst:** No.

**Mr. Angus:** You or your department have had no contact with them about their project in Oak Hammock?

**Mr. Ernst:** Mr. Chairman, I did not say that. There is consideration of the Ducks Unlimited project at Oak Hammock Marsh under the tourism agreement, not the office complex, but in fact the waterfowl interpretive centre. The opportunity is there and we think it has a

significant attraction as a tourism attraction for the Province of Manitoba, a world class marsh, we think world class opportunities, and we are considering funding under the tourism agreement of that project.

**Mr. Angus:** Have you looked at the potential negative impact in relation to, say, the Fort Whyte Nature Centre and how sustainable to activities, very similar in nature to an area the demographic size of Winnipeg, and can you give us any assurances that there is no negative impact on the other one?

**Mr. Ernst:** I do not think anybody can definitively say one way or another. The fact of the matter is, you have two golden opportunities. The existing Fort Whyte Nature Centre abuts my riding, as a matter of fact, and has done a marvellous job in terms of interpreting wildlife and offering opportunities for education, particularly for kids, related to environmental concerns. I think they will complement each other. I am not as concerned, and I know the Fort Whyte Nature Centre is concerned, and I have had discussions with the gentleman from that centre known to both of us, dealing with that centre, and I think what has to happen is a co-operative program needs to be worked out between the two facilities so that—and we are not even sure that the one in Oak Hammock is even going to go. The environmental impact study is going to go into public hearing and so on. I think we need to work out a co-operative arrangement and I see no reason why that cannot occur.

**Mr. Angus:** I have another couple of short questions, I hope, on the Western Diversification Fund and/or the tourism agreement, I am not sure. The Minister made a big ballyhoo last year about, as only he can do, about a first class hotel in the Grand Beach area. I thought it was a dumb idea at the time, but you know, he was the Minister, and I would like to see him give us a success report, if you like, on how successful he has been in attracting hotel investment into that area and Western Diversification money or tourism money, or any money at all for stimulating the economy of Grand Beach.

**Mr. Ernst:** Well, Mr. Chairman, yes, we did make an announcement, what I thought was an excellent opportunity for development of a world class beach, one that we can be very proud of and which has really had no significant development over the years, apart from private cottagers.

**An Honourable Member:** Apart from the one that burned down.

**Mr. Ernst:** Certainly Playboy magazine rated it as one of the top 10 in the world and notwithstanding the fact some people may not approve of that particular publication, nonetheless it is widely distributed around the world. Notwithstanding the fact that the Member for St. Norbert (Mr. Angus) is shortsighted and is unable to recognize golden opportunities when they arrive, I would be happy to discuss that. It would be more appropriately discussed under the Tourism section when we deal with that, so that when the Tourism Critics are here they will be able to hear the same thing.

**Mr. Minenko:** There were a number of other areas, when I passed on to the Member for Brandon (Mr. Leonard Evans) in this area. I think it is an incredibly important section in the department. With respect to the Western Diversification Office I understand that after it was initially introduced, the time period over which it was to apply was extended. Is there any indication from the federal Government that there will be any change to that? Will it be extended further? Will the time be cut down?

**Mr. Ernst:** We have not heard anything in that regard.

**Mr. Minenko:** What role does the Manitoba Government play in application or assistance to companies to apply to that program? Is there any involvement of the department?

**Mr. Ernst:** We work closely with the companies. Very often it is a condition, one or the other, that both programs, ours and theirs, dovetail on those projects. We work in that way. We work with companies, for instance, maybe we take the initial intake of the application and then our staff will work with Western Diversification to see that WDO funding is available.

**Mr. Minenko:** The concern that I have is I have seen some of the application for funding and sometimes they are probably more extensive than the company's business plan. I have some concerns with that, and I have expressed them to WDO on it.

Finally on the WDO section, will this be fitting into the definition of subsidy during the negotiations with the U.S. Government? Has the department determined their position on that issue?

**Mr. Ernst:** Mr. Chairman, I am not negotiating on behalf of Canada with the United States. That is up to the federal Government to deal with. Regional development activity is permitted under the Free Trade Agreement. Whether they are going to consider that as countervailable, in some cases they may, some cases they may not. It will depend on the impact on, I suppose, individual industries.

**Mr. Minenko:** I realize that this Government is not going to be doing the negotiations. I would not comment on that one way or another. (interjection)- For another occasion perhaps. I am a little concerned that with some \$84 million allocated, and who knows when those actual dollars will actually appear in Manitoba—I presume that is what allocated means, that they have not been actually given to the companies in Manitoba.

With such an investment I am a little concerned that the Government has not made a determination or done any research in this area to determine and perhaps support their brothers in Ottawa to provide them with further assistance.

**Mr. Ernst:** Mr. Chairman, \$83 million has been allocated and/or spent over the life of the Western Diversification Fund to this point, so projects are either in the allocated planning phase, construction phase or completed phase. The money will either have been already spent, but certainly fixed in terms of its application.

Whether those are countervailable or not remains to be seen. Many of them were done long before the Free Trade Agreement was signed, before legislation came into place. Again, regional development activity is a permitted activity by both Governments. As long as we are careful in our application in terms of the way things are allocated then we will be all right.

**Mr. Minenko:** This is exactly the point. I think in a recent issue of a Canadian business law journal there was an article that discussed exactly this point.

Actually some companies that I have spent time with have said that we will not put in for any of these types of grants, especially this one, because I do want to take a chance on it being declared countervailable which will result in losses to my company once I have established sales in the U.S.

I would hope the Minister would re-examine the policy and perhaps start looking at this and come up with a Manitoba position on this. I would certainly not want companies that have received this sort of assistance to find themselves in a jackpot later on. I think the Government of Manitoba does have a role to play.

**Mr. Ernst:** Let me comment on that. One of the assessments that is made in determining regional incentive or support is the question of countervail. We want to determine as best we can whether it is going to be countervailed or not. If it is and it is a significant problem, then we are not going to do it, obviously.

\* (1550)

But quite frankly, the Member for Seven Oaks (Mr. Minenko) needs to understand whether a company takes advantage of a particular program or not does not matter in Manitoba, because if somebody takes advantage of it in Newfoundland and a countervail is slapped on, it is slapped on the whole country, it is not slapped on a province. That countervail applies to the entire country. That is the whole question.

For instance, the potato plant we discussed yesterday during Question Period in P.E.I., if it is countervailed, it is countervailed against the country and that includes plants in Manitoba who have nothing to do with any part of what caused the problem in the first place. So we have to, on a national basis—and certainly we make our views known regularly and we have meetings regularly with federal officials. We conduct discussions at a ministerial level, at an official's level, deputy's level, on a regular basis, expressing our concerns and our positions with regard to a variety of these programs.

**Mr. Minenko:** Finally, on the diversification office, I was just wondering if the Minister could comment on the co-operation that they receive from the office and the Minister's office, seeing that last summer the First Minister of this province indicated that there was not a consultation in place that he would want. Is that the continuing situation or has there been a change?

**Mr. Ernst:** I am not sure of the exact reference that the Member makes, but by and large we have good co-operation at an official's level with western

diversification. We work quite closely on many projects. From time-to-time we do not get the answers politically that we require in the time that we would prefer to see them. I suppose that is going to be the function of the two different levels of Government for time immemorial. It does not seem to matter whether they are friend or foe so to speak in those categories. Just the two different systems of Government, they make decisions at different times and for different reasons.

**Mr. Minenko:** Finally, on the general topic of diversification. In August of last year Canada West Foundation put forward a paper dealing with the whole issue of diversification that is actually happening in the western provinces where they looked at various aspects. Their hypothesis was that there was not a diversification that was happening.

One of the comments they make here under the section Government Support for Diversification is, to quote from the paper, recent federal largesse has only served to reinforce a situation whereby real federal support for western Canada, money not on paper, favours traditional oil and grain sectors, hardly diversification, while Ontario and Quebec are favoured for high tech and R&D sectors, industries of the future.

I am just wondering if the Minister's department has any comment with respect to the suggestion that Canada West Foundation made?

**Mr. Ernst:** I could suggest, Mr. Chairman, without having gone through every WDO application myself, since we have come to office I do not think any of them have gone to sort of the traditional industries. Most of them have gone to manufacturing enterprises and things of that nature. Hughes Aircraft is an example. Although not a recipient of WDO money, it is a high-tech industry. Composites manufacturing, for instance, at Boeing, is high tech. Western Combine actually is an R&D related project. In a sense they are developing prototypes using the old Massey chassis, developing rotary-combine technology to deal with improvements in that. So there is an R&D component certainly. Manitoba leads the country in terms of agricultural equipment manufacturing. I think we are well off, reasonably well. I do not think that paper is well founded when it refers to Manitoba.

**Mr. Minenko:** Under, again, the Strategic Studies Program: administers a program which allows Government to enter into contracts with private sector consultants to undertake research projects in support of economic policy development. I am just wondering if the Minister could comment on what contracts have been entered into with private consultants, and what is the subject matter of those contracts and are there any presently in force.

**Mr. Ernst:** Mr. Chairman, we have some contracts that kind of do it on a regular basis, Decima and Envirionics, sort of general information studies that they produce on a regular basis which we subscribe to as opposed to contracting out.

We have contracted out one study to Dr. Sheryl Bond at the University of Manitoba dealing with worker

attitudes toward the workplace and worker attitudes dealing with different types of employment and so on, which is underway at the present time. It is a year-and-a-half study or something like that. That has been undertaken as a specific contract. I think those are the only ones we have.

**Mr. Minenko:** I think finally to round out this section, because this section again presumably is the lead agent of the lead department for economic development activities, what co-ordination does this section have, or the department have, with respect to many of the other departments of Government, specifically Education, Training, Labour and Health?

I think they have a health industry initiative outside of the Industry, Trade one about assisting people in developing health programs for their employees and things like this. What contacts does this department have, or this section have, with other departments?

**Mr. Ernst:** We deal regularly with many departments in the Government. In terms of economic development we are the lead agency. There is a unit under Hydro, under the Manitoba Energy Authority, dealing with those industries which use a lot of hydro, a small unit there. Under agriculture there is a unit in terms of exporting agricultural products and things of that nature.

We work very closely with all of them and very closely in terms of the health industry development issue. We work with the Department of Health, hospitals, things of that nature on a regular basis. We work regularly with the Department of Labour on areas that refer to their jurisdiction and utilize programs under Economic Security. There is a wide variety of consultative functions that take place with other Government departments right across the spectrum.

**Mr. Minenko:** Would the section dealing with grants be covered under this section or could we do it later on? We can do it later on.

Those are really the questions that I have for this section.

**Mr. Chairman:** Shall the item pass—pass. Item (c)(2) Other Expenditures, \$556,600—pass.

(d) Finance and Administration: Provides central accounting, payroll and personnel and support services to the Department. (1) Salaries, \$626,500—the Member for Seven Oaks.

**Mr. Minenko:** I am just wondering if the Minister could advise us whether over the last almost two years there have been any changes with respect to the standard operating procedures of this section of his department, whether there have been any changes to accountability, how companies who receive grants—would that be covered in this section administering that?

**Mr. Ernst:** No.

**Mr. Minenko:** Have there been any changes to the administration functions in monitoring in the last couple of years? I presume this only relates to the whole department then.

**Mr. Ernst:** You bet. First of all, there was a major change when we merged the two departments. Subsequent to that there were questions by the Provincial Auditor over, you know, the appropriate functions within this department. We have made many changes that have tightened up considerably and in fact got a clean bill of health from the Provincial Auditor this year. We are quite happy about those changes. Some personnel changes have also occurred, but the staff have done a great job.

**Mr. Chairman:** Shall the item pass—pass. Item (d)(2) Other Expenditures, \$239,500—the Member for Seven Oaks.

**Mr. Minenko:** Under Other Operating Expenditures, we see a figure of \$60,000 and there is a partial explanation. What else does that \$60,000 go for?

\* (1600)

**Mr. Ernst:** We did some renovations internally in the department's offices to accommodate, for instance, the fitness section, which was transferred mid-year, Manitoba Bureau of Statistics, which was transferred mid-year, into our department so we had to make some physical alterations and some miscellaneous equipment.

**Mr. Chairman:** 1.(d)(2)—pass.

Item (e) Fitness Directorate: Provides administration and planning support to fitness programs. Number (1) Salaries \$125,600—the Honourable Minister.

**Mr. Ernst:** It was our anticipation to deal with fitness and sport at the end of the Estimates process so that the appropriate staff and critics could be here. We would anticipate dealing with that I think four o'clock Monday afternoon, or thereabouts I think was the time schedule. I would suggest, Mr. Chairman, that it be deferred until later in the Estimates process.

**Mr. Chairman:** Agreed? Agreed.

Item (f) Grant Assistance - Faculty of Management: Provides financial support to the Faculty of Management at the University of Manitoba to assist with its long-term development plan, \$217,000—the Member for Seven Oaks.

**Mr. Minenko:** Just a couple of short questions. Has the grant actually been already paid over to the University of Manitoba faculty?

**Mr. Ernst:** No.

**Mr. Minenko:** Why not, and when do they anticipate this money to be forwarded?

**Mr. Ernst:** All of the fine tuning had not yet been completed. We just completed that as a matter of fact earlier this week and we anticipated cutting the cheque next week.

**Mr. Minenko:** What exactly is the development plan?

(Mr. Edward Helwer, Acting Chairman, in the Chair)

**Mr. Ernst:** We were approached by Dean Mackness of the Faculty of Administrative Studies expressing concern that the faculty was falling behind in terms of the kind of education it was giving to students entering into the faculty. They developed a five-year plan.

His instruction, as the new dean of the faculty, was to develop a five-year plan to bring the department back to one of the best business schools in the country. What they did was eliminate low-demand courses in patterns, they focused development on key management disciplines, accounting, marketing, finance, management, developed a Ph.D. program, improved student services, bursaries, scholarships and so on, developing a visiting scholars program and increasing enrollment by 38, for instance, in the Ph.D. program, 34 in the MBA program and by 250 in the undergraduate program.

It was also called for recruitment of more Ph.D. qualified instructors, professors for the department and really kind of, well, I guess really to lift it up by its bootstraps, so to speak, and deliver a first quality program that will take second place to no one in the country.

We viewed, particularly with the requirement for business managers, trained business managers in the future, that it was important that the Government participate in this kind of separate and aside from the normal funding pattern at the university, because sometimes when it gets into that system, it gets siphoned off somewhere else because the university decides of a particular priority.

The reason we are providing the funding is we think it is a priority. We are providing the funding, and we want it to go where we think it should go. It was a joint effort between the students who decided on their own to increase their own fees in order to have that improvement made to the faculty, the associates, or graduates of the program, who have agreed over a five-year period to provide a significant part of the funding, and the Government. We think it is an excellent opportunity and supported it.

**Mr. Leonard Evans:** I gather the precedence has probably been established many years ago in the Department of Agriculture. I note for instance in the Estimates of Agriculture, they are providing \$875,500 to the University of Manitoba, a grant, listed under Agriculture Research. It is more or less along the same lines. I am not quite sure, but I think it is. So this grant is rather modest compared to what Agriculture is doing. It is about a third or a quarter of it.

This is my next question. Does the Minister anticipate this now being established carrying on each year and has he any idea of what it might be for this forthcoming year?

**Mr. Ernst:** Mr. Acting Chairman, the Member for Brandon East (Mr. Leonard Evans) spoke too soon in this regard. This is the first year of a five-year agreement. The amount in the fifth year is in excess

of a million dollars. It grows over a five-year period. At the end of that time though, the anticipation is that the money will roll into the Universities Grants Commission and be funded normally. After that point it will not be directly related to the department.

**Mr. Leonard Evans:** I can appreciate the Minister's objectives here and so on, wanting to ensure that these monies go to the Faculty of Management. Whereas Universities Grants Commission monies, once they go to the University of Manitoba or indeed any of the universities, then it is up to the universities themselves to decide on how they distribute them. There is always a dilemma of course that the university administration, knowing that the Faculty of Management is now getting these funds from the Department, they may make adjustments in the funding from the major source for the university. However, I guess, I was wondering, have either of the other universities indicated they would like some support along these lines? I know Manitoba is the only one that has a well-developed program. I believe there are courses, at least, in the other two universities.

I will ask another question. The names of those universities are Brandon University, University of Winnipeg. Is that okay?

**Mr. Ernst:** Mr. Acting Chairman, formally no, although I did have a casual discussion during our visit to Brandon. Brandon University wanted to put in a major business program there, and a professor at least indicated to me he would like to come and talk to me about it. It may happen.

**Mr. Leonard Evans:** That is true. Yes, the university there is anxious to set it up as a major program and I believe they have also mentioned it of course to the Minister of Education (Mr. Derkach), and they have discussed it with myself, so they are certainly doing their level best to make everyone aware of their intentions. I am sure they would be most appreciative of support from all departments including this one. This is all that I had on this item, Mr. Acting Chairman, so we can pass it if the Member for Seven Oaks (Mr. Minenko) is agreeable. This is item 1(f).

**Mr. Minenko:** Pass.

**The Acting Chairman (Mr. Edward Helwer):** Item 1.(f)—pass.

Item 2. Industry and Trade Division—the Honourable Minister.

**Mr. Ernst:** Mr. Acting Chairman, if I can introduce Mr. Dennis Cleve, who is the Assistant Deputy Minister of the Division of Industry and Trade.

**The Acting Chairman (Mr. Helwer):** We will go on to item 2. Industry and Trade Division, \$14,377,400; 2.(a) Industry and Trade Administration: Provides planning and direction to the Division; 2.(a)(1) Salaries, \$172,300—pass; 2.(a)(2) Other Expenditures, \$8,000; makes it \$180,300—pass.

Item 2.(b) Industry: Provides resources to create new employment opportunities in Manitoba through

encouraging and assisting in the establishment and expansion of manufacturing and service industries in Manitoba.

Item 2.(b)(1) Sectoral Development, \$1,169,200—the Member for Seven Oaks.

**Mr. Minenko:** Under Other Expenditures it lists Grants and Transfer Payments, \$181,800.00. I am just wondering if the Minister could advise us what this involves.

**Mr. Ernst:** Firstly, let me introduce Mr. Mike Wallace who is the manager of this division, sitting behind you.

\* (1610)

The amount of money is, by and large, cost-shared feasibility studies with industry. Industry approaches Government and wants to market studies, feasibility studies and the like. We participate with them in those studies.

**Mr. Minenko:** Mr. Acting Chairman, in my visits at some of the companies—and I have been waiting for this opportunity for a period of time now, in that companies through several of the sectors that are represented and have sectoral officers in them—when I have told the industries, did you know that you had someone who is supposed to look after your sector and presumably act as a liaison, they said, well, first of all, we have never seen them, and we did not even know they had one. If we were having some concerns or problems or something, we did not even know we had someone to call.

This is a comment that I have been hearing, not only about this particular section but also about any Government grants, saying people have told me that—and we can deal with that at another time in the sections here, about saying, well, I have never heard of that. I told them, well, the Price Waterhouse Report lists about 80 different kind of grants that you could apply for. Well, I would like to find out more about it.

Those are the two major concerns that have been raised, but I would like to direct my comments with respect to this section. What are the activities of the sectoral officers? What are they supposed to be doing? Let us start with that basic question.

**Mr. Ernst:** Mr. Acting Chairman, there are nine sectoral development officers. There are 1,600 manufacturers in the Province of Manitoba. Each officer is responsible for trends within the industry that he is the sectoral representative for, and each of them have two or three different industries that they are responsible for. They work with the principal companies within those industries by and large, but they cannot get to every single person, every single manufacturer. There are not enough hours in a day, weeks in a year, to have nine people canvass 1,600 businesses on a regular basis and still carry out their other activities, so do work on a regular basis with the majors in those industries and from time to time deal with others as opportunity or time permits.

**Mr. Minenko:** I hope Hansard can hear me if I sit back. I can appreciate that there are so many industries in

Manitoba and companies and so on, but the concern I have is, as I said, I have been to about 40 or 45 different companies and not one of them have seen one or heard—never mind seen, heard—of this in the Government's departments. They said, well, that is great, who are they? A lot of people have been calling me, and I have sometimes directed and said, listen, there is a sectoral officer, call them. They will better understand how many grants available in the repertoire of the Government are available to you and which ones fit in and things like this.

I am just wondering if the Minister could advise us on how many companies these people would visit in an average month. Is it something that they designate a couple of days a week that they go out and visit companies, or do they sort of do it randomly as other duties and responsibilities happen? Perhaps we can deal with what those other duties and responsibilities are.

**Mr. Ernst:** Mr. Acting Chairman, as I indicated at the start, their principal job in each of these industry sectors is to track the trends in the industry to determine what is happening, try and anticipate what is going to happen in six months, a year down the road, where opportunities are going to arise and things of that nature, so that they can be on top of it and be able to provide services through the other parts of the department, as necessary. They do that, in part, by contacting existing businesses who are in the field doing those jobs, manufacturing products and so on.

As I indicated, there are 1,600 companies and nine people. I mean, the likelihood of them getting to every individual manufacturer in the province is pretty small—do not intend to do that. I do not have a log, I am sure there probably is one available, monthly reporting statistics and so on like that which we will attempt to find, but I do not have a log that indicates who did what to whom and what day.

I can say this, that there has to be from time to time some initiative on the part of business people to seek out, for their own benefit, certain programs and things of that nature, too. Let me tell you, my experience in a year and a half as being the Minister of Industry, that nobody in the business world that does not consider the Government for grants at some point or other or some financial support—everybody knows about it. The question that they did not know about it I do not believe, quite frankly, although it is always possible that some may have not heard, but let me tell you most business people that I have come in contact with over that period of time all know about opportunities and grants and loans and loan guarantees and Government funding for business. As a matter of fact, I see a regular stream of them through my office looking for that same thing.

**Mr. Minenko:** I can appreciate that businesses are aware that Government has various grants. I think, as the Member for St. Norbert (Mr. Angus) just said on the side here, that it is the access to them that they had difficulties with. I think that is of grave concern and seeing that we have the person in charge of the Sectoral section here, and I think this is a very important section in this department, because this is what I have

sort of regarded as the sharp end of the stick, this is where things are happening, this is where that flow of information between Government and industry can happen on an individual basis, and I think it is an excellent section to have.

I would think that this section should have, or does have, some standard operating procedures, even our little medical unit in our militia has a set of standard operating procedures, that we do certain things at certain times in certain ways. I think it is important that perhaps the Minister could advise us as to do they have regular times that they go out, or is it simply as a time arises?

**Mr. Ernst:** Obviously the department does have major activity focus, operating plans and so on like that, deals with those on a regular basis. But from time to time, as well, you can go to a particular company and talk to, for instance, a middle level manager, let us say, who may not be familiar, and if you went to the same company and asked the senior manager, ask the president, ask the comptroller, ask somebody else in the upper level management where the contact generally is made, they may well say, yes, we are aware, we know that Peter Bowes comes here on a regular basis to talk to us. So sometimes if you do not hit the right person where the contact generally is made, it is not always communicated internally in the company down the line to their people. It is hard to say, as a matter of fact, if you wanted to give us half a dozen names we could easily tell you whether we have made contact with them or not. If you want to do that privately that is fine.

\* (1620)

**Mr. Minenko:** Well, I am not pointing an accusatory finger at anything. As I mentioned yesterday, in a speech in the Chamber, what we are trying to do here is find the facts, and I am simply suggesting that I would think, as part of this department, that there should be some regular visits on a regular basis, and the Minister has earlier advised that they do visit the major players in the various sectors, and I am a little troubled with that as well. I would hope there is some flexibility. I presume they go visit some of the less major players as well. I see nods from the staff, because I think there would be danger in doing this if we just visit the major players who many times are American-based companies. We are getting a different perspective on things.

So, if perhaps the Minister could advise at some future date as to whether they do have a set pattern of visits, I would appreciate that information. But in the interim—and again I am planning some more visits to various sectors. I think the department produced an industrial inventory for the province, 1,600 companies or something. I think that is an excellent piece of kit, as well, to have for both people coming into the province and people within.

I am just wondering if the Minister could advise us if that is a proper procedure for people who are in a given sector or in a given industry: their main contact person with the Government should be that sectoral

officer. Can that be the advice that I would offer companies that do call me or question this aspect?

**Mr. Ernst:** Yes.

**Mr. Leonard Evans:** I will just ask a few questions at this point in this section. Specifically, I would like to talk about the food and beverage industry. Then perhaps we can go on later to talk about some of the other sectors. Unfortunately, this is an industry, and I hope I am wrong in this statement, that has seen long-term decline in this province. I am not accusing this Minister at this time. It has been going on for several decades, unfortunately.

I remember, as a kid, Christie's Biscuits on Notre Dame, is it? I mean, it used to be a fantastic, beautiful operation, and it left. Of course, there have been other examples. More recently, we have seen the demise of meat packing, Canada Packers and Swift. Campbell Soup is moving out of the province. I would say, if it were not for our liquor laws, we could see the demise of breweries in this province. The reason for it is really technological. What has been happening, for instance, in the merchandising area? The fact is, companies do sell to national markets, to international markets, very heavily dependent on advertising.

Merchandising is very important. It leads to concentration, and the technology lends this. For instance, transportation technology enables this to happen. So much depends on the market size, market locations, transportation costs. The Free Trade Agreement has a bearing because in effect it eliminates certain tariffs. It is like eliminating a transportation cost. I am not optimistic about the future of this industry, taking it together in the province, and I do not know—maybe the Minister has some advice that he could counter my pessimism about this. I would welcome that.

Specifically, I want to ask about Burns Meats. I have heard rumours that there is a possibility, and I hope, I really and truly hope that this is a false rumour, but maybe the Minister can shed some light on it, that Burns Meats in Brandon is under the gun. It is looking seriously at continuing, and I guess it is probably related to the supply of cattle, which is fundamental, among other things. I wonder if the Minister could a) comment about what he thinks about the food and beverage industry future in this province, and b) specifically about the Burns situation in Brandon.

**Mr. Ernst:** Mr. Acting Chairman, there is no question that the red meat packing industry, particularly, has declined considerably over the past 10 or 15, 20 years even. In part, I think it was dealing with the specific companies themselves, the fact that they really did not keep up to date by and large with plant equipment procedures, et cetera, did not really keep up with the market, and eventually just ran it in the ground and closed.

As the Member for Brandon East (Mr. Leonard Evans) indicated, other transportation and other factors in terms of shipping meat products around the country entered into it as well. The current problem dealing

with the supply of cattle was a significant problem for the packers here, feedlot programs, calf subsidies and so on in other western provinces.

Alberta made a significant move to attempt to garner the red meat packing industry for western Canada, Probably, at this point, much to their own chagrin as I think they are faced with some significant problems associated with that, particularly having put in a plant with Cargill that would probably accommodate all of the packing needs of western Canada in one plant, to the detriment of two or three other existing plants in Alberta, let alone existing plants elsewhere in western Canada.

The Beef Stabilization Plan, the tripartite stabilization plan, is expected to have some impact in that regard in terms of trying to level out the playing field a little bit, although some of the feed subsidy payments that Saskatchewan and Alberta are presently contributing may well alter that somewhat.

I think the big hope for the meat industry, particularly in Manitoba, is the question of what happens with the Crow benefit payment. It is an extremely complicated subject, and I do not pretend to be an expert by any matter or means in terms of how it will apply. There seems to be a coming consensus at least that if the Crow benefit payment is paid to the producer, it will result in a significant increase basically in the livestock industry in the province. Perhaps the Chairman might be a lot more familiar even than I, being in part in the ag business.

The expectation I think is at the moment—and we will wait to see until a bunch of other studies are done to determine whether or not it actually occurs—that if the Crow benefit is paid to the producer, we will see a significant growth in terms of our livestock industry. Coming with that will hopefully be a return to better times for packers in Manitoba.

**Mr. Leonard Evans:** I specifically asked about Burns meats in Brandon. Has the Minister any comment on that?

**Mr. Ernst:** I do not think it is a secret that Burns in Brandon is not operating to full capacity by any stretch of the imagination, although our last indication as of yesterday, there is no—these rumours occur from time to time. It happened when we were in Brandon as a matter of fact, that particular day, and the manager from Burns attended the meeting and said, news to me. I guess they occur from time to time, but as far as we are aware, any discussions we have had with Burns and so on have been that they are continuing to operate and are not planning on any precipitous action.

**Mr. Leonard Evans:** Mr. Acting Chairman, that is good to hear. Just in a general way then in terms of the food and beverage industry, is there—I painted a picture of doom and gloom, and I wish I did not have to do that because the fact is that we have lost a lot of these industries, and some are going, such as Campbell Soup.

Can the Minister tell us of any developments on the horizon, again without giving any industry secrets?

Where does he see some potential here for some development in food and beverages? Is there any possibility—and I am trying to think—and I do not necessarily mean meat packing, but bakery products, or you name it?

**Mr. Ernst:** That is obviously one of the target areas that I pointed out earlier, the fact that we would like to see secondary processing, and for that matter, tertiary—if we can get it—processing of agricultural products. Agricultural products are the number one export of the Province of Manitoba, and we would dearly love to export it in a different form than bulk. We would like to see it exported in as many different ways as we possibly can, but we have had some success. Carnation, for instance, has recently expanded its plant in Carberry. We have the new oat processing facility in Portage la Prairie—

(Mr. Chairman in the Chair)

**Mr. Leonard Evans:** I am sorry, which one was that in Portage la Prairie?

\* (1630)

**Mr. Ernst:** The oat processing plant. There is a flour company from Virden that built an oat processing plant, or is going to build it, or is in the process of doing it at the present time. So you know there are from time to time—we are looking actively, certainly, for other processors.

With respect to Campbell Soup, it is an unfortunate circumstance that a year from now or so they will close their doors. Interestingly enough, I visited the president of Campbell Soup shortly after the announcement was made, because I was obviously concerned. We made the trip to Toronto and determined that in fact the reason Campbell Soup was closing was that there again, economies of scale, age of plant, competitiveness in terms of manufacturing all play a role. The plant in Portage la Prairie is a 1950s plant. They had not really spent a lot of money over the years. It is in very nice condition and is well maintained, but in terms of processes and so on, is not state of the art by any stretch of the imagination.

They are faced with a problem. They compete with Heinz. Heinz is the other big producer of soup in Canada, and Heinz operates one plant in Leamington, Ontario, from which they produce all of their product, so the economies of scale that Heinz has are certainly different than Portage la Prairie, where 10 or 15 percent of their product is being produced in Portage la Prairie.

The question of relating that to free trade, let me suggest that they closed more plants in the U.S. than they did in Canada in terms of trying to consolidate their operations. They even closed their own original plant at the home of the company in Camden, New Jersey where Campbell's Soup all started. They closed four plants in the U.S. They will ultimately close two in Canada in order to consolidate their operations in Toronto. They have to compete with Heinz. If they are going to do that, they have to be on the same scale as Heinz and have the same kind of competitive edges as Heinz.

Much as I hate to see the plant close, we still have to face facts, and we have to face realities of life. Certainly that is what they were doing. Interestingly enough, you go into the Campbell plant in Toronto, and they have a list on the wall of outstanding employees, employees who have had long service with the company and so on. There are people from Portage la Prairie listed on that wall. They had produced a recent publication where they had honoured employees from Portage la Prairie. They are very employee conscious, that company, in recognizing certainly the contribution that the employee, the worker makes. They feel very badly that they are forced into this situation, but nonetheless they are forced into it. It is either that or all of them are going to be gone because they will not be able to survive.

I do not think we can just write off, quickly say, well, it is free trade and that is that. There are many, many factors associated with these things that have to be taken into consideration. Nonetheless we are working with the company there to try to identify within the food processing industry someone who might take advantage of that particular plant, not necessarily to make soup. I do not think they want a competitor to go into that facility, but somebody who might utilize that, make some changes to it, expand it a little, add some things to it that would make it into a food processing area that could take up the production of vegetables that will not be taken up by Campbell after the close of the plant and perhaps do it in a different way, freeze-dried, a variety of different things.

We are working in that area and hopefully will be able to find somebody who can—and they promise to canvas some of their conferees in the industry as well to determine if there is somebody who can do that. A long answer, but the intent is I think we need to really address the concern and address the question, not simply to write it off to free trade because I think that is unfair.

**Mr. Leonard Evans:** I tried to imply that, Mr. Chairman, earlier when I said that there seems to be historically—look at the last 50 years in North America, and I cannot speak for the rest of the world—but there has been a concentration of processing of food. Now correct me if I am wrong on this, and I do not know when it started, it may have been 60, 70 years, I do not know, it may have been 100 years, but certainly since World War II, from my observation and my readings, there has been a concentration of food processing in North America. It is based on certain fundamental factors that should change in the technology, the impact of transportation changes, the relatively cheap transportation allows you to concentrate.

It has often been referred to. As an example, the brewery industry: there is one plant in the United States that all it has to do is to run a few more hours and it would supply the entire beer needs of all Canada, coast to coast; by just operating a few more hours in Milwaukee or wherever. Maybe Mike Wallace knows where, but somewhere.

As I say, if it was not for the provincial liquor laws, we would have seen a concentration of the brewery

industry much more so than we have in Canada. We will see what happens in the future. When I say the Free Trade Agreement, what that does is it just opens it up to more competition. Campbell's Soup themselves say that they have to be ready for this greater competition. As a result they are closing and consolidating. It seems to be a trend that is forced by the conditions and the Free Trade Agreement was one of those conditions.

This brings me to another plant in the Portage area, McCain's. It seems to me that Mr. McCain, the Chief Executive Officer made several statements during the debate. He was against the Free Trade Agreement and he said it would be ruined for food processors in Canada, including his own company. Now I remember listening to him for a long period of time on a CBC Sunday afternoon program called "Cross Country Check-up" (interjection)- Was it, well he was a senior person in the company—and people were phoning in from all . . . He was definitely against it and he was saying that it could lead to the demise—he would have to close some of his Canadian plants, he was not necessarily referring to Portage, and that he would probably move to the United States. He gave some reasons, the fact that the food is cheaper there, that they have a longer growing season, maybe some variance in the wage rates and so on.

What I am wondering, I guess in a long-winded way of getting to the point, is there any sign, or any indication that McCain's in Portage is going to follow Campbell Soup and decide to close down and consolidate elsewhere?

**Mr. Ernst:** No.

**Mr. Leonard Evans:** Has the Minister or his senior officials had any recent contact with that company to assure us that this is the case, that they will not move out?

**Mr. Ernst:** Yes.

**Mr. Leonard Evans:** Did the "yes" refer to the Minister, or did it refer to the staff?

**Mr. Ernst:** Mr. Chairman, I guess as of yesterday the Premier (Mr. Filmon) talked to the vice-president of McCain's. We have no indication that there is any problem at all. Their plant produces I think pretty much at maximum production, half going west in Canada and the other half going to Japan—french fry plant, by and large.

Interestingly enough, while McCain was concerned, his concern was not echoed by the other major food processors, like Carnation for instance, who sought it out. It is like economic forecasts. You can put 10 economists in a room and get 15 different opinions as to what is going to happen, and I see the economists sitting in the back there pointing their fingers at me. I mean, you get varying opinions, people interpret things different ways and look at it from different perspectives.

\* (1640)

**Mr. Leonard Evans:** I referred to McCain's because it was McCain's people who were making these statements during the debate. I mean, I am not making this up; they were very vociferous for some period of time, using all the media.

Just looking at the fact that again in the Estimates, Supplementary document here, that this division can provide financial support equity, or incentives to eligible firms, and I have a question mark there. Just how would this work now? Supposing a food processor came along and said they were interested in locating in Manitoba, whatever industry, it could be related to grains, or it could be baking, or take your pick, it does not matter. Just how would the department offer, what would we offer them, what are we going to provide them? They are interested in Manitoba, let us say, because they see some kind of a market here and they like the labour force and they like other features of the economy. They think they can do a successful business here, but we say we have got financial support and incentives available. Just what could, or would we offer such a company?

**Mr. Ernst:** Well, firstly, let me say—and we did talk about it a few minutes ago, was the question of cost-shared market studies and so on like that, which is located directly within the division. The Financial Programs Division, by and large, handles all of the department functions related to incentive programs and we can deal with all of those, if you like, at one time when we get there.

**Mr. Leonard Evans:** I believe my colleague from Seven Oaks wants to interject here.

**Mr. Minenko:** I have a series of questions dealing again with the food products industry. I have had an opportunity to review a Central Plains Zinc Project that has been prepared showing to the community futures program on exactly this, an expanded Manitoba processing industry, and looking at all the various options and so on. I am not sure if the Minister is aware of this. Mr. Wallace should be aware because I think he is on the advisory committee of the committee. I would like to ask some questions about this.

It was apparent from questioning of the Minister responsible for Agriculture (Mr. Findlay), that his department really did not have much to do with this initiative. I am just wondering if the Minister can advise us as to whether the project budget and work schedule that is set out on page 32 of the submission for second-year funding is moving along as it is set out.

**Mr. Ernst:** That study has not been submitted to the department. There has been no request for funding. There has been no request for anything else related to that made to our department.

**Mr. Minenko:** I appreciate it. It is an application to the Community Futures, but seeing that we have Mr. Mike Wallace, Senior Development Officer, Department of Industry, Trade and Technology, I am just wondering if the Minister can advise us what the status of this project is, seeing he is a steering committee member, and the

Minister of Agriculture (Mr. Findlay), who has a Mr. Garth Stone on the project, was not quite able to provide me the details, and suggested this department would be the appropriate Estimates.

**Mr. Ernst:** First of all, understand that this is not a department program. This is Community Futures, a federal Government program, I am advised by Mr. Wallace, who happens to sit on this board and who happens to be a department employee and who obviously has an interest in what goes on from his sectoral responsibilities point of view. Albeit it is not our direct function.

The first goal, I gather, which is probably what you have, I have not seen this report, but probably what you have has been kind of a global look at what can be done. The intent is to narrow that down into something more workable and focused, which I understand is to be done next week, or at least at the meeting starting next week they will start to work on that process of narrowing it down.

**Mr. Minenko:** Perhaps I should have made a photocopy for the Minister, I should have brought it here, but a phase five of the program indicated economic assessment was to be completed by March of '89. I am just wondering if the Minister could advise whether this section has been completed.

**Mr. Ernst:** I would assume that to complete an economic assessment you have to know what you are completing it on first. I guess if they are not just that far yet in terms of focusing their attention on what they want, then it is difficult at least to undertake the economic assessment of it.

**Mr. Minenko:** Okay, let us start from square one. Phase one there is supposed to be a screening study. That was supposed to be completed between March and May of 1988. Has that, to the Minister's knowledge, with a staff person here, can he advise us whether that phase has been completed?

**Mr. Ernst:** I am advised by my staff person that the global section was completed in August of '89.

**Mr. Minenko:** Now, the final report that is indicated as phase seven in here, I was advised by the Minister of Agriculture's (Mr. Findlay) staff that they anticipated that final report to be completed some time in early January. That was from Mr. Wallace's presumably equivalent on the steering committee. Can the Minister advise whether the final report will be completed in the early part of January?

**Mr. Ernst:** Not wishing to be facetious, it is now the 18th of January and it is not yet completed, so presumably the answer is no.

**Mr. Minenko:** I would presume that presumption is that there is no presumption and the answer is no. When do they anticipate to have the final report ready and where will that final report end up for evaluation?

**Mr. Ernst:** Again it is very difficult to say. We have a member on the board, but he does not control what

happens there. As I gather, it is a function of a group from Portage la Prairie or central plains area looking— is it the Central Plains RDC that is running this thing?— with an application to Community Futures to do something. So it is a program of rural development in Manitoba, run basically by an independent board applying for funding to a federal program. Now we do not control any of those things in our department. We have somebody on the board to offer advice and expertise, but we do not control this operation. Whether it will be completed on time or when it will be completed, we do not have that information. We do not have an expectation as to when it might be considered by the Community Futures people and then what they will do with it.

**Mr. Minenko:** I would think that someone who has taken an initiative—and I can appreciate this Minister does not take responsibility for it because it is not something they are funding. I still would think that certainly his department would take a direct interest in the results of this survey, considering the fact of what is going on generally, should something be accomplished here, get industry in place as soon as possible to deal with the economic assessment that has been prepared in this report.

I am quite disappointed that the Minister seems to be taking a relatively cavalier attitude and saying, well, they are going and doing something and that is fine, tickety-boo, and they can carry on. I would certainly hope that maybe he or his department can start taking—I think this report certainly looks at expanding what they have in Portage la Prairie. We all acknowledge, and I think the Minister can acknowledge that Portage la Prairie has been ravaged by the federal Government. We are facing a distressed community.

\* (1650)

Here is something that is looking at options, and the Minister is not prepared to offer any suggestions on how it should carry on. My question then to the Minister is this: are there any more studies that his staff are involved in as a board member, as an advisor, that are being conducted by any other RDC or any other agency of the federal, provincial, municipal Governments in the province of Manitoba?

**Mr. Ernst:** Mr. Chairman, specifically relating to Portage la Prairie, central plains, yes, Western Diversification is funding another study conducted by a consultant. We sit on the board of that one as well. There have been studies conducted by Pinawa, for instance, for an economic development plan for that community. There are studies going on from time to time all around the province from which they ask us to participate on an individual basis.

That does not mean to say that every one of those reports goes through the Minister's office. Nor do I sit down and read all of them, nor do I even know about some of them, quite frankly, where sectoral or other people in the departments sit on committees and boards dealing with specific issues to offer their advice and their expertise. Initiatives undertaken by other people

to other levels of Government, through other mechanisms that I do not know about, is not a cavalier attitude in my opinion at all. I think the Member for Seven Oaks (Mr. Minenko) is misrepresenting that case.

We are interested, obviously. It is fine, well and good to conduct a study that says, we need more food processing in Portage la Prairie. Interestingly enough, you cannot accommodate more food processing in Portage la Prairie because you have not got enough infrastructure there to handle it. You do not have the infrastructure there now to handle what you already have at the present time. Until that problem is addressed, then how are you going to deal with the question of food processing? One of the big concerns Campbell Soup had was that they did not have adequate water. There is a number of different things related to those particular problems, but it is easy for someone to say, sure, we would like to have more food processing in Portage la Prairie, or Brandon, or somewhere else, but easier said than done.

Unless the Government is going to get involved in the food processing industry as an owner and an operator, which under our administration is not very likely, then we are going to have to seek out private entrepreneurs, companies who are prepared to put their risk capital up and start to operate those companies. Easier said than done, but that is not to say that we are not working on it.

**Mr. Minenko:** I do not want to belabour the point but I would certainly hope that the Minister would re-examine the function of various sections of his department, considering the fact that right from the start the Minister says this is a lead department for economic activity in the Province of Manitoba, where here it says sectoral development identifies market investment opportunities, selected industrial development prospects. I would think that part of that function would be to co-ordinate with other groups, the RDCs—and, yes, it is now part of Rural Development. I think that would be an automatic co-ordination point. I think that western diversification—you have the strategic section that we discussed that is supposed to maintain these contacts.

I would suggest that the Minister needs to take a serious look at that and see how we can better co-ordinate. If we are all working at cross-purposes, we are not going to go very far. Maybe some people are saying, I have done this study, I have done this study, so let us work at it a different way. I think this is an excellent opportunity to do something along that line.

Just to switch quickly to another sector—the aerospace group.

**Mr. Leonard Evans:** Before we go on to aerospace, I wonder if I could ask a specific question of the Minister with regard to another meat packing industry and that is one at Springhill. Could he give us up-to-date information as to what is happening there? What is happening at the Springhill Farms in Neepawa?

**Mr. Ernst:** The plant is still open and still operating, still under the present ownership. It plans to be open

until mid-February sometime at a minimum at this point. There is a consultant working on a project seeking out new opportunities, and we are in that process at the moment. I really cannot say more.

**Mr. Leonard Evans:** You could not share with us your degree of optimism or pessimism about the future—keep your fingers crossed?

Just a general question on food and beverages. Are the Minister and his department going to be able to share with us information on any new significant companies that may be coming forward in the food and beverage industry, within the next year, I would say?

**Mr. Ernst:** We have Schwan's in Brandon, of course, which is a new food operation. It is small, about eight or 10. We are working with some people at the moment, but whether that will materialize or not, the Member knows from his own experience that you spend a lot of time and a lot of effort and some materialize and some do not. Particularly with those who are interested at the moment we do not want to jeopardize our chances with them by making their names public. I would prefer not to do that.

**Mr. Leonard Evans:** I will just make a concluding comment on this area. Given the fact that there has been a decline in the industry, and that throughout North America there has been this concentration that has been occurring, Manitoba is not the only area of North America that has lost food processors. It has occurred in a lot of other areas and, unfortunately, and seemingly contradictory, the agricultural producing areas have lost the processing business. It has shifted towards where the market is rather than where the raw material is.

I am not optimistic of us developing much in this province. If you can, good luck, and that is no reflection on the staff. It is an uphill battle. It is sort of like putting out fires and rearguard action, whether it be Burns Meats or Springhill or whatever it may be. I am not surprised that the Minister cannot come up with any list of any great developments that may be occurring in the next year. I just do not anticipate that, and it is too bad, but I think it is a fact of what is happening to the economic industrial structure in this continent. It is part and parcel of deindustrialization, industrial erosion that is occurring in this part of Canada.

**Mr. Ernst:** Mr. Chairman, I just want to say, first of all, it is not a question of cannot come up with. It is a question of I do not want to come up with publicly with the names of companies that we are potentially dealing with. I do not think it is fair to them, nor do I want to jeopardize an opportunity, quite frankly, to satisfy the Member for Brandon East (Mr. Leonard Evans). I am prepared to take the criticism.

Let me say one further thing that, notwithstanding the fact there has been erosion in terms of companies and jobs, nonetheless agriculturally processed products shipments are, in fact, increasing each year, albeit slowly. Nonetheless, there is still a steady rise in the

shipments out of Manitoba. So we may have less people, less companies, but there is still some growth in that industry and hopefully more.

**Mr. Leonard Evans:** Just to clarify. Do you mean agricultural, processed agricultural product, not agriculture raw materials?

**Mr. Ernst:** No, processed.

**Mr. Leonard Evans:** Well, I again appreciate the Minister cannot, should not perhaps, come up with the names of specific companies that he, or his staff, may be in the process of discussions and negotiations and all the rest, but even if indications that there are two or three big ones that might provide pleasant surprises for all of us in the next year would have been great, whether there be two or three or four. But I just am not optimistic, I would like to be but I cannot be.

**Mr. Minenko:** On a more optimistic note, Mr. Chairman, I would like to ask a question on the aerospace industry. I understand that approximately a year ago there was an aerospace group that was initiated and set up and is operating. I am just wondering if the Minister can advise us as to what the status of that group is and some of its objectives.

**Mr. Ernst:** Mr. Chairman, the aerospace industry group in Manitoba was resurrected, shall we say, by the department in an effort to put together the aerospace sector to look on a unified basis to potential Government procurement, in particular. Major contracts were coming out with respect to military and some civilian applications, CATS being one of them, the air traffic control system. We felt, and I think many members of the industry felt that sort of a co-ordinated approach, with everybody kind of pulling together, as opposed to wandering off in their own direction, would be an appropriate line of action.

\* (1700)

In terms of their operation they met just a month or so ago with John Blackwood when he was here. John Blackwood is our representative manager of our Ottawa office and who will, I think, work quite closely with these people in terms of the Government procurement area. Mr. Blackwood is a very experienced long-standing member of the federal Civil Service dealing with trade and knows the players, and knows the system and I think will be extremely valuable. They are quite excited about it, he is quite excited about it and we are quite excited about the fact that we have him being in an Ottawa office where we can start putting pressure on for some Government procurement activities.

**Mr. Chairman:** The hour being 5 p.m., it is time for Private Members' hour. Committee rise.

\* (1420)

## SUPPLY—FAMILY SERVICES

**The Acting Chairman (Mr. Neil Gaudry):** Would the Committee of Supply come to order, please? This section of the Committee of Supply has been dealing with the Estimates of the Department of Family Services.

We are on item 3(b)(1) Salaries—the Honourable Member for St. Vital.

**Mr. Bob Rose (St. Vital):** Mr. Acting Chairman, I am jumping in on the middle of this, so I hope the questions are to the right staff and appropriate. If not, I know I will be corrected.

My question to the Minister is in regard to the Vocational Rehabilitation of Disabled Persons program. I wonder if we could find out if it was the desire of the Government, as is the wish that I have heard from many people with disabilities in the organizations, that they would like in some instances, if not many instances, for payments under that program to be made directly to those consumers. Could the Minister give me some thoughts on what the Government's position is on that? Could you do that?

**Hon. Charlotte Oleson (Minister of Family Services):** Mr. Acting Chairman, that has been raised with me and, I am sure, with department officials from time to time. It would be a major change in how we operate at this time because we operate through either the department itself supplying service, or service supplied on behalf of the department to clients. In turn, we pay those boards or agencies for the service. It certainly has some merit, and I certainly would want to look at it. I do not think we have done enough work on it so that I would be comfortable saying, yes, we would like to undertake that. It needs some more work. It would be a great change from the procedure that is taking place now and has taken place for some time.

**Mr. Rose:** I thank the Minister for that answer. I was at the meeting the other night and the view that I got, and I stand corrected, was that there is a great deal of consumers who wanted it to be that way. It seemed to me that the reply I heard from the director at that time was indeed that they had staff lawyers at the present time examining the present Act to see if indeed it could be accommodated which would lead me to believe, if I heard this correctly and I do not want to put any staff on the spot because I am a little hard of hearing, I admit that, that was the message I and other ones got. If that means the Government is moving in that direction rather than spending all the time to examine the present legislation to see if it allows it, why would the Minister not bring in amendments to the regulations or the legislation, which would be a much faster and less costly course to take?

**Mrs. Oleson:** Mr. Acting Chairman, as the Member indicated, there is work being done on that, but is preliminary. That is one of the things we would have to get advice on, whether there needed to be changes to legislation, regulations, and exactly what changes would need to be made. So it is something that is being looked at. It is something that has been raised with

me personally at meetings, but, as I indicated to the Member before, it is a change. I would not want to say that we would, yes, embrace that and go into it before we had studied all the ramifications of it.

What the people are indicating to me is that they would like to receive the funds that were allocated and then purchase their own services. There would have to be an evaluation done to ascertain the funding levels, it would be a major change and we want to be sure that we do study it well before we would embark on that.

**Mr. Rose:** Along the same line of the VRDP, the Minister just recently announced the formation of a new appeal panel for people who have had disallowance. Does that appeal panel contain any persons at all who represent the disabled community, and if not, would the Minister contemplate when, for whatever reason, there are new appointments, that would be taken into consideration?

**Mrs. Oleson:** Yes, we had some discussion on this matter earlier under that section, under the Social Services Advisory Committee, just for the Member's information, but I have not formed a new committee. That is the committee, it will be added to its duties. It was felt as I indicated to the other critics in the House, that it was felt it would be wise to use that committee instead of setting up another appeal committee.

With regard to there being anyone from the disabled community on that, there has been and that person is no longer on the committee, but we will certainly be looking for a replacement that reflects that reality too. When we are making appointments, I will certainly keep that in mind to have a broad cross section of people on that committee. We did have a fairly full discussion on that committee earlier.

**Mr. Rose:** I did acknowledge that there may have been some answer, but in regard to that appeal committee, I get it from the Minister that there is at least one vacancy on the board right now or on the panel. I wonder if she could tell us if there are any other vacancies and, to cover a shortfall in my knowledge, what is the make-up of the panel; when is it full strength?

**Mrs. Oleson:** It is to encompass 15 members. We have one vacancy at the moment. Why I am not going immediately forward in replacing that one vacancy is, I understand from information that I have had, that one of the other members on that particular advisory board is going to be moving away, and so I will probably be getting a resignation again. When and if that happens, we will be checking up on that, and then I will be making some more appointments to that board. There are 15 normally on the board, and they work in panels of three when they do a hearing.

\* (1430)

**Mr. Rose:** That would indicate then that there is a potential to put two people from the disabilities community on that thing, and I hope that the Minister would consider that.

I wonder if the Minister could tell me what the experience has been, the number of people who have

been dissatisfied with their rejection, and how many people have actually been disallowed from the program, certainly for the last year, but hopefully if she had figures for the last two years would help me out?

**Mrs. Oleson:** Yes, this material was asked for by one of the other Members, and if we could—we brought it with us today. I could give you the breakdown, I would love to read it into record if you like, but it might be easier just to give you a copy of the appeals and what the disposition of those appeals was.

I should remind the Member that it just became effective on the 1st of January, that the VRDP appeals would go before that panel, so this will not reflect anything in that line. I am not aware whether there have been any; however, there may have been, but that just took effect on the 1st of January. We can distribute to the Members a list of those appeals and the disposition of the—

**Mr. Rose:** What I was trying to do in here, and I am sure the Minister understands. I am trying to get a feel for how we might expect from history, to how many appeals may indeed go before this panel in a given year. One last question, Mr. Acting Chairman, in this area and then I will turn it over to the critic for the NDP, and that is the knowledge that I have is that the federal funding for this program is not in place and it could be non-existent after the end of this fiscal year.

I would like the Minister, if she could, to confirm whether that is true or not? What sort of negotiations are going on for the renewal of these very valuable funds for this extremely important program, and if we see other federal programs being cut back, or thrown back to the provinces, what has she got for contingency plans to see that this program is not only kept up, but is expanded?

**Mrs. Oleson:** I understand the agreement is negotiated every two years and the present one expires at the end of March, this year. That negotiation, as I understand it, is going on.

**Mr. Rose:** I apologize to you and to the Member for St. Johns (Ms. Wasylycia-Leis) that it comes to mind so that I can stop my questioning. One other question I had, there seemed to be amongst the disabled community a dissatisfaction with the effectiveness of the program, and when they tried to get statistics as to the effectiveness of the program i.e., those people who have found employment and the length of that employment continuing, and the quality of the training, taking part of that, plus other statistics that would no doubt come into it, and that is other areas of why they might have lost their jobs in the last 12 through discrimination, or whatever particular reasons.

There seemed to be a very wide vacuum as to the amount of statistics available of the post-training of the program. I wonder if the Minister would tell us, if indeed my perception at the meeting that this was so, is true. If so, and she would recognize that this is a very valuable aspect of any program, to assess future needs and to see where changes and programs can

change. She just gave me her thoughts on that now, and what they might see in the future?

**Mrs. Oleson:** Yes, it is, I agree with the Member, a very valuable program. It is sometimes rather difficult to evaluate the effectiveness of a program because there can be so many variations taking place, but the department is monitoring these programs. They are under a review process at almost any given moment because we do like to keep track of how the program is working and what changes might need to be done to improve it. So those evaluations take place on an ongoing basis because we certainly want to provide a program that is suitable to those taking it. We also want to—when we can take advantage of a program like this, which is cost-shared, of course, with the federal Government, then that is a very important. Part of the stipulation of the federal Government is that we do some evaluation and make sure the program is operating as it is supposed to operate.

**Ms. Judy Wasylycia-Leis (St. Johns):** My first question is a follow-up from yesterday. Would the grants list be available today?

**Mrs. Oleson:** Yes.

**Ms. Wasylycia-Leis:** Okay. Thank you. I believe the Minister has indicated it is available.

**Mrs. Oleson:** Yes, we will circulate them. You can go ahead.

**Ms. Wasylycia-Leis:** Just a couple of quick follow-up questions before we move on to the next sections. In response to a question I had asked the Minister about vocational rehabilitation in terms of that part of her department being involved in finding jobs for disabled people, the Minister indicated that it really is not part of the role of her department to be actually doing that, in fact agencies are involved in that area. I am a little confused about all of that. I am wondering if it is not the mandate of the significant number of people employed as vocational rehabilitation counsellors to work to find jobs for individuals in the competitive labour market.

**Mrs. Oleson:** Mr. Acting Chairman, the object of the program being, of course, to have people find employment, it is incumbent upon the department to do some work with finding employers, but the department is not the only one which does that. I guess, from what I said before, the Member maybe felt that I felt there was no responsibility on the part of the department to do searches. We do. If possible, we do some match-ups wherever possible. The agencies of course also have a working relationship with the area in which they are operating. They do take advantage of opportunities of employment for their clients.

\* (1440)

That is the objective of many of these programs, to get people into employment situations. Of course, whatever we could do in that regard, then that is done.

I am not saying we have no responsibility. It is a shared responsibility between the agencies and the Government. We do try to match up people if possible. Also, some of the businesses and companies that operate within the province are most helpful and co-operative with an agency and work with them too to help to find employment for people.

**Ms. Wasylycia-Leis:** I am wondering if the Minister could indicate today then if she has any sense of the numbers of jobs that are actually found by vocational rehabilitation counsellors in her department, or how many people are placed in competitive jobs, and a breakdown, if possible, of those jobs in terms of those who receive at least minimum wage and those who receive less than minimum wage.

**Mrs. Oleson:** We do not have that kind of information for the Member. It would be maybe helpful to have it, but of course with many cases we do not sit down and define exactly who is responsible for the job that is attained. It is important to have the job and not who gets the credit for obtaining it. We do not really have a breakdown of exactly the numbers that the Member is asking for.

**Ms. Wasylycia-Leis:** It does seem a bit strange if it is part of the mandate of the vocational rehabilitation branch in her department, and the people who work in this area to actually help find jobs and place people in jobs, then I am surprised that there are no statistics. I would just simply ask the Minister to review that, and at some point get us some statistics. It is an important indicator of work in this area and, when she does so, to give us a breakdown based on those who get more than the minimum wage or those who make less because of the waiver provisions through the Labour Board.

I have a quick question based on the dialogue back and forth pertaining to the Society For Manitobans With Disabilities and the level of the grant and so on. Given that the Minister indicated that the Government pays more when there are employees covered by union contracts, such as that under the MGEA, is the Minister prepared to go on record as indicating that she and her Government are in favour of unionized shops?

**Mrs. Oleson:** It is not my prerogative to say whether there should be unions or not. I do not know why the Member would be asking that question. It is not in any way reflective of my opinion one way or another of unions when I have indicated, following our discussions, that SMD would like to have parity with unions.

What I was indicating was that was an agreement with the MGEA, which was arrived at for the employees of the Government and that does not impact on all wages in the—it may impact on them somehow, but that does not impact it on the way that every wage settlement in the province should be reflecting that particular agreement. There are many agreements throughout the province and that is a necessary part of doing business.

What I have indicated to the Member is that SMD have expressed their concerns to my department and

to myself, both in meetings that I have held with them and by letter. We will continue to work with them to hopefully better the funding for their organization.

**Ms. Wasylicia-Leis:** Just a follow-up question on that whole question of pediatric services for disabled children in rural Manitoba. I am wondering, since yesterday or Tuesday, if the Minister has been able to look into this at all and confirm that there are regions in this province, parts of rural Manitoba, that do not have any pediatric services, and if she has anything more concrete to offer today in terms of dollars being looked at to meet this gap in terms of policy directions for dealing with the problem, and any sense now of whether or not the future directions will involve working with non-profit community groups to provide the service or beefing up governmental regional offices to do the work, or addressing the problem through hospitals and institutions. Could the Minister give us any general overview of this very serious problem?

**Mrs. Oleson:** I do tend to agree with the Member that it is a problem; however, I think it would be better discussed when we have the staff here from that particular area of the department, the Children's Special Services in particular. I did remind the Member the other day when we discussed this issue that we had entered into an agreement with an agency to provide that type of service, a mobile therapy unit, within the province. We know of course that does not address all the issues, but we continue to evaluate what programs are needed and where they could be best delivered and whether or not we will have to do work with the Department of Health in ascertaining what is the best way to deliver those programs. I think it could possibly be better addressed in that other area as to the numbers and so forth.

Going back to the Member's question and discussion a few minutes ago about the numbers from the department and the numbers obtaining jobs for mentally handicapped persons in the community. I am advised that the department is looking at systems for generating that kind of knowledge. That is being worked on.

**Ms. Avis Gray (Ellice):** Mr. Acting Chairperson, I am sorry if I missed the beginning of this. Did the Minister come back and have information on respite services and the salaries paid to workers for us today?

**Mrs. Oleson:** Excuse me for the delay. I am informed that wage and salary increases are being provided for respite service providers. A new support services payroll, which is being implemented region by region, is now about 50 percent operational and will be fully operational by the beginning of the new fiscal year. Wage increases are being put into the pay simultaneously with the new payroll system but are effective from whatever date they are authorized.

**Ms. Gray:** My question was if there has been a pay increase for respite workers, and if there is a difference between if you are providing respite as a worker to children versus adults.

**Mrs. Oleson:** We will have to give that information to the Member later. We do not have the comparisons.

It is not within the same sections of the department. We will get that information for the Member.

**Ms. Gray:** Can the Minister at least tell me if there is a differentiation in pay?

**Mrs. Oleson:** We would have to compare it with the other section of the department to find out. I cannot answer that question at the moment, but we will get the answer.

**Ms. Gray:** Just a question on the funding to external agencies, the Main Street Project, which is funded here. What particularly are those dollars— what do they go for to the Main Street Project?

**Mrs. Oleson:** Mr. Acting Chairman, the Main Street Project that the Member asked about—I will just read to her what I have here on it. There is a grant to assist this organization with the costs of operating crisis intervention, emergency shelter, detoxification, and case planning services for abused, lost, intoxicated or homeless persons. This organization serves the City of Winnipeg.

**Ms. Gray:** Has there been an evaluation that the department has conducted on actually this particular agency or the other agencies in this category that they fund?

**Mrs. Oleson:** This particular agency, no. Its main function is under the Department of Health. We in this department do not have a review on that, but there are reviews on some other programs, if the Member would like to ask about them individually. There are reviews going on with a great many of them.

\* (1450)

**Ms. Gray:** Mr. Acting Chairperson, can the Minister tell us if the Department of Health has done the review on the project?

**Mrs. Oleson:** Mr. Acting Chairman, I would have to make inquiries of the Department of Health to answer the question for the Member.

**Ms. Gray:** Mr. Acting Chairperson, the reason I asked that question, as we are going through the list and thinking of the evaluations that are going on in some of the other agencies such as the society for Manitobans, is the fairly significant amount of dollars that are going to this project. I was really wondering what kinds of services were provided to the Minister and if we are getting our value for our dollar. I raise that because some concerns have been raised to me about the amount of case planning or actual counselling that is done.

We recognize it is a shelter for individuals, but is there very much actual follow-up work in counselling that is done through this particular project?

**Mrs. Oleson:** There are in this department a great many of these programs. It seems to me it is about

200 agencies we fund, so at any given moment there are a lot of evaluations taking place. Due to the concerns that have been raised with me and partly because of what the Member has said, it would probably be very worthwhile to have an evaluation. I would have to discuss this with the Department of Health because they also fund this and have the primary responsibility, as I understand it, for this organization.

Of course, the City of Winnipeg and, I believe, the Department of Justice also have input. So it would have to be an evaluation agreed on and co-ordinated through everyone. Before I launched a review on my own, I think I would want to find out what the others are doing, and do an evaluation of the whole thing at one time. As I indicated before, there are a great many evaluations to be done. This is just not something that our department is active in, other the Health Department maybe.

**Ms. Gray:** The Minister is not suggesting though that she has to, if there are agencies which her department funds and other departments or city departments fund them, get permission in order to conduct an evaluation? That is what she seems to be saying here today. I just wonder if she could clarify that.

**Mrs. Oleson:** No, I am not saying that we have to get permission. I am saying that it would not be any sense to go in and evaluate one room of an institution and not the rest. It should be done in a co-ordinated fashion. That was all I was meaning.

**Mr. Rose:** Mr. Acting Chairman, in regard to a previous question I asked through you to the Minister in regard to direct payments, I notice that on the results of the federal-provincial review of the arrangements affecting persons with disabilities, one of the points given was encouraging direct provincial payments. I just used that to put that on record.

The question I have is in regard to a previous question. I want the Minister to confirm the understanding that I had—and I may not have got it right—that actually in the last year, people applying for the VRDP, that there were no rejections to the program. Did I hear that right? Could the Minister confirm that is correct information?

**Mrs. Oleson:** I think the Member has misunderstood what I said. I said the appeal process for that program is a newly instituted appeal process. It just came into effect on the 1st of January. To my knowledge, there have been no appeals. That does not say that we served everyone to the complete satisfaction of everyone. That means that the thing was just in place on the 1st of January and, there may have been, but to my knowledge, no appeals have been made to that. It is the understanding and the advice that I received from the department in discussions when we talked about setting up this, whether or not we should set up a separate appeal body or whether we should include it with the Social Services Advisory Committee. The understanding that I was given then was that there were not likely to be a great number of appeals, but that we will have to monitor it carefully to be sure that we do not overload the present committee.

**Mr. Rose:** I apologize for not putting the question exactly. When I said that I heard something, I did not mean I heard it from you. I heard it from the director the other night. I was not questioning the answer you had given me. The thing that I had heard was that there was only one person who had been dissatisfied of not entering the program and that person was ultimately put into it. Certainly, therefore, if that information is correct, it makes common sense not to form a new appeal body if there is little or no business for them. I think that perhaps the department has made a judicious decision there.

My last question that I have in this range is that just some time ago there were some problems with a workshop, Frontier Trading in Minnedosa, and I think that the information that I have was it was closed. Certainly the last time I was in Minnedosa that is true; there is another person in there. The closure was somewhat prompted—although not the sole reason because I understand there was some discussion before that—by a tragic accident where I think the director or the manager was killed in an accident. That was a really worthwhile program and I was in there on two or three occasions and the people were so pleased with the operation, it seemed to be very viable, and was a great thing for the town and the community and certainly for the disabled people. Is the Minister satisfied that the people who were dislocated from that workshop have all been placed or satisfied with readjustment or replacement or whatever you might put it, in other words that the needs of those consumers for that Frontier Trading have been satisfied since the closure of Frontier Trading.

**Mrs. Oleson:** Mr. Acting Chairman, it is to my understanding the needs have been met. It was a very unfortunate situation, there were a number of circumstances which led to the closure, not in small part the death of the supervisor. It was, however, a board decision to close, they did not feel that they could carry on. Our department was working very closely with them in dealing with some of their funding problems and so forth, but it was felt that they could carry on. Anyway, it was a decision of the board to close the facility.

It is my understanding that some of those people were able to get jobs in the community, which of course was the purpose of the program in the first place. That was admirable. Following on that, the others were either transferred to Neepawa, and it is my understanding that some of them may have been transported to Neepawa to the workshop. So in other words, they stayed in Neepawa and they went to the workshop there. There were openings in the Touchwood Park facility at Neepawa, which has just, as you may know, been expanded and is a very good functioning workshop from my understanding. I have been to that one as well as others.

There is another facility in around that area too, at Cardale. There may have been somebody gone there. But it is my understanding that everyone was accommodated who wanted accommodation.

\* (1500)

**The Acting Chairman (Mr. Gaudry):** Shall the item pass—pass; item 3.(b)(2) Other Expenditures, for \$1,410,400—pass; item No. 3.(c) Manitoba Developmental Centre: Provides institutional care for the mentally handicapped, (1) Salaries \$18,147,400—pass; item 3.(c) Other Expenditures \$2,619,500—pass; item 3.(d) Adult Services: Provides program direction, standards and evaluation for care, accommodation, rehabilitation and assistance to physically and mentally disabled persons, (1) Salaries \$897,000—pass; item (2) Other Expenditures \$248,200—pass; (d)(3) Financial Assistance \$24,401,400—pass; item (d)(4) External Agencies \$9,835,600—pass; item 3.(e)—

**An Honourable Member:** My goodness, we are racing right along here.

**The Acting Chairman (Mr. Gaudry):** Order, please. Order, please, from the Minister of Health (Mr. Orchard).

Item 3.(e) General Purpose Grants, \$90,500, Provides sustaining grants to social service agencies not otherwise funded by provincial programs—pass.

Resolution No. 45: Resolved that there be granted to Her Majesty a sum not exceeding \$69,345,300 for Family Services, Community Social Services, for the fiscal year ending the 31st day of March 1990—pass.

Item 4. Child and Family Services \$140,550,700, (a) Administration: Provides central program management for child and family service programs, (1) Salaries \$198,900—the Honourable Member for Ellice.

**Ms. Gray:** Mr. Acting Chairperson, now that we are onto this section, Child and Family Services, my first will be a general one to the Minister. Since we met the last time in the Estimates of this particular department, there has been considerable discussions, as I understand, with the department Child and Family Services Support, and the various Child and Family Services agencies. We have had audits that have occurred over the past year the Honourable Member for Ellice.

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I am wondering if the Minister could give us an update as to what she sees the direction of the department going in regard to child and family services agencies. As we know, a number of the agencies are again going to be faced with deficits. Some of the Child and Family Services agencies which in the past have managed to balance their budget are going to find themselves in a deficit situation this year. There seems to an ever-increasing need for services out there for child and family.

I am wondering if the Minister could, given her year-and-a-half experience in Government and given the audits and the working groups that have been going on in the past year, begin by giving us some sense of where she sees this particular part of the department going, and what direction she sees for Child and Family Services.

**Mrs. Oleson:** The Member has asked rather an all-encompassing question with regard to this section of the department. She has alluded to the difficulties that the agencies have been expressing to me and to others about funding problems.

Yes, there has been some audit activity in the department and evaluations. There has been a group set up by the association of presidents of those agencies to work with the department on some plans for how we can better serve, how Governments and those agencies can better work together. Of course, it often all boils down to funding. When we have to have discussions about that, sometimes it rarely gets to very many other things.

At the present time, I had asked in the fall for the agencies to provide me with some statements on what their problems were because they had expressed to me, immediately after I announced their budget, that they were going to have, or they forecast they would have, difficulties in coming in within their budget. Of course, when we fund the varying and the many agencies within this department, we have the expectation that they will make every effort to come in within the budgets that are provided. My department has been working with the agencies with that in mind to see if there would be some way that we can accomplish that.

The Member also asked about long-term strategies, and what changes may have taken place, and, in general, what really was going on in this section of the department. I could share with the Member some thoughts that have been put together by the department and myself in working through this. I will read her out the strategy that has been accepted by the Government with regard to Child and Family Services agencies.

The long-term strategy will deal with the following: (a) service contracts which will better define the type and level of services to be provided in relation to the available financial resources; (b) the review of funding mechanisms and formula revisions to recognize unique requirements of agencies due to size, geography, and sociodemographic conditions; (c) introduction of a care continuum which will level and control special rate foster care payments; (d) workload measurement which will

monitor the quality and areas of agency program activity; (e) quality assurance program which will monitor and audit the quality of agency work against established service standards and the relationship of the proposed automated service information system to the above issues, and with regard to the surplus deficit policy, whereby deficits would not be supported nor surpluses recovered up to a specified limit.

So all those are things that we are hoping to gain and, of course, will not be reality the moment that we decide that is our goal. But that is what we are working toward in our relationship with those agencies.

I have asked the agencies for their co-operation. They have assured me that they will work together with the department to provide the service that they are mandated to provide and that is, of course, the protection of children which is the paramount reason for their being, and that they will provide service where needed to children who are at risk.

(Mr. Helmut Pankratz, Acting Chairman, in the Chair)

**Ms. Gray:** Mr. Acting Chairperson, the Minister mentioned funding mechanisms and formulas that would be looked at. I understand there has been a committee that has been ongoing for some time. I am wondering if this committee has a time frame within which it will come up with recommendations in regard to the funding mechanisms and formulas. Is there an end time frame? I ask the question because we could have these working groups as sometimes Government is wont to do, go on for years and years.

**Mrs. Oleson:** That committee reported to me with a preliminary report last May. There was consideration given to their report. It is an ongoing function that they will work with the department to achieve the best possible funding formulas.

That is not to say that we will be able to provide the money as quickly as they would like it. We will gain a better understanding of their needs if we work together in this fashion.

**Ms. Gray:** Mr. Acting Chairperson, the Minister also mentioned a quality assurance program and referred to surpluses and deficits. Can she indicate to me one of the items that has been expressed by some of the Child and Family Services agencies is that they, too, would like to have a balanced budget and would like to be seen as efficient in managing their particular agency? The question has been asked are there going to be or are there any incentives or rewards for coming up with a balanced budget?

What some of them have seen is an attempt on their part to balance the budget. Some of the agencies have not accomplished it, some of the agencies, for whatever reasons, not accomplishing that yet. There seems to be no differentiation in terms of what happens next year for the budget. The question has been raised, is there going to be any reward or mechanism put in place for agencies who balance their budgets?

\* (1510)

**Mrs. Oleson:** The agencies have agreed to look at it jointly with the department as to what will be developed in the line of—we have not had a problem with surpluses the last while, as the Member may be aware, but, no, we want to work with the agencies to formulate a policy which is fair to both sides in positions where, if they should have a surplus, just how it is earmarked for use, and we will be in further discussions and negotiations with the agencies in that regard.

**Ms. Gray:** Mr. Acting Chairperson, has the Minister and her department been able to come up with some specific reasons, or identify reasons why some of the agencies this year are faced with deficits, agencies who in the past have been able to present balanced books? Can the Minister indicate what reasons the department has identified for that?

**Mrs. Oleson:** Mr. Acting Chairman, part of this seems to be from the analysis we have been able to do, Special Rate Foster Care; that expressed need seems to be rising. There seems to be, unhappily, a great increase in caseload, that is one of their problems and in some cases they are management decisions of the board which are made and then impact on whether or not they are going to be coming in within budget or not.

**Ms. Gray:** Mr. Acting Chairperson, I am a little confused by the Minister's answer because I am not quite sure how those three areas, Special Rates of Foster Care, Great Increases in Workload, and Decisions by the Board, would account for differences in agencies? I can see that being a factor with all agencies in terms of being concerned about having enough dollars, but I do not understand how that impacts on some agencies and not others where in fact we have had agencies in the past, such as Child and Family Services in Western Manitoba, who have always managed to have a balanced budget, and again they are seeing difficulties with that this year. I still do not understand what the reasons would be why that is now happening.

**Mrs. Oleson:** Mr. Acting Chairman, it seems to be, for the Member's information, that some areas have more special needs children than others, for whatever reason. That seems to be identified in one particular agency in Winnipeg, that they have more special needs children. So it depends, in part, on the make-up of the community. There are many variables, but that seems to be one thing that comes forward is that it depends if your special needs people happen to be concentrated in one area, then that particular agency will have more costs involved.

**Ms. Gray:** Can the Minister tell us what agencies in the province have that higher rate of number of special needs children?

**Mrs. Oleson:** Mr. Acting Chairman, Winnipeg South seemed to have a particular extra need there. Their per diem costs, for instance, are much higher on the average than many of them. That indicates that they have, I believe, if I can read this print, it is 82.6 percent, a special rate. That does make a difference in their particular agency.

**Ms. Gray:** As an example then, Winnipeg South, they have not been an agency, if I am correct, which has balanced its budget in the past few years. Again I do not see the correlation of that being a reason. I believe NEWFACESS is facing a deficit, Child and Family Services of Western and Child and Family Services of Eastern are now facing deficits and they have not in the past. Can the Minister identify what the reasons are for that in the department's view?

**Mrs. Oleson:** Seven out of the eight of the agencies are facing a deficit and with regard to the Member's remark about Winnipeg South always coming in with a balanced budget, well it has not been my experience since I have been the Minister, but they may have in the past.

**Ms. Gray:** No, I had indicated in fact they have not come in with a balanced budget is what I said, and where some of the other agencies like Child and Family Services of Western out of Brandon, Child and Family Services of Eastern and NEWFACESS, my understanding is, if my memory serves me, they have made an attempt and have managed to come in with a balanced budget. That is why I am asking the question. In the analysis and the work that the department has been doing, or even on information from the agencies, what are the reasons for the deficit in these agencies?

**Mrs. Oleson:** As I had indicated, seven of the eight agencies have deficits. She mentioned Western Manitoba. It is a different sort of a setting perhaps. You cannot define exactly what the reasons are for special needs in communities, not right down to the last nth degree as the Member seems to think I might be able to. There are management decisions taken which impact, of course, on whether or not they come in with budgets.

The agencies run their own affairs to most extent and they vary, their salaries vary from agency to agency. Some have fewer paraprofessionals and more professionals. There are a great deal of variations in how the operation takes place and some of them open more suboffices which, of course, then increase their costs.

There are a lot of variables. You would have to sit down, I think, with the accounting team in the department to really get a handle on exactly the root of the problem, and myself not being an accountant, I do not believe the Member is either, I think we have to understand that in a general way, what I am telling the Member is, these are reasons that have been brought to my attention that are reasons for deficits in agencies.

Some decisions that they make can cause problems. Sometimes some of the agencies have been in the habit of starting a program in mid-year, for instance, that perhaps we had not allocated funds for, did not know the program was going to be initiated, so there was no way of the department being able to allocate funds for that particular program. Those are all management decisions that become part of the picture.

**Ms. Gray:** Can the Minister give us an example of what agency would have started a program in mid-year and

did not have the funds given to it from Government to do that?

**Mrs. Oleson:** Mr. Acting Chairman, I have that information in front of me right now exactly pinpointing which agencies. Sometimes expansions take place within programs too, expansion of a resource centre or something that we for instance in the department really had not planned for but becomes a fact and becomes part of their financial structure.

\* (1520)

**Ms. Gray:** Mr. Acting Chairperson, if the department is unable to analyze and understand why some of these agencies are this year in a deficit and have not been in the last, you have a huge problem if you as a department are not able to identify that.

I have a further question in the same area. Let us take an example of North East Child and Family Services. They are faced with a deficit situation this year. What reasons have they given, if the department does not know, to the Minister and her staff as to why they are facing a deficit?

**Mrs. Oleson:** Mr. Acting Chairman, we have gone over that with the Member. I did not say that the department did not know. I said that she and I probably might find it difficult not being accountants, but the information that my department had, my department knows. They have the numbers; they work with them. Just because we know why does not say we can suddenly come up with the money. These agencies like any other are expected, like the Government departments are expected to, my department is expected to, come in within budget. That is the expectation that is placed upon any agency when they are budgeting, that they will come in within their budget. That is one reason that budgets are created.

For the Member to say that we have no idea what is going on is totally incorrect. That is why we receive information, ask for information, work back and forth with the agencies to attempt to analyze exactly what it is that is causing the problem so that in the future we can hopefully rectify the situation.

**Ms. Gray:** Mr. Acting Chairperson, if the department has the answers, would the Minister please tell us what they are today and let me worry about whether I can interpret and understand the answers? Just provide them.

**Mrs. Oleson:** Mr. Acting Chairman, I went over a list of reasons. They are not carved in stone anywhere. They are general reasons why agencies are in deficit. You would have to sit down and analyze the working papers of each individual agency to know exactly what was apropos for that agency. What I am telling the Member is, foster care rates, special needs, administrative decisions, caseload increases, there are many, many reasons in a general form why those agencies are in deficit.

**Ms. Gray:** Mr. Acting Chairperson, the Minister has indicated startup programs in the middle of the year.

North East Child and Family Services has said to me they did not expand their programs this year, they have not expanded their programs, and they were not identified as an agency that had a particularly higher rate of special rates for foster care. They are saying to me that in fact their board attempts to make the best decisions possible as far as service and management ability. So my question is, what are the reasons then for that particular agency, as an example, why are they finding themselves in a deficit? What do they see as the reason?

**Mrs. Oleson:** Well, they have sent information into the department, which indicates the—and of course I do not have a copy with me of their papers, the working papers, that went into this, but I had indicated to Members that there are reasons for agencies to be in deficit, not the least of which is caseload problems. They have mentioned to me that over the years, I do not think it was anticipated when these agencies were set up, the huge burgeoning case loads that would take place, but that unfortunately has been the fact.

I am quoting from memory right now, but I believe in the last five years for instance there has been a 69 percent, I believe it is, increase in the funding to that particular area. If we go on in that way into the future, every five years having to increase funds like that, it is really a serious matter and has to be looked at and we are looking at it. We have to work with these agencies to see if they can make better use of their funds, give them all the help and support we can give to them from a financial, from a management point of view for the department. What I am doing is asking the department to manage with the funds that they are given for those purposes. I am asking no more of the agencies.

**Ms. Gray:** Can the Minister tell us, she refers to caseloads and, yes, we know caseloads have been increasing, since the Child and Family Services agencies at least in Winnipeg have been decentralized, can she tell us what the average increase has been for caseloads over those years?

**Mrs. Oleson:** I have a chart here that I can give the Member some information from. Case counts, for instance, March '86, 3,148; March '87, 3,589; March '88, 3,821; March '89, 3,759. We get percentages which—March '86 to '87, a 14 percent increase; March '87 to '88, 6.5 percent; March '88-89 there was a decrease of 1.6 percent, and March '86-89, 19.4 percent. In those years, as in the picture of the total '86-89, not a jump in one year of 19.4, in case I read it wrong in the first instance. That is a picture of how the increases have been going forward, but also at the same time then the funding has been going up considerably.

I quoted 69 percent, I believe. when I said it before. I have the chart in front of me now; it is 64 percent. Even with that change of number, that is a significant increase in funding in a few short years.

**Ms. Gray:** Given these percentages over the years, there does not seem to be an identifiable pattern of

caseload increase. How then does the department determine what the increase will be in dollars given to the agency based on caseload changes?

**Mrs. Oleson:** What we have to do, as with many other programs, and social assistance immediately springs to mind, you have to use an educated guess forecast method based on experience of the years you have been in operation and at forecasting what you might reasonably expect to be an increase in caseload.

It has to be a projection. There is no way of identifying exactly what the needs will be. It has to be a projection.

**Ms. Gray:** I know it is a projection, hopefully based on some data that are available, if possible. Can the Minister then tell us, as for example in this fiscal year which is almost over, what was the projected increase in caseload that was used for budget increases or was that used? Can she tell us, since we are almost through the fiscal year, if that caseload projection was close to being accurate?

**Mrs. Oleson:** We used the number for forecasting of 4.6 percent, and, as my understanding is, we are pretty well on target with that projection.

\* (1530)

**Ms. Gray:** Therefore, the budget's piece which was allocated, which was reflective of caseload increases, should be a reasonable amount of dollars for the agencies. Can the Minister indicate, when budgets are allocated to the Child and Family Services agencies, how is it determined or is there any consideration given to increases that there may be for staff salaries and/or any increases in costs, such as, rent, utilities, et cetera? Are those considered in the development of the budgets for the agencies?

**Mrs. Oleson:** That would be a normal part of the budgeting procedure, and that information should be supplied to us by the agencies in their forecasts and then incorporated into the dollars that we project.

**Ms. Gray:** Was the Minister in her department, were they able to allocate dollars to the agencies that would cover the costs of utilities and rent for each of the agencies which would have submitted that as part of their budget?

**Mrs. Oleson:** Mr. Acting Chairman, I was just trying to decipher this and realized I was trying to decipher a computer code which of course is impossible.

(Mr. Neil Gaudry, Acting Chairman, in the Chair)

Anyway, the following things are taken into consideration when allocating budgets: salaries, payroll levy, staff benefits, travel, office operations, office building maintenance, professional fees and of course as in any line we have "other" which is the normal practice for taking in smaller items. When we came up with that we approved an increase for '89-90 of \$945.8 thousand increase in the formula issues, and in the salaries side of it, 518.4 thousand, so I think that

answers the question that the Member asked. If she wants some more clarification we could get it for her.

**Ms. Gray:** Yes, what I would like to know from that information the Minister gave us, for the individuals who submitted their budgets and indicated the increases in salary costs and operational costs, was the department able to cover those increases in cost in the budget that they gave the agencies this year? That is what I want to know.

**Mrs. Oleson:** Mr. Acting Chairman, we were able to accommodate reasonable requests. Of course, no one ever gets exactly what they asked for in an exercise like this, but we did attempt to cover it wherever possible.

**Ms. Gray:** So if I read between the lines, is the Minister saying that there were cases of agencies who were not given the funds to meet some of their operational requirements such as, rent, increase in utility costs, et cetera, and/or any salary, just increase in salary wages for existing staff? Would I be correct?

**Mrs. Oleson:** Mr. Acting Chairman, wherever it was realistic and wherever we could accommodate we met, but we did not meet every request and every projection that the agencies would be giving us. We had to look at them all in the light of reasonable suggestions and accommodate them.

**Ms. Gray:** Can the Minister tell us, how does her department decide which requests are reasonable if they are indicating rent increases, increases in utility costs, and which are not? How do you decide that?

**Mrs. Oleson:** No, this is a negotiated type of situation where we sit down with the agencies and make sure that they can justify the requests they are making. So there is work done between the department and the agencies. If they suddenly requested 18 more staff and could not justify it, then that would not become part of the budget. That is reality, but we did attempt to meet their priorities.

**Ms. Gray:** So if it is negotiated then that would mean that there would be an agreement between the department and the agency if something is negotiated unless an impasse is reached which I assume it has not been or the Minister would have indicated that.

There was some discussion in Estimates last year, and some talk from this Government and a couple of the Ministers, the Premier (Mr. Filmon) I believe as well, about the fact that recentralization of Child and Family Services would not be ruled out. Can the Minister indicate if there have been any further discussions on the part of herself and her department and/or her Cabinet in regard to recentralization of the Child and Family Services agencies?

**Mrs. Oleson:** Mr. Acting Chairman, well, of course Cabinet meetings being what they are I would not be sharing what discussions have taken place between Cabinet Members and Cabinet Ministers on any topic,

but I have committed and the Government is committed to making the system work under the present legislation and that is what we are attempting to do.

**Ms. Gray:** Does the Minister feel having had the opportunity to be the Minister of this department for the past year and three-quarters that the decentralization of Child and Family Services in Winnipeg, and the decentralization of services to some of the aboriginal groups, that that way of delivering child and family services is appropriate and that she supports that particular decentralization?

**Mrs. Oleson:** Yes, I think it certainly can be said that delivering services in communities where people are and delivering them right in the community is a good way to go.

\* (1540)

The system is not an easy one; it is a cumbersome one in the way that it has been set up and it has its wrinkles. It is improving and I am working together with the agencies to make those improvements. I have no intention at this time certainly of changing that way in which the services are delivered. There still are problems with the way the system works and we are working together with the agencies to resolve those. They are just as anxious as I am to resolve the difficulties that did not just emerge when I got in the door, they have been in the system for some time and we are gradually working through them. We learn by experience. We learn by problems that have arisen in the past and we try to make sure that those problems do not take place in the future. That having been said, it is impossible to have an ideal world and an ideal way of delivering any service.

What we will do and what we are doing is attempting to make that service as viable as possible, make it as effective as possible for the people who require the service because after all that is the important component here. It is the children who need our protection and that is the goal in mind, is to give the service to those children and families who need our help, that has to be the underlying principle on which we work. In taking that primary goal into consideration, then we have to look at how we do our operation, how it is run, how it is funded, and make sure that the system works. We have some work to do yet but I think we are on the right path.

**Ms. Gray:** The Minister indicated a few years ago, about the increase in funding to the Child and Family Services over a number of years, some 69 percent was the phrase that she used. She talked about the importance of service to children and families, and in fact the increasing caseloads that are being evidenced in the various Child and Family Services agencies, and she talked about it being a serious problem in the sense that there is that need to service children and their families, and there is a mandate by the Government to do that. There is also the fact that the costs are increasing and it is an infinite amount of dollars it would appear that could go into this particular program. The Minister raised a good point, she is correct.

The point is, given that probably workloads and caseloads are going to increase year after year after year, one of the ways that I think Government has to get a grip on this, is that we have to start putting some resources into prevention work, so that 10 and 20 years down the road our children, who then will be adults, we will not have the same difficulties and problems with families that we now have. I would ask the Minister if she could tell us, since she seems to have a grasp on that issue: what is the department doing in regard to that type of planning now, an implementation now that will assist Governments in the future in regard to resources that would be given to Child and Family Services for provision of those programs?

**Mrs. Oleson:** Part of the mandate, of course, of the Child and Family Services agencies is to do some prevention work. One of the problems that I have encountered, of course, is that most days we get so preoccupied with what we have to deal with now, it is difficult to find the funds to do prevention, which will, in the long run, certainly benefit the children and prevent some of these services being necessary in the future.

There is, on the part of the agencies, earlier intervention in many cases so that the severity of the problem is at least less. There is sooner identification of parents who may have problems. There is still work to do. I agree with the Member that prevention programs are very important in that regard. I certainly am interested in working toward programs that will in the future prevent problems with families.

We will never be able to achieve 100 percent, of course. That is the realism of it. It is very difficult to get the dollars when we are having to deal with these continuing burgeoning caseloads that we have to deal with immediately; we do not have the choice. But, no, that is something that certainly is my goal to have more prevention programs and I am hoping that we will be able to achieve that down the road.

**Ms. Gray:** Some of the Child and Family Services staff in the agencies will say that, the way the system is organized, it is easier for agencies to put children in care, in institutions, than it is to work with children in the community and find placements and services right in the community. Can the Minister tell us if she agrees with that and has there been anything done in the department to move away from that system whereby it is easier to put the kids in institutions?

**Mrs. Oleson:** Yes, that has been expressed to me as a concern by some people that seem to be oriented into taking kids out of their homes and so forth. I am happy to tell the Member that in one instance in particular we have attempted to address this by funding an after-hours service with Ma Mawi. I had the privilege of announcing that program, oh, it was about a year ago I guess, or longer, at a meeting of Ma Mawi. Then I had the very pleasant experience of going back to a meeting Ma Mawi or one of their satellites had held and having dinner with them just before Christmas at which time they expressed to me their real satisfaction, even though the program had just recently in the last

few months got up and going. There is really great pleasure with how it was initially operating.

The thing there is that what they do is receive calls from people who may be in some difficulty and they have someone go into the home. In this instance they do not take children out of the home, they go into the home and help with the situation. There are any number of instances of family crisis, as you may be aware, and they help with that particular situation to prevent children having to be taken out of their home. I think that is a very worthwhile endeavour. I am really anxious to see how that program progresses but I know now they are very positive about it and very pleased with it.

**Ms. Gray:** Mr. Acting Chairperson, the Minister spoke about the after-hours services program and we also are aware that there has been a move to downsize the Seven Oaks Centre. I am wondering if the Minister could tell us, with the downsizing of that centre is it because there is less of a need which I would doubt, or has there been a move toward trying to provide those or similar services and support for a youth in the community as opposed to in that institution.

**Mrs. Oleson:** Yes, there has been felt a need for some time to downsize that facility not because the needs were not there, but because it was felt that it is better to attempt to provide a more homelike setting for children within the community. There have been group homes set up that do take the pressure off that institution. Now that downsizing will be a slow process I am afraid because there are many children who—that seems to be the only option at the time. There have been concerns expressed because that is a locked facility and I do have concerns there too but very often it is for protection of the children, so there are many reasons. In a more homelike setting, in a group home or other setting without locked doors is the way we want to go and we are gradually downsizing that facility.

**Ms. Gray:** Can the Minister tell us, are there specific group homes that have been approved or initiated or which are on board this year that are new, that were brought on stream as a direct result of the fact that Seven Oaks would be downsized?

**Mrs. Oleson:** Mr. Acting Chairman, as the Member may know, the Winnipeg Receiving Resources was dissolved and closed and that freed up funds of course for other uses. There have been 20 reception beds developed in Manitoba regions at Eastman, Interlake, Thompson, Norman, Parkland. So there are 20 beds opened in those areas, in total 20 beds and with the development of the opening of Ma Mawi after-hours service which I had indicated, that will be a help in that regard as well.

\* (1550)

There are another eight additional residential treatment beds, Level 5, to accommodate a backlog of disturbed, aggressive, older adolescents at Seven Oaks. There are eight beds opened at this time, four at Macdonald Youth Services as of January this year

and at Nuras as of February of 1989. Those are some of the initiatives that have taken place.

Also the child and family service agencies were allocated some of the funds from that Winnipeg Receiving Resources funding and that would go into funding children in other facilities.

**Ms. Gray:** Can the Minister just tell us the figure? What was the amount of those resources that were reallocated from the receiving services?

**Mrs. Oleson:** Mr. Acting Chairman, it is approximately \$1.8 million.

**Ms. Gray:** Mr. Acting Chairperson, in the area of the Child and Family Services, of course one of the very important areas, and the Minister has referred to Ma Mawi, one of the important services that are provided is for aboriginal child and family service needs and also for Metis child and family services needs.

I am sure the Minister is aware that there has been a proposal from the Manitoba Metis Federation in regard to Michif. We have a pilot project out of Dauphin and I understand that in fact there also had been a request from the Government for an overall proposal in regard to looking at provincial Michif and I am wondering if the Minister could indicate to us the status of that proposal?

**Mrs. Oleson:** Mr. Acting Chairman, yes, we have that proposal from the Metis Federation, have met with them on that subject and will be meeting with them again. The problem that arises with that and with other proposals that we have before us from the Native community is that it needs to be subject to tripartite agreements with the federal Government with regard to some of the funding, particularly with the Native groups. So all these things are in the works and being evaluated by the department, but I have not been able to give a response to the Metis Federation yet. I had indicated to them earlier this year when I met with them that if it was done at all, it would have to be an initiative of another budget. We just did not have budget for it this year.

We have to look at it in the context too that we will still need to provide the service at Parkland. A parallel service is what they are proposing and we certainly have to look at it carefully to be sure how it impacts on the services and how it impacts on the funding.

**Ms. Gray:** Mr. Acting Chairperson, the Minister speaks of a tripartite agreement. Is not child welfare a provincial responsibility?

**Mrs. Oleson:** Mr. Acting Chairperson, with regard to the Native Community, the Natives operate with federal funds, but they operate under our legislation and regulations. So we get into the negotiations from that point of view. We do pay for some services that the Native agencies may provide for off-reserve children, but that is about the only funding we get into with that in that regard. In any changes that were made, we want to be sure we are in concert with the federal Government

and they are still paying for them so it does not impact on our Treasury.

**Ms. Gray:** Mr. Acting Chairperson, what services does the federal Government provide to the Metis?

**Mrs. Oleson:** Mr. Acting Chairman, the federal Government does enter into the funding with the Metis group in this regard. We do provide five staff at this time, I understand, but there is an implication of funding with the Metis as well as with the Natives. So we have to discuss these things with the federal Government. They had put a moratorium on their tripartite negotiations so this has stalled things in the works, but I understand those are to commence sometime within the near future. I am looking forward to that so we can get some resolution to this.

**Ms. Gray:** Is the Minister suggesting that her Government is unable to make a decision in regard to whether the establishment of Michif should go ahead unless they have approval of the federal Government?

**Mrs. Oleson:** We have to work together with the federal Government to make these changes, if we indeed made them, because of the funding impacts. We would take over all the funding if we were to come to an agreement with which the federal Government did not approve the funding for. So these matters are rather complicated and have to be dealt with on a tripartite level, so that we would be sure who is doing the funding and exactly under what rules we are working.

**Ms. Gray:** I have no difficulty with working together, but my question is, does the Minister's department have to have authority from the federal Government in order to accept and work with the Manitoba Metis Federation to implement Michif?

**Mrs. Oleson:** Mr. Acting Chairman, no, we do not have to have the authority of the federal Government. We could go ahead on our own but we have to be aware of the cost-sharing implications and all the implications of cost. We do not want to branch out on our own if we are going to get no federal dollars where there have been federal dollars before.

**Ms. Gray:** Is the Minister's department in negotiations then with the federal Government in regard to seeing what kind of dollars are available so they could implement Michif?

**Mrs. Oleson:** Mr. Acting Chairman, there have been discussions taking place on these matters, but as I indicated to the Member before, the tripartite negotiations have been on hold and have not commenced yet to my knowledge but will, as indicated by the federal Minister, will be commencing sometime in this new year, early in the new year I understand. There have been preliminary discussions with federal staff. They meet on various issues to do with child care and other matters. But actual negotiations have not taken place.

**Ms. Gray:** Mr. Acting Chairperson, can the Minister then tell us, granted there may be negotiations and

they want to work with the federal Government, but let us back up a few steps, does this Government and this Minister support the concept put forth by the Metis Federation in regard to providing child and family support services to families and children who are Metis, as is indicated in a proposal called Michif? What is the Government's position on this particular proposal? Do they support it, or do they not support it?

\* (1600)

**Mrs. Oleson:** Mr. Acting Chairman, the Member should be aware that this is not just something you can decide in a hurry without knowing all the implications. We would want to take some time to negotiate this with the federal Government, to look at all the ramifications.

The project which the Michif have in front of us is, or the Metis Federation has in front of us, as I understand it, is some \$4.2 million. We have to be sure we can get some cost sharing if we were to go into that. There are a lot of things that we have to take, information that we have to have before we could take a decision on that, a final decision. Not the least of which is, what impacts there would be to the rest of the system. As I indicated to the Member, we would still have to maintain services in the Parkland. It would be in many instances—well, it would not be a duplication, but we still have to have the expense of having a departmental presence and we would have the other one and then we would have the Native one. You see the whole mix has to be looked at very closely because this would be a new venture with that particular group.

The project they have is a pilot project in the Parkland, but their intention is to move into other areas of the province. The cost implications—I have not a chance to look at them all at this time—have to be weighed. I mean we might agree in principle that this might be a wonderful idea, you know, motherhood-and-apple-pie sort of a theory, but you cannot operate that way. You have to look at all the ramifications, how this impacts on the rest of the system. I am sure the Metis Federation understands that. I am meeting with them in the near future to discuss it further because I know they are serious, they want to give service to their people. I can certainly understand that, but there are other things that have to be taken into consideration as well. The department is working on that.

**Ms. Gray:** Mr. Acting Chairperson, yes, there are cost considerations and certainly that has to be part of the decision for a Government to go ahead and fund a particular agency, but my first question to the Minister is, does she and does her Government support the concept of what Michif is putting forth?

I have concerns that the Minister does support that because she has indicated a concern about duplication and she talks about services. If the Metis extend their services into other areas of Manitoba, there may be duplication. We have a situation right now where we have Indian Child and Family Services providing services out of Thompson and in areas in the North. We have the Government, the Department of Child and Family Services, providing those same services. Does the

Minister feel that in fact that is duplication and that should be discontinued?

**Mrs. Oleson:** No, I am not saying that should be discontinued to the Member. I am saying we have to weigh the whole thing very carefully before we launch into another system because then we would have three systems working within the province. First we have to evaluate that. Do we need that staff? The Metis people feel that they do.

In part of our discussions with the Metis people, I had asked them what sort of help we could give them in other regards. Could we attempt to hire more Metis people into the Child and Family Service agencies, and they are thinking about that. There are many things that might be able to be done without actually setting up another layer, another whole stream of a service agency. So I do not think this should be taken without a great deal of study and evaluation. I do not think it should be entered into lightly, whether we agree in principle with the concept or not. It has to be looked at from a point of view of the whole system in the province and that is a very important feature.

I think there are many features of their proposal which are very interesting and very worthwhile and they are very serious and very dedicated to wanting to help their people. I certainly empathize with that and I will be looking forward to meeting with them again to discuss these and see how we can accommodate them through this or some other way. We will have to look at the numbers—that is being done—about how many Metis children are being taken care of by, for instance, the regions. There are a lot of things that have to be weighed before we would make that decision.

**Ms. Gray:** Mr. Acting Chairperson, well, I think the answer to my question from the Minister is no, but I will let the Metis Federation read through Hansard. They can decide what their interpretation is and ask the Minister directly when they meet with her on January 25 and see what answer they get.

The Indian Child and Family Services, as the Minister I am sure is aware, have presented a position paper. I understand that was submitted to the Minister last year in '88 and in fact a meeting did take place, July 15, 1988, in regard to this particular position paper. The Indian Child and Family Services have since written a letter asking what the position is of the Government and have yet to receive a response.

I am wondering if the Minister could indicate for us today, what exactly is this Government's position in regard to the position paper that was put forth by that group?

**Mrs. Oleson:** Mr. Acting Chairman, yes, at an initial meeting with the Assembly of Chiefs—I believe that is the position paper she is talking about—they had indicated to me they had some concerns and would send us papers on those concerns, which they subsequently did after some months. We had arranged to have a meeting with them, which was subsequently cancelled by them. I have been attempting to get some more work done in the department with regard to that

and we will be meeting with them some time in the near future. I have not set the date yet, but we will hope to meet with them. I have been in conversation with the various members of that assembly at different times. They have indicated that of course they are still looking forward to a response from us on some of those issues. My department is getting back to them to see if, because time has elapsed, some of those issues are still their priority for the meeting. That is taking place, but we will still be meeting with them.

**Ms. Gray:** The position paper—the date I have on it is October of 1988, so that is well over a year ago. Can the Minister indicate, in that past year, in regard to dealing with this position paper, has the Minister's department come up with a position or any recommendations or comments on their position in response to this particular position on child welfare, which is the summary of the First Nations?

**Mrs. Oleson:** Mr. Acting Chairman, in the interim the Member should be aware that the federal Government has issued a position paper on Indian child welfare. We have to look at that paper also in the light of the position paper we are working on for that particular group. All these things will be taken into consideration. It was mentioned to me at a meeting some weeks ago by one of the Native people in the group, who indicated to me they had some concerns with the federal paper, so I am asking staff to look at it in that light. We will be preparing a position paper taking into account all those things, and we will be meeting with that group as soon as possible.

\* (1610)

**Ms. Gray:** Can the Minister tell me why her department cannot prepare a response based on this particular position paper regardless of what the federal Government is saying? You may not agree with the position paper of the federal Government. I would hope there would be some concerns, since it would appear the federal Government wants to do some capping of dollars. Why is that used as a reason to say that there cannot be a response or a policy established on the part of this particular department in regard to the Indian child welfare issues?

**Mrs. Oleson:** I indicated to the Member that was one thing that had to be taken into consideration. I did not say it was the only thing. The department is working on this, they are quite capable of working on it. It is being prepared, and we will be meeting with that group.

**Ms. Gray:** Apparently, in past negotiations with the tripartite negotiations, there seemed to be some question of what the role was of the provincial Government in the tripartite negotiations. There was a questioning on the part of some of the Ottawa officials as to the role of the province, particularly since the province does not seem to have a position. Can the Minister tell us how she sends her staff into negotiations on a tripartite basis when in fact those staff apparently have no position or do not know what the Government's position is on all these issues?

**Mrs. Oleson:** Well, I would like to remind the Member again that I had indicated to her that the negotiations have not been held yet. I have not sent anybody to negotiations that have not been held. When they go to negotiations, they will be taking part as indicated by tripartite. They will be one of the three levels that take part in the negotiations. The negotiations are not under way to my knowledge, and will not be for some time, some few weeks at least.

**Ms. Gray:** Can the Minister tell us when the last negotiations were held and when—she says, in a few weeks. Is that when the negotiations will resume? How does she define a few weeks?

**Mrs. Oleson:** Mr. Acting Chairman, the Member should be reminded that the agreement ran out in '85, and the actual negotiations have not commenced yet. There have been, at staff levels, some discussions but the actual negotiations have not got under way yet.

**Ms. Gray:** Can the Minister tell us when they will resume?

**Mrs. Oleson:** I do not have a firm date, but it had been indicated to me from some correspondence, I believe, or something from Ottawa that they would begin around the first part of February.

**Ms. Gray:** That is about two weeks from now, the first part of February. Will the Government have a position in child welfare in the next two weeks?

**Mrs. Oleson:** We will be sending the people to the negotiations armed with all the information they need.

**Ms. Gray:** Does the Minister feel that when staff are involved in negotiations at a tripartite nature, that they can do an effective job when they do not even know what the position is of the provincial Government within which they represent?

**Mrs. Oleson:** Mr. Acting Chairman, I did not indicate to the Member that we did not know what the position was or that the staff had not been informed of anything. The staff go armed with what knowledge they need to negotiate on behalf of the Government. To say that they go without a position is ridiculous. They go and they will meet and their negotiations will take place.

**Ms. Gray:** I am quite prepared to say that I am in error if there is a position of this Government and I have missed it in the conversation. Can the Minister then tell us: what is the position of this Government in regard to Indian child welfare for this province? -(interjection)- of this Government in regard to Indian child welfare, and we have started this discussion in regard to the position paper presented by the First Nations; what is the position of this Government in regard to Indian child welfare?

I would like to know what that is, the Indian Child and Family Services groups would like to know what that is, and I am assuming the staff must or should know what that is, since negotiations are probably resuming in a couple of weeks?

**Mrs. Oleson:** The federal Government is the lead partner in this, in that they supply the funding for the Natives. Now, we are very supportive of having them continue that funding. That is the first premise we will go under, that they supply the funding, and that the agencies will be working under the present system of working under the regulations and legislation of Manitoba. That will be one aspect of it. We certainly—it has not worked perfectly in the past, but it is something that we want to continue having them take part in and be responsible, as they have been in the past, for funding of people on reserves, and that is part of the negotiations that will take place. We hope that they will continue their funding.

**Ms. Gray:** Can the Minister tell us, in the position paper of October '88—there are many concerns that are presented there and there were some major concerns presented—which of the concerns that are addressed in this position paper does the provincial Government support and which do they not support?

**Mrs. Oleson:** I am not in the practice of negotiating publicly with matters of that nature. When I meet with the group, I will be apprising them of our answers in that regard.

**Ms. Gray:** Is the Minister indicating that in fact there is—she is not about to tell me that there is a position in regard to this position paper, a position that her staff are aware of when they resume negotiations in February? Is she also suggesting that she is prepared to share that position with the Indian Child and Family Services? Well, I am sure we will be very anxious to set up a very quick meeting with the Minister if that has all been outlined in detail.

**Mrs. Oleson:** I think the Member is missing the point here. The original request for a meeting and presentation of documents in regard to that meeting were sent by the Assembly of Chiefs. That is the body I am telling her I will be meeting with and sharing our answers to their concerns.

**Ms. Wasylcia-Leis:** Let me jump in here. I will try not to cover too much territory that has been covered already, but I will go back to the general topic of Child and Family Service agencies and try to deal with that overall issue of funding and the problems that I see in this whole area. The Minister has touched on some of them in her response to the Member for Ellice (Ms. Gray).

I see an absolutely critical problem growing day by day, and I think the Minister does as well. We have a situation with incredible increases in caseloads, and I think the Minister today actually agreed that the source of the problem in terms of funding right now is the incredible increase in cases and problems coming to the forefront of our society and coming to the attention of all agencies. We have at the same time what I consider to be a delaying tactic on the part of the Government. We are going on for many, many months of this issue being studied, yet no sign to date, and I include today's exchange in that comment, of how this issue is being resolved, and no sense of the plans for dealing with the absolutely critical funding issue.

Let me start my questions by asking first and foremost about the actual budget increase for Child and Family Service agencies. What precisely is the increase to those agencies? What is the figure the Minister gives for the increase to Child and Family Service agencies?

**Mrs. Oleson:** Mr. Acting Chairman, I do not know whether the Member wants the information agency by agency or whether she would prefer the total. The total was 21.9 percent of an increase.

**Ms. Wasylcia-Leis:** Mr. Acting Chairperson, rather than taking up the time of the House right now in terms of details, agency by agency, let me ask specifically if the Minister is saying the average increase is 29 percent. I know, at least based on my discussions with some of the agencies, that the increases were based on the approved funding for '88-89 and did not include the deficit relief that has been added or paid out since that time and does not include the prior surpluses applied and has resulted in some cases in very, very small increases for the work of these agencies, much less than the cost of inflation.

\* (1620)

If I use specifically the example of Northwest Child and Family Services Agency, the increase in real dollars, in honest accounting terms, is less than 3 percent. I want to know why the Minister calculated these increases on this basis, why we did not start off with an honest equation and look at the actual dollars being spent including the approved funding for '88-89 and the dollars added since then in terms of the deficits and whatever else has been taken into account and then on top of that apply a meaningful increase that reflects the cost of living, so at least the agencies begin on some even footing and not sliding back continually, particularly given the current deficit situation facing many of the agencies.

**Mrs. Oleson:** Mr. Acting Chairman, the Member should be aware that even in the increases that she says were not sufficient, it represented some \$7.8 million increase. That is a sizable, substantial amount of increase. If we had been working from a base when this Government took over, an adequate base, then we could have added to it and possibly not been in this particular situation. When we inherit a system in which we have to play catchup with so many things that have gone on in this department, we really are faced with a serious dilemma in trying to help these agencies with funding.

I think that the Member would agree with me that \$7.8 million is a considerable boost to that area. That is what we were able to come up with. The agencies then immediately contacted me that they were going to have problems and that is being considered. They are under some obligation to work within the budget that they have been given.

**Ms. Wasylcia-Leis:** Mr. Acting Chairperson, it is a little hard to sit here and take the same rationale and reasoning being applied in this year's Estimates as we heard in last year's Estimates. I think at some point the Minister has to take ownership for this area and

recognize her responsibility in terms of changing circumstances and new needs and a responsible management approach to this difficult area.

The Minister did not really answer my question. I wanted to know why, despite recognizing the increase in this area but also recognizing that the growth in demand and need has been incredible, beyond expectation—which requires a different kind of response than we have seen to date from the Government—why not at least start from the point of view of including in the base, before making our increases, all honest calculations and ensuring that the injections for deficits are rolled into that and then apply your increase so we are at least starting from a better way of handling this difficult issue. Why not approach from that way so at least there is some keeping pace with inflation and cost of living?

**Mrs. Oleson:** Mr. Acting Chairman, the Member almost implies that we did not include the extra funding from last year. It is included. The increases above that are not as much as she would appreciate. I can appreciate that, because they are indicating to us they have problems and we are trying to work out and identify exactly where we have responsibility for these deficits.

The Member indicates that it is a matter of management and so forth. It is a matter of management on both sides. There has to be co-operation from the agencies, and I am quite confident they are doing their best to curtail expenses. We are trying to work through this to get to a satisfactory resolution to it.

To imply that what we should do is hand over the cheque book, she is up to taking the Liberal approach. They would give an open cheque to every perceived need. We are not taking that approach. We want to know why, and we want to work with people to overcome these problems and not just have the open cheque book approach where you just give money because someone asks for it.

**Ms. Wasylycia-Leis:** Mr. Acting Chairperson, the Minister puts her own interpretation on the comments. I am asking a very straightforward question in terms of a very critical issue and that is, how does one account for an increase of 2.8 percent to an agency that has seen an incredible increase in caseload and demand?

If one looks at some of the statistics, just in terms of all of Winnipeg, and recognizes that there has been, in the last few years, an increase of family service and children in care for all Winnipeg agencies of over 80 percent. I can go on and give more detailed statistics, but the Minister is familiar with them based on the work that has been done by her own department and the work done by the agencies themselves.

How does one account for a 2.8 percent increase, which is less than inflation, less than cost of living and at a time when the numbers of children in need and families in crisis are growing rapidly day by day and there is no possible human way for any agency to deal with that kind of demand with those constraints and without any real fiscally sound responsible approach on the part of the Government and without any sense

of how they are expected to deal with these problems over the years?

**Mrs. Oleson:** Mr. Acting Chairman, I am curious to know where the Member gets her 80 percent figure, because I just quoted figures to the Member for Ellice (Ms. Gray) that gave—unless my memory does not serve me too well—indication that the overall increase for all agencies was 19-point-something percent. So if one agency has 80 percent in that time period, I would wonder where the Member gets her information.

**Ms. Wasylycia-Leis:** Mr. Acting Chairperson, perhaps I was not speaking clearly enough. I was saying, how does the Minister justify an increase of only 2.8 percent to an agency, like Northwest Child and Family Services, when in fact caseloads have grown incredibly over the last number of years? I use the figure for all Winnipeg agencies, a figure that comes from a report the Minister will be familiar with, coming from the agencies which was a critique of the audit summary of funding practices and controls for external agencies and clearly indicates the well over an 80 percent increase in terms of cases pertaining to Family Services and children in care.

So I use that as a figure in terms of the caseload increase on the one hand, compared to such a tiny increase for an agency that has probably got the bulk of the growth in new cases and demands. How do you justify that? How does an agency like that have a chance of getting its feet on the ground and making a dent in this incredible high level of crises in the community?

\* (1630)

**Mrs. Oleson:** Mr. Acting Chairman, the Member identifies a problem and that there are increasing caseloads. I would have to go back and look at the document that she is referring to, to check up on that; but over the last few years, as I had indicated to the Member, the caseloads have gone up by some 19-some percent but the funding has gone up 64 percent. Somewhere along the line, we have got to get a handle on this, and that is what we are attempting to do.

Now we are working with the agencies with regard to this. We get information from them. The staff are working with them to get a better rationalization of their needs, and I feel quite hopeful that they recognize that we do need more information. We do need justification for every single expense so that we can come to some better method of funding.

It will take some time to catch up to maybe what they would expect, and expectations always exceed the funds available. We are all prone to that from time to time.

I do commit to the Member that we are working with the agencies to try and resolve these longstanding funding problems. We will be looking at it again, of course, and we are already working on projections for next year's budget, to see what we can do with them. There is a responsibility also which the agencies recognize, I am sure, for the boards to work with us in a reasonable way to resolve this issue, because we cannot keep increasing and increasing continually and

putting money in without absolute justification that it is needed.

Now, caseloads is one thing. There are other things that we could consider. There are other components of the funding that I quite often wonder if we could maybe rationalize a little better within the system, and get together on a few more things and maybe not have so much duplication. Those are all things that I have discussed with the agencies.

We discussed better co-ordination of foster parent homes so that the six agencies in Winnipeg, for instance, do not work in isolation and all have a foster care list but do not share it with one another so they cannot work really efficiently in that regard.

These are all things that are coming together to better the system and I know it has some considerable way to go; I recognize that. I am very willing. As I had indicated to the Member for Ellice (Ms. Gray), I want to make the system work and that is what we are attempting to do.

**Ms. Wasylycia-Leis:** Mr. Acting Chairperson, I will leave that point. However, I would leave on the record the fact that I think it is a reasonable approach for the Government of the Day to consider an increase in funding that is at least reflective of cost of living and based on a true base-line figure, which is something I do not believe has happened in all cases in terms of all agencies, certainly not in the case of Northwest Child and Family Services Agency.

In that same vein though, that agency and I am sure others have stated loudly and clearly that given the current financial situation and the fiscal response to date by this Government and the budgetary limitations, that some children are not safe because these agencies do not have the dollars. That is a quote directly from the chairperson of the Northwest Child and Family Services Agency at its December annual meeting. I think that was not a scare tactic or a threatening remark, but that was a statement based on the reality of the situation.

There is a real worry on the part of agencies everywhere, particularly those in high-need areas, that some children are not safe because these agencies do not have the dollars to keep pace with the increases in caseloads and the demands coming forward to these agencies.

That agency has said, and this was back in December so perhaps the list has grown since then, that they have 89 damaged children on waiting lists, not being able to serve them whatsoever because of the limitations they are under based on the modest increase in funding they have received and based on the fact that there has been no resolution of the overall funding situation facing agencies.

In view of those kinds of comments, what does the Minister recommend? What does she say to those agencies who have told her some children are not safe, some children may die because of a lack of an effective policy response from the Government? What is the reaction of the Government on a matter like this?

**Mrs. Oleson:** Mr. Acting Chairman, I am really upset by what the Member is telling me. I am hoping that she is overdramatizing. I am sure that she is sincere and I am really upset by that. Because I have indicated to those agencies clearly, on many occasions, that they are not to cut service. There is a clear indication from our Government that the children are to be protected. Now, we will settle the funding issues. We will work with them and try and settle the funding issues. In the interim, they are not, and it has been indicated to them clearly in writing, that they are not to cut service to children.

No child is to be at risk because we are having any kind of difficulty or wrangles or whatever in between the department and the agencies with regard to funding. I want to assure the Member that if she has knowledge of someone who is at risk because of this, I want to know immediately. I do not want anything to happen to any child because of funding. I want to be very sincere about that, because I am disturbed to hear that kind of talk. The president has not come and told me that they have 89 cases like that. I want to hear it, and I am glad you raised it, because I am concerned.

**Ms. Wasylycia-Leis:** Mr. Acting Chairperson, this should not come as a surprise to the Minister. This has been raised over and over again by agencies like Northwest. It is not a question of cutting services. It is a question of not having the dollars to keep pace with the increase in demands coming forward. It has nothing to do with the debate about whether or not to cut services to deal with the deficit. It has to do with the fact that with an increase of 2.8 percent and incredible deficits already facing these agencies, how do they respond to new cases coming in? How do they respond to these new cases of 89 damaged children?

\* (1640)

What they are saying is that in order to just deal with new cases and the increasing demand coming forward, they need, in the case of Northwest, a couple million more in terms of caseworkers and social workers. They need thousands more in terms of maintenance for children. They need millions in terms of therapy and treatment. The problem is not one of cutting services. No agency is doing that. They are still waiting for an answer, by the way, specifically from the Minister on how to jibe that statement with the question of deficits.

This is a question of increasing caseloads at a time when the Government has put very strict financial restrictions on them. That is the question I raise. That is the question I would like to hear an answer from the Minister on.

**Mrs. Oleson:** I have not given strict guidelines with regard to service other than the fact that they are to provide service to children. That is very clear. With regard to the other matters of funding, as I have indicated, we are still working to resolve that. The agencies have some responsibility, however, to work with us to resolve this from their point of view and from a management point of view as well.

**Ms. Wasylycia-Leis:** Mr. Acting Chairperson, on the issue that the Minister just raised in a previous answer about the deficit and how it should be handled and advice she is giving to agencies, she has said to agencies that there should be no cutting of services. She has not specifically said what will be done in terms of these deficits which will keep increasing and increasing. What is her answer to agencies that have asked if those deficits will be covered and dealt with by the provincial Government?

**Mrs. Oleson:** I am endeavouring to get back to those agencies as soon as possible to give them the information they need.

**Ms. Wasylycia-Leis:** If the Minister is saying to the agencies not to cut services, can we assume that she is giving a directive to them that this Government will pick up all deficits incurred as a result of increasing demands and caseloads?

**Mrs. Oleson:** The Member cannot assume anything from it. The Member can understand that I will be getting back to the agencies as soon as I can provide them with information.

**Ms. Wasylycia-Leis:** That is the essence of much of the problem in the system right now. There have been no answers coming from the Minister, no clear directions on any of the areas the Minister undertook to review and get back to the agencies on. I would like some specific answers on the three areas that I believe have been outlined in terms of review and where the answers are long overdue and of course, the question of the funding, overall funding, financial issues, the question of workload and the question of the outreach prevention dollars. The Member for Ellice (Ms. Gray) raised these questions. We did not get any specific answers yet. What is the time line for each of those committees? When will we hear exactly, when will the agencies hear the results of those reviews, those committees? Can the Minister give us some precise time frame so that we can end this doubt, the confusion, the uncertainty, low moral in all of the agencies throughout the province?

**Mrs. Oleson:** I may have missed some of the Member's questions. If I do not answer it all, she can ask it again. With regard to the workload review it is an ongoing study, so there is work still being done on that particular issue. With regard to the outreach grants, the agencies will be hearing very shortly from me with regard to their allocations.

**Ms. Wasylycia-Leis:** The proposal from the agencies, in terms of outreach, reached the Minister's desk last May, and I am wondering why they still have not heard back from that concrete proposal that was brought to her attention and after she solicited the advice of this committee of the agencies?

**Mrs. Oleson:** Mr. Acting Chairman, I have solicited advice from the agencies with regard to how they could see us distributing the funds from the department. They had come back that they were not in agreement with that. Of course, that is their prerogative to agree or

disagree. They still are not happy with what decision was taken with regard to the distribution, who would do the distribution, et cetera. That is still something that is an open discussion with us, shall we say, but for this year the department is allocating funds, as I had indicated. The letters are going out to them and I believe I have signed them and they are, whatever procedures take place beyond my office door. Anyway, they will be going out shortly. I agree it is some time but then that is unfortunate but the information is going out to them.

**Ms. Wasylycia-Leis:** Could I try to seek, once more, some specific information on time lines around these areas? The question of reviewing funding including the question of deficits and arriving at a formula that takes into account the needs of the agencies and the demands, what are we looking at in terms of the time line? When is there going to be an announcement or some further development pertaining to the question of funding?

**Mrs. Oleson:** I guess the Member is referring to the outstanding issue of the deficit. That is what the Member is referring to because I had announced the allocation of funding some time ago, for instance in August. With regard to the problems over the deficit, I will be getting back to them very shortly. I cannot give the Member the exact date but I will be as soon as possible communicating to them just what steps we will be taking.

**Ms. Wasylycia-Leis:** I was seeking that information, but also more broadly information based on the Minister's commitment. I believe in last year's Estimates or certainly at some point around then to address the whole question of funding in its broadest sense, in terms of assessing very clearly the kind of demand and caseloads facing agencies, the growth in this area and her commitment to assess the current way in which funding is allocated, and to come up with a formula that is reflective of needs and something within her reach as a Minister and something that will address this problem over a long-term basis.

**Mrs. Oleson:** I think the Member is referring to two different committees that were working on two different issues, and one was the funding formula. They did report to me. As I indicated to the other Member, that work is still ongoing. It has not stopped. They will still be working with the department with that regard.

With regard to the workload study, I indicated that was ongoing and has not been completed at this point. We are working on that. I hope to work with the agencies. It is finding the dollars the difficult part when you get right down to the bottom line of it. Hopefully, we will be able to improve.

**Ms. Wasylycia-Leis:** I gather I am not going to get any time commitments from the Minister, in terms of when we can expect to hear how these outstanding issues are being resolved.

It has been a long drawn out process in all of these three or four areas, depending on how you count them.

I think it is imperative upon the Minister to wrap up the process and get something underway since I assume she is planning right now for the 1990-91 Estimates.

On that whole question of planning, the Minister did rather definitively say she is not looking at any recentralization model. Can I then ask her if she has refused to entertain any X options as were on the table in the last Estimates planning process that would restructure the delivery of the agencies in Winnipeg, options including the reducing to four agencies, two agencies, one agency, or to have the whole thing provided by the department, options that look at the whole centralization of foster home resource co-ordination, options that look at the reduction in service and administration grants to child and family service organizations, and so on?

Can she give us a commitment that she is absolutely not entertaining any such notions and has totally rejected any notion of restructuring this whole area, and moving back in time to a centralized delivery model.

**Mrs. Oleson:** We had this discussion a few minutes ago, Mr. Acting Chairman—minutes or hours, I do not remember which—anyway, with the Member for Ellice (Ms. Gray) in which I indicated, no, we were not planning to centralize. The Member is referring to a document, an internal document, from last year's budget preparations, one of many internal documents that from time to time are in the department. I do not even know in what order that particular paper fell in the order of things in preparing budgets. She will have noted by now, I am sure, that we did not follow that X option budget in that regard. So let her be rest assured that is not taking place.

I did indicate to the Member for Ellice (Ms. Gray)—I think that was who I said it to, but anyway, it does not matter.—(interjection)—well, it is on Hansard, the Member for St. Vital (Mr. Rose), so you can read it all. It does not matter who it was said to.

\* (1650)

What I have indicated before, and will indicate again, is that there may be some particular aspects of the agencies that can be done in a more centralized form, and I have undertaken discussions with the agencies. I indicated before the foster parent homes was one of those things which could be more centrally done, not necessarily by the department, but with the agencies and association themselves.

There are many things that could be entered into, and I intend to, over the course of all these years that I am going to be the Minister, discuss this with the agencies and have input from them. There may be efficiencies which could take place that would not harm the delivery, not impact on the actual delivery of service in the communities. It is important to give service where people are. I have indicated that is our intention not to stop delivering the service in the community.

There may be, as I have indicated, some things that would make sense to bring together for the sake of efficiency because we have to look at dollars. We just do not have endless dollars to put into this. The Member

herself of course is aware, from having worked through this sort of thing, how difficult budgets are. You have, for instance particularly in this department with all the agencies that are involved, all the disciplines with which we deal, a lot of needs out there. We cannot put all our eggs in one basket, as it were. As much as we would like to throw endless dollars into one section of the department, there is another section of the department which has a crying need as well. All these things have to be balanced within the available dollars.

I am not the only Minister who has that problem. The others, I am sure, have to make sure they are prioritizing the things in their department and making the best use of the taxpayers' dollars. All these things have to be considered. We do not have endless funds, so we have to make the best use of them.

**Ms. Wasylycia-Leis:** I am a little concerned, based on the Minister's remarks about the serious consideration she is giving to centralization of things like the whole foster home area. Is this something the Minister is seriously considering? Is it based on any recommendations from anyone in the agencies?

**Mrs. Oleson:** Mr. Acting Chairman, I do not think the Member needs to be alarmed at this proposal. It is only a proposal at the moment. I have talked to the agencies about this. They did not express great alarm. I think they are willing to co-operate and to work together to give better service.

There is no sense to have one agency with a list of possible foster homes, a large group in one particular agency's area, and none at all in another. I know of people who foster children of particular special need from one agency, and they live in another. It is a matter of sharing, co-ordinating and making better use of not only dollars but our human resources too. There are so many people out there who give us that assistance in foster caring. We want to be sure to make the best use of those people because they fulfill a very, very special place in the service to this department. I think it is only right that the agencies will want to co-ordinate that in the best fashion possible.

**Ms. Wasylycia-Leis:** I am very worried. The Minister is trying to leave the impression that she is not at all addressing the issue of restructuring and recentralization but is clearly giving signals about allowing this whole area to drift back to specialization and to the service orientation that was characteristic of the old CAS. I hope that if the Minister feels so strongly about not restructuring and going back in time to centralization, that she will give a strong message to her colleagues like the Minister of Finance (Mr. Manness) who has wasted thousands of taxpayer's dollars on studies and audits that have looked at agencies like Child and Family Services sheerly in terms accounting practices and not at all in terms of the human element and taking into account any of the changes in the caseloads and the new needs in Winnipeg and the Province of Manitoba.

Having said that, I would like to ask the Minister two questions pertaining to her speech that she gave at

the outset of Estimates. At the start of the Child and Family Services section, she did say that an additional \$7.8 million will be spent in support of a number of new program initiatives. I would like to hear from her exactly what those program initiatives are that add up to \$7.8 million, and I would also like to ask her where the other \$250,000 under the child abuse initiative that she refers to in her text is being spent, how it is being allocated, which groups are accessing this fund.

**Mrs. Oleson:** Mr. Acting Chairman, with regard to the \$250,000 that the Member indicated in her question for the child abuse related programs, that will be announced shortly. That will be forthcoming.

With regard to the \$7.8 million, I think what she is referring to is, the Maintenance was \$5,509,300 and External Agencies, \$2,584,400.00.

**Ms. Wasylycia-Leis:** I just need clarification that that \$7.8 million on new program initiatives, could the Minister tell me what again those new program initiatives are.

**Mrs. Oleson:** Thank you. I think because of time constraint, I will bring back that information at another point to the Member.

**Ms. Wasylycia-Leis:** I will ask my questions after I get that. I hope it will be here on Monday then, the response.

On the Minister's response pertaining to the Child Abuse Treatment Program, although she said an announcement is going to be made shortly, one would have thought that given this is an expenditure for this fiscal year and we are in the Estimates for this fiscal year that we might receive some details at this time. It is long overdue since the announcement was made. I think the Minister has some responsibility to the House to give us the details of that program.

Can she at least tell us if this is a new program her department is running? Is it an allocation of funds to which groups can apply? Is she covering off some of the proposals that have come forward to her for work in this area from community groups? What generally is the allocation of that \$250,000.00?

**Mrs. Oleson:** Mr. Acting Chairman, that program, I will be announcing it shortly. It is not a program that the department is delivering itself. It is a program that an agency will be delivering, but I will be making the announcement soon.

**The Acting Chairman (Mr. Gaudry):** The hour being 5 p.m. and time for Private Members' hour, committee rise and call in the Speaker.

\* (1700)

## IN SESSION COMMITTEE REPORT

**Mr. Neil Gaudry (Acting Chairman of Committees):** Mr. Speaker, the Committee of Supply has adopted a

certain resolution, directs me to report the same and asks leave to sit again.

I move, seconded by the Honourable Member for Ellice (Ms. Gray), that the report of the committee be received.

**MOTION presented and carried.**

## PRIVATE MEMBERS' BUSINESS

**Mr. Speaker:** The hour being 5 p.m., it is time for Private Members' Business.

## DEBATE ON SECOND READINGS PUBLIC BILLS

### BILL NO. 4—THE HIGHWAY TRAFFIC AMENDMENT ACT (2)

**Mr. Speaker:** On the proposed motion of the Honourable Member for Assiniboia (Mr. Mandrake), Bill No. 4, The Highway Traffic Amendment Act (2); Loi no 2 modifiant le Code de la route, standing in the name of the Honourable Minister of Health (Mr. Orchard). Stand.

Is there leave that this matter remain standing? Agreed.

### BILL NO. 10—THE BEVERAGE CONTAINER ACT

**Mr. Speaker:** On the proposed motion of the Honourable Member for Springfield (Mr. Roch), Bill No. 10, The Beverage Container Act; Loi sur les contenants de boissons, standing in the name of the Honourable Minister of Health (Mr. Orchard). Stand.

Is there leave that this matter remain standing? Agreed.

### BILL NO. 13—THE MANITOBA INTERCULTURAL COUNCIL AMENDMENT ACT

**Mr. Speaker:** On the proposed motion of the Honourable Member for Selkirk (Mrs. Charles), Bill No. 13, The Manitoba Intercultural Council Amendment Act; Loi modifiant la Loi sur le Conseil interculturel du Manitoba, and the motion of the Honourable Member for Thompson (Mr. Ashton), that the question be now put, standing in the name of the Honourable Minister of Health (Mr. Orchard). Stand.

Is there leave that this matter remain standing? Agreed.

### BILL NO. 16—AN ACT TO PROTECT THE HEALTH OF NON-SMOKERS

**Mr. Speaker:** On the proposed motion of the Honourable Member for Concordia (Mr. Doer), Bill No. 16, An Act to Protect the Health of Non-Smokers; Loi sur la protection de la santé des non-fumeurs, the Honourable Member for Ellice.

**Ms. Avis Gray (Ellice):** Mr. Speaker, I rise today to speak on Bill No. 16. Certainly I support the purpose behind this Bill and the concepts contained within this Bill.

I think in the last 10 years, when one looks at what has happened across North America, but in particular in Canada, we have gone a long way in regard to recognizing the ill effects, the deadly effects, of cigar, cigarettes and basically tobacco smoke. I think that this Bill is very much in line with what I would see as a very progressive policy in the area of health promotion.

I certainly look forward to the Government's side, hearing their comments on this particular Bill. We have a Government that talks about health promotion and disease prevention and that at least pays lip-service to that concept. I would hope that in fact this Government—and I will be very interested in hearing comments from the Minister of Health (Mr. Orchard)—would see their way to support as well the purpose behind this particular Bill, because in fact it goes a long way to really to implement some legislation which really supports the fact that, yes, we do believe in health promotion. We do believe in the health of non-smokers and in fact in the health of smokers as well.

We look at this Bill and we see where smoking should be excluded in a number of areas. They talk about retail space, office buildings, et cetera. I find it as an avid non-smoker and as an individual who is allergic to cigarette and cigar smoke, I find it somewhat annoying and disturbing as one walks through the malls in Winnipeg and even in rural areas of the province, and where there is so much cigarette smoking that is allowed in the hallways.

I think of having had the opportunity to travel to Vancouver, as an example, where it is so nice to walk through the malls and where the air is clearer. Where you are not subjected to that awful—not just the smell of cigarette smoke, but for those of us who are allergic to cigarette smoke, it is very much an irritant.

I would definitely hope that all sides of the House would see their way to look at supporting the purpose of this particular Bill as well. I see what is contained in this Bill is in line with the resolution that I, myself put forward in regard to looking at non-smoking. I was pleased to hear the comments of the third Party, who again supported that resolution. I was somewhat disturbed, but certainly not surprised at the comments that came from the Government side of the House in regard to that resolution. Where there seemed to be analogies made to seat belt legislation and the fact that we should still be looking at the rights of smokers, and that there was an indication that if we put laws which curtail selling of cigarettes to minors, that we should not be doing that, and they will not work anyway. Well, I disagree with that very much.

I think there should be laws, so that we are not selling cigarettes to minors. There should be laws where the Government of the Day, whoever that Government is, and the Legislature is saying to the people of Manitoba, we believe that smoking is dangerous and deadly to your health. If individuals want to smoke in their own homes, so be it. Let them do it. That is their right in

their particular abode, but when we come to the point where individuals are smoking in public, in places that are open to you and me, and to other individuals, then they are infringing on the rights of other individuals and infringing on people's health, and health certainly is and should be a major concern for all of us.

We know that health care costs are escalating, we know that in 10 and 20 years the health care costs will be even higher than they are now. What are we going to do as Legislatures to start practising health promotion and disease prevention? There are many ways that we can do that, and certainly some of the items that are contained within this Act do move towards assisting non-smokers and assisting smokers. I think of the legislation and the recent discussions that have been on the radio, in particular, in regard to the new federal law about not smoking in Government offices, federally, which as well include the corporations. When I think of some of the conversations that have been talked about by the talk show hosts, particularly on the CBC, who are having a difficult time because many of them are smokers.

I think about our own provincial Government employees who, in most office buildings, particularly in the Department of Health and Family Services, the ones that I am aware of, they have been practising non-smoking in their offices for a number of years.

I say, what is wrong with the Legislative Building because we certainly do not practise that, but we expect our employees to practise that and that is a double standard. Definitely a double standard when we allow Members of the Legislative Assembly and staff who work in this building to smoke wherever they basically want to, other than in the Chamber of course.

\* (1710)

I think of next week, January 22, which is the beginning of Non-Smoking Week. I would challenge the Minister of Health (Mr. Orchard) and the Minister of Government Services (Mr. Albert Driedger) to set an example, at least for next week, which is Non-Smoking Week and that is to not have smoking in the Legislative Building for one week. Surely to goodness, and it has been suggested it should be the Speaker and his proclamation. I invite the Speaker, I invite the Minister of Health (Mr. Orchard), I invite the Minister of Government Services (Mr. Albert Driedger), and the Premier (Mr. Filmon) and the Deputy Premier (Mr. Cummings) and the Government, and I would certainly look at supporting that. Where I believe that, for at least the one week which is next week, we could look at having no smoking in this building to at least show that we are willing to support the concept of trying to curtail smoking and to allow non-smokers the right to be able to breathe clean air. There may be a lot of hot air in this building, and that may not change next week—

**An Honourable Member:** But it does not have to be polluted.

**Ms. Gray:** As the Member for Churchill (Mr. Cowan) says, it does not have to be polluted at least with

cigarette smoke. I think that would be very much putting their mouths where their money is when they talk about health care and the need for health promotion.

Mr. Speaker, when we look at this Bill, this Bill speaks to concerns for the people of Manitoba. It talks about concerns in allowing individuals to be able to go into a bank, to be able to go into a restaurant, and to be able to do the basic activities of daily living without being worried about having to encumber and without being worried about having cigarette smoke affecting their health. There certainly have been enough studies done over the years to even show that young children who have been subjected to cigarette smoke, particularly if they are in their homes or in other settings in their young years, in fact can develop respiratory problems later on.

We certainly know when we are dealing with education, when the Government goes out and provides an education program to pregnant couples that it has been proven that cigarette smoking is dangerous to the mother and the fetus. We know that studies have shown that babies born to mothers who smoke are on the average of a smaller birth weight than babies who are born to mothers who do not smoke. We know that is a fact. We know that smaller birth weight babies have a tendency to have more health problems. The mortality rate as well is a factor when we are talking about smoking.

Certainly there are a lot of studies that have indicated the negatives, the deadly effects of cigarette smoke, and we teach that. We have public health nurses within the Department of Health; we have home economists within the Department of Health who actually teach pregnant couples, who talk about the risk of alcohol and drugs and cigarette smoking during pregnancy, who talk about the fact that if the husband or the spouse in the family that they should as well curtail smoking because of the second-hand smoke effects on the pregnant woman. We know that we are teaching that to the public today.

We know that the Government supports that concept, so let us take that concept a step further. Let us move into the public arena and let us say to the public, yes, we support the rights of non-smokers and we support the fact that if individuals want to smoke in their own homes that is fine, but they should not be doing it in the public arena.

I have talked to, as an example, civil servants in the provincial Government who have had the policy of no smoking in their offices. They have had that policy for a number of years. I have one good friend who in particular is a very heavy smoker and she has indicated to me that in fact she is glad that they have that particular rule and regulation because she knows that she smokes less by virtue of the fact that she spends the majority of her day in the workplace and she is not allowed to smoke. She knows that she smokes less than if she was allowed to smoke during the day, so she feels that particular regulation is of an assistance to her. She has not been able to quit smoking at this point, but at least she feels that it has been of an assistance. So rather than smoking a pack a day from eight o'clock in the morning to six o'clock at night, she

probably will have one or two or three cigarettes, a couple at lunch if she is out of the building, and is she is in meetings all day, in fact, she may not have any cigarettes at all.

I think that is definitely a step in the right direction. This particular person has also said it is important we should not allow smoking in public. We should not have smoking in hallways of the malls. We should not have smoking in office buildings. She supports and believes in the concept that she knows smoking is dangerous. She knows smoking is deadly to the health. She is aware of that. For herself she has to be able to motivate herself to say, yes, I am going to quit smoking and that is something that she will work on but she supports the concept of non-smoking.

I listen with interest as well of people being interviewed who work with the federal Government who are standing outside smoking cigarettes and the smokers who are saying, our rights are being curtailed, et cetera, et cetera, and how there should be various rooms that were built or accommodated in these office buildings for smokers. That is an interesting concept, Mr. Speaker, but when you look at it, does it really make sense to actually spend taxpayers' money and promote and support smoking in office buildings?

Is that really something that we as Government, as legislators, would want to do? I say that in fact, no. We would not want to do that. I know right now in this Legislative Assembly we have a Members' Lounge which really is a smokers' lounge, because if you are a non-smoker you do not want to spend to much time in there, Mr. Speaker. In fact, there is no other place for individuals who are non-smokers to go. We know that there is enough smoking that goes on in this building in individual offices that at the end of the day when it is ten and eleven o'clock at night, when you walk down the hall, you can smell cigarette smoke throughout this building.

I really believe that Legislatures should be the first to set examples, not just for the people of Manitoba but certainly for the employees that they employ. When civil servants have certain rules and regulations and have actually worked on those regulations related to non-smoking and are willing to abide by them, surely to goodness Legislatures as well can at minimum do the same thing.

I do challenge the Minister of Government Services (Mr. Albert Driedger) and the Minister of Health (Mr. Orchard) and the Premier (Mr. Filmon) to have a non-smoking week truly next week where in fact there will not be smoking in this building. Then let us see what happens. Let us see what the results are.

Mr. Speaker, we talk about in this Bill the exclusion of smoking in schools and businesses. Certainly only now we still have school divisions in this province that are just starting to move toward non-smoking policies in their school divisions. We encourage them to continue to do so, but we also encourage the Government to stand up to speak on this particular Bill to tell us about what they support in regard to non-smoking and to set an example for all people in Manitoba.

Thank you, Mr. Speaker.

**Mr. Jay Cowan (Churchill):** Mr. Speaker, there is a certain sense of déjà vu as I stand to speak to this Bill having, not followed the Member for Ellice the last time the Bill was before us, but having spoken on the same day following the immediately preceding speaker, the Minister of Natural Resources (Mr. Enns).

Mr. Speaker, I am going to repeat many of the comments I put on the record at that time and also make a couple of new points which I think are pertinent given the events that have transpired since last having spoken to this Bill in its earlier form in the last Session.

I want you to know as well, Mr. Speaker, that none of my comments that are following are a direct personal reflection upon yourself. However, Mr. Speaker, I do have to remark upon the fact that this Bill is intended to reduce smoking in public places. This building being a public place, this Bill would certainly be enforced and applicable to our own daily lives. There are many of us within this Chamber who would have to make personal changes if a Bill of this nature were to come forward and be strictly enforced, which I think it should in both instances.

\* (1720)

The Bill was in the Legislature previously under the preceding Session, but it was not passed by this House because time ran out as we were conducting the business of the Legislature and there was not an opportunity to pass the Bill to protect the health of non-smokers at that time.

I want you to know, Mr. Speaker, that I had worked on that original Bill in its early stages as Health Critic. I had worked with a number of individuals and groups who should be noted in this Chamber for their hard work and their participation in developing this legislation.

I will not mention them by name, but I can tell you that they are individuals who are very active in our health community, who see every day the results of smoking in their own practice and in their own experiences and worked very hard with the New Democratic Party Caucus and with the other caucuses, because I know they met with them to encourage the passage of this Bill, to see this Bill developed in the first instance and finally passed so that it could be put in effect.

Now I know they were disappointed that as a Legislature we did not pass the Bill last Session, and they have every right to be disappointed, Mr. Speaker, because indeed we should have passed the Act to protect the health of non-smokers as introduced by my Leader, the Member for Concordia and the Leader of the New Democratic Party (Mr. Doer), in this Chamber last Session.

The fact is that we did not. The fact is that we now have very much the same Bill on the Order Paper, and are speaking to it once again. During the interim, during the time that we were in a hiatus from the first Bill to this Bill, a bit of work was done on it, and it is a bit better than the previous Bill. It is a bit more stringent. It is a bit more all encompassing. It is a bit better

drafted than was the previous Bill. If we should have passed the previous Bill, then we certainly should pass this Bill.

The Member for Ellice (Ms. Gray) indicated that next week is January 22, the beginning of Non-Smoking Week. She made a suggestion which, I think, is a very good suggestion, Mr. Speaker, and that is that we truly make this building a non-smoking building during that week, where as a society and as leaders within the society we try to discourage smoking through the prohibition of smoking in public places.

I want to go one step further than did the Member for Ellice. I look to her for some guidance in this to see if perhaps the Liberal Caucus would be interested in this proposition that I am putting forward. I also look directly to the Government House Leader (Mr. McCrae) to see if, in fact, the Government Caucus might be interested in this proposition.

I think we should go one step further than just making certain, Mr. Speaker, that this building is truly smoke free during the week of January 22. I think we should pass this Bill during the week of January 22. I think we should make a conscious effort to have the speakers who want to speak on this Bill make their presentations to this House before that week is out. I think we should publicly indicate now that all three caucuses are prepared to pass this Bill next week. The Government House Leader (Mr. McCrae), along with the Opposition Party House Leaders, could certainly set out the arrangements in a co-operative fashion to ensure that speakers had the possibility, the opportunity, of speaking on this Bill within the next number of times that it comes forward. On next Thursday, when we would normally be dealing with Private Members' Bills, a week from now, we could give a commitment that this Bill would be passed.

I look to the Government House Leader, who is in his seat now, to see if we cannot have some indication from him, with respect to that suggestion, and I look to the Member for Ellice (Ms. Gray) to see if, on behalf of her own caucus, they may not want to consider that as not only being a symbolic act on the part of this Legislature to discourage smoking, but a very concrete act on the part of this Legislature to discourage smoking by the passage of this Bill.

Mr. Speaker, the Member for Ellice (Ms. Gray) talked about some of the effects of smoking on smokers and non-smokers alike, on those who are most vulnerable from second-hand smoke. This Bill is intended to provide protection to those who are most vulnerable by prohibiting smoking in public places, but I think equally as important, and perhaps even more importantly, by increasing the penalties for those who sell tobacco products to minors.

That is a crucial part of this Bill, because, Mr. Speaker, I know that you smoke. I know that you would not want to smoke. I know that you do not want to smoke, and I know that you probably wish that you did not smoke. I can say that, because I used to smoke, and I am glad that I do not smoke. There are many who do smoke and wish they did not, and there are many who have stopped and are glad they did. There are many more

who have never even started smoking yet, who are the subject of advertising, who are the subject of campaigns to encourage them to begin smoking at an early age. I do not think too many people our age, and we are not that old, but I do not think too many people our age -(interjection)-

**An Honourable Member:** Tell me, what is our age?

**Mr. Cowan:** —by the time you are our age—

**An Honourable Member:** What is our age?

**An Honourable Member:** What is this our age business?

**An Honourable Member:** It is either Al Patterson, or Jim Downey.

**Mr. Cowan:** By the time you are in your adulthood—and someone said the Members of this House from time to time pass through their adulthood into another stage . . . .

**An Honourable Member:** And some never get there.

**Mr. Cowan:** . . . and some never get there, but chronologically most of us in this Chamber, at least those of us who are in a decision-making capacity with respect to legislation are adults, and very few adults take up smoking for the first time. If you are not smoking by the time you are 21, 25, in that age group, you are probably not going to be a smoker. That is very evident, very obvious, self-apparent, and as evident and obvious as it is to us, it is also that obvious to those who promote smoking.

Those who promote smoking are primarily the cigarette companies, because they know that as people stop smoking—and it is a very profitable business for them—their profits are going to drop, unless they can encourage others to take up the habit of smoking. That is why you see this lifestyle-type advertising, which is intended to appeal to young people encouraging them to smoke.

If young people are the subject of that advertising, then they are indeed the most vulnerable and they are the ones that need some protection. This Bill, by stiffening the penalties in a very severe way for people who sell cigarettes and tobacco substances to minors, will discourage the sale of those products to minors, will make it more difficult for them to obtain tobacco products, if they do fall prey to the advertising that they see all the time in their daily lives, and will give them at least some chance at not becoming smokers.

So the fact is the Bill, in just that one part, can have a very profound impact on future generations. It does not stand alone and it will not accomplish that all onto itself. There has to be education that goes on. There has to be the types of programs that we have discussed and implemented in this Chamber and as Members of Government, notwithstanding whatever Government it might be, they have taken it in the same response. There has to be the type of activity which identifies the

dangers of smoking, the very well documented, very well-known dangers of smoking and can counteract the enticing advertisements that try to get people to ignore the dangers and to take up a habit which statistically is going to have a very detrimental effect on their health for the rest of their lives.

So I think it is time that we pass this Bill. It is the second go around. We have had a fair amount of debate in it the first instance. We could probably arrange for enough debate on it in the next two or three opportunities that we have to debate on it.-(interjection)- The Minister for Northern Affairs (Mr. Downey) says he wants to speak on it today. So we will have a number of speakers. I think that the Minister of Northern Affairs will agree with me. Although we do not always agree on a large number of subjects, I do believe he will agree with the following, Mr. Speaker.

He will agree with the fact that smoking is hazardous to your health. We all know that to be the case. He will agree with the movement, that is a societal movement right now to discourage smoking. He will agree with the fact that Government has a leadership role to play in discouraging smoking. He will agree that Government has a role to play in protecting the most vulnerable in our society.

Therefore, I think he should agree that this Act, which fits in with a whole number of other activities which are taking place daily as we speak and as we perform our duties as legislators, there are new advances made in workplaces all across this province and all across this country to discourage smoking. This Act fits in neatly with what is happening there. It is a piece of legislation whose time has come. It is a piece of legislation that will have a very positive impact on all of us, but more importantly on our children and their children. It is a piece of legislation that can prevent some very unnecessary emotional, physical and financial hardship. We just need not suffer if we do not smoke.

\* (1730)

As the Member for Ellice (Ms. Gray) said, some people need some help in not smoking, some people need some encouragement, and she gave some examples of people who have already been affected by other programs that discourage smoking, such as the recent ban on smoking in federal workplaces. If it has not helped them entirely stop smoking, it has certainly helped them cut down smoking. Even that is a step in the right direction. That is a start. So, Mr. Speaker, since this Bill was first introduced a while back a number of things have happened. I think it is important to put some of them in a proper context, to show how it is a kindly piece of legislation, how it is important to pass it quickly, and how we probably should have passed it the last time around and we did not seize that opportunity to do so at that time.

Mr. Speaker, the federal Government has declared its workplaces to be smoke free. That is creating some hardship on certain individuals who smoke, but all in all I believe they are taking it in good stead. All in all I think they are trying to apply themselves to the new regulations in a productive fashion, and all in all I believe

it is having the desired effect of cutting down smoking, not only their own smoking, but cutting down the smoke in the environment that is then breathed in by second-hand smokers or other non-smokers in the area.

Hospitals in this province, if you follow the advertisements in the paper, have declared themselves to be smoke free. Schools in this province are declaring themselves to be smoke free. More and more workplaces are declaring themselves to be smoke free. The fact of the easy sale of tobacco substances to minors has become a public issue and there has been a call for stronger penalties.

There is nothing in this Bill that needs any further prolonged debate in this House. We have an opportunity as a minority Government to really make minority Government work, to seize the momentum that will be generated out of Non-Smoking Week, which begins in a few days, and to commit ourselves today. I hope the Minister of Northern Affairs (Mr. Downey) on behalf of his caucus will, if he cannot make a concrete commitment, at the very least say that he will take this back to his caucus and suggest to them that they use next week as a step to making this Bill a reality in this province so that we can finally get into effect the types of legislation and regulations we need to protect smokers, to protect those who do not smoke but work in the proximity of smokers, and, most importantly, to protect young people in this province, who now find it much too easy to start smoking because tobacco substances are much too easily available to them.

**Hon. James Downey (Minister of Northern and Native Affairs):** Mr. Speaker, not having planned to speak on this particular Bill at this particular time, I do appreciate the opportunity to discuss a few issues which, I think, are quite appropriate to debate and discuss in the Legislature without, at this particular time, taking a hard, firm, fast decision.

I know the Member for Churchill (Mr. Cowan), how disappointed he is that I am not putting an absolute position, but I may get to that point during my speech if he can help me with some of the areas that I may need help in as far as a little bit of clarification as I go through.

The title of the Bill, being An Act to Protect the Health of Non-Smokers, is one which is pretty difficult to disagree with in principle. We all have a responsibility to protect the health of each and every one of us, of society, which is really what we are on. We have a public health care system which is the payment of the care of all the people in the province. It falls within the jurisdiction of the province.

We know, we have heard, and we have been told of the numerous amounts of research that has been done which clearly connect the habit of smoking to a health problem.—(interjection)—For some reason he feels that I may be just going it his way, a little direction, but he has to remember that I have been here for some time and there are always knots in the rope. What I will let him know very shortly is the knot in the rope which he has not addressed here. I am sure he will recognize it when it comes his way. It may be a slipped knot.

Seriously, Mr. Speaker, one has to be very conscious of the fact that in our society, as a whole, there has been a recognition through the research of medical groups, of people who are very much involved of the harmful impacts of cigarette smoking and/or any other smoking, and a greater awareness of the respect for people who do not smoke.

I am not sure, Mr. Speaker, that it has not—what the Member is trying to accomplish here is not being accomplished by the general public awareness of the advertising and the general public debate that has already taken place. I am not so sure that we have to have legislation, which, when one goes to the penalty, Offence and penalty section: “Every person who contravenes a provision of this Act other than section 7, or a regulation, or a by-law made under section 6, is guilty of an offence and liable on summary conviction to a fine of not more than \$100, for a first offence and not more than \$500, for each subsequent offence.” A fairly stiff penalty for individuals who—I am sure many individuals who are smokers in society, of which, Mr. Speaker, I am sure you know very few, may feel that it is in fact infringing upon their rights.

One has to be very conscious as well in today's society of society's concern for individual rights. One cannot come like the Member for Churchill (Mr. Cowan) who comes with this legislation saying, yes, on one hand I am prepared to trample the rights of those smokers, and then come forward with the rights of individuals in another way as it affects general society and their rights, and say, I am for the protection of rights. I would like the Member for Churchill (Mr. Cowan) to clearly have made his statement as it refers to rights of people in our society. Is he prepared when it comes to non-smokers to take the right of the smoker away, and in another situation say, I am going to stand and be the great defender of that individual's rights?

**An Honourable Member:** Yes.

**Mr. Downey:** Yes. So that tells me where the Member stands, clearly in the middle.—(interjection)—Okay, maybe is clearly in the middle. I think he himself, in the introduction of this legislation, should have maybe thought through it a little more fully when it came to the rights of individuals.

Let me give one example where this in fact may—and he should have considered a possible inclusion of a group of people in our society who as part of their historical and their cultural—and their beliefs, it is part of their society. Let us speak today about the Native community in our society of which—

**An Honourable Member:** Pass the peace pipe.

**Mr. Downey:** Yes, the Member for St. Vital (Mr. Rose) says, pass the peace pipe—of which this particular activity, their activity of smoking, is very much a part of their belief. It is part of their culture, it is part of their heritage. I do not believe—and I am sure the Member for Churchill (Mr. Cowan) would not have intentionally wanted to trample on their rights, but I think it is important in the capacity that I, as

representative of the Native community in my ministry, speak out on their behalf.

So I say very clearly to the Member for Churchill, I would hope that in no way he is trying to intentionally trample the rights of the Native community of which smoking is very much a part of their culture, very much a part of their ceremonial activities, in fact, I think, is extremely important to them, important enough that when I have had in my office certain Native leaders, people of Native ancestry, who feel strongly enough about it, they feel it is a right that they can smoke. They would find it offensive if they were clearly indicated by me that they could not.

One has to appreciate in ceremonial activities, in culture or in historic activities of different groups in our society—and I say this particularly as it relates to the Native community—I do not want a piece of legislation introduced by the Member for Churchill (Mr. Cowan) to in fact trample those rights.

\* (1740)

(Mr. Harold Gilleshammer, Acting Speaker, in the Chair)

I am surprised, and I say this most sincerely, Mr. Acting Speaker, I am surprised that the Member for Rupertsland (Mr. Harper) has not brought this to the attention of the Member for Churchill. After all, one would think, he is within very close proximity to him sitting in the Legislature, that it would have been the responsibility of the Member for Rupertsland to clearly, clearly state to the Member for Churchill that he in fact wanted his people's rights preserved and considered in any legislation.

Mr. Acting Speaker, I have difficulty in supporting it on those grounds without exceptions being made. I do not want to elaborate a lot more other than to say that I think when a person is in his or her own home, it is clearly their right and responsibility to carry out the activities as they see fit. I think, as it relates to governing of hospitals and governing of a lot of public facilities where boards and commissions are responsible for that activity, that jurisdiction lies with those people who have been entrusted to do that.

I think that again I am not so sure that society needs heavy-handed legislation that would in fact cause a penalty of some \$100 or \$500 to be imposed. I think the public awareness is something that has been extremely helpful. All one has to do today is observe the people who are not smoking who traditionally did smoke. I know the Members feel that way and I know that a general observation would point that out.

I do say very seriously that I think that, for young people to be encouraged not to smoke through the carrying out of the act of disallowing or making it illegal for minors to purchase tobacco products, is not that difficult to support. I think it is important they not be encouraged at a young age.

Maybe, Mr. Acting Speaker, one should take the reverse psychology to this whole activity of smoking. As happened to yours truly, in his early years of starting school and going behind the school barn or wherever

it was, and to take on the art of smoking—(interjection)—Well, at least I went to school to try to learn how to smoke. Probably the best lesson, both in the smoking habit and the chewing habit, was to overdose, to have the world going around and around on a heavy chew of tobacco and the smoking of a ragweed to a cigar or to something of like nature, or some of the dried product that comes off the end of a corn ear, you know, the—I should have the Member for Fort Garry (Mr. Laurie Evans) here, he could help me with the terminology.

**An Honourable Member:** A tassel.

**Mr. Downey:** The tassel? There is a scientific name, but I will refer to a dried tassel. One should maybe allow young people to have a good dose of that, and it would probably cure more future smokers than anything else.

Seriously, Mr. Acting Speaker, I think society has come to grips with it through advertising and encouraging people not to smoke. I do think we have to appreciate and respect the cultural background and the ceremonial use of it and the fact that there are groups in our society that in fact use smoking as part of that. I would not want to see that inhibited in any way. Again, I always have some difficulty in legislation that truly does override the rights of individuals. I am a little surprised at the Member for Churchill (Mr. Cowan) in his introduction of legislation of this type.

I have heard him speak on the other side of this issue, and one would wonder really what his objective is in doing so.

(Mr. Speaker in the Chair)

I thank you, Mr. Speaker, for this opportunity to participate in debate.

**Hon. Harry Enns (Minister of Natural Resources):** Honourable Members will have noted my absence from this Chamber during the last few hours, but they will be well aware, as they have become accustomed to my habits, that I was doing the necessary research that is involved in making a contribution to the Bill at hand, Mr. Speaker.

I take it as a responsibility that all of us undertake, that we properly research the matters that we are called upon from time to time to speak upon. Mr. Speaker, I regrettably simply had to refer to file, because I have made a similar speech about similar attempts to regulate human behaviour before. I have referred to them, I am quick to indicate that it does not come from my own inventive and creative mind, but indeed a person better qualified and who has done the kind of research that I referred to just a moment ago.

I am trying to recall the author. I recall the publication of the article in a Maclean's, our Canadian national news magazine, I think one that has a fair amount of credibility in terms of the nature of the magazine and the news articles, the cover stories and so forth that it publishes from time to time.

This was written shortly before this same Chamber passed a law which again in my judgment unnecessarily

impinged on or tried to direct human behaviour and that was the law that has been law for a number of years, the mandatory or compulsory wearing of seat belts.

Mr. Speaker, I do not wish to take issue with a law that as a lawmaker I am now compelled to uphold. I do not take issue, never have, during the course of the debates on that particular issue, taken issue with the objectives of the law. In that case it was to reduce the unnecessary loss of life, reduce the extent of injury, reduce the cost to the public purse because of our universal and publicly financed health care programs.

All those arguments, in my judgment, were valid and are valid today and are not ones that I, at any time, took issue with.

What I took issue with—and I take issue with the purport of this Bill, is that it tempts a degree of human behaviour laudable as it may be, that invites too many of our fellow citizens to scoff at and to break. Mr. Speaker, this gentlemen whose name escapes me, who wrote a serious article on the subject matter, he decried the problems and the undesirable result that flows when legislators or agencies of Governments, with the best intentions, pass rules and regulations that a significant number of citizens daily scoff at—and he coined the phrase and he called this kind of legislation “scoff laws”, because when you have upwards to 30, 40, 50, 55 percent of the citizens ignoring a law that was passed in this august Chamber by the elected representatives of the people that form their Government from time to time and then have that law scoffed at or not adhered to or not paid attention to by a significant number of the citizens of the jurisdictions where that law applies, that, Mr. Speaker, I think ought to give us reason to pause to reflect and to reconsider.

\* (1750)

As this writer pointed out, if we pass rules and regulations that govern our behaviour that are unenforceable to a significant measure, we invite that attitude on behalf of the citizens of our province to accept the idea of scoffing at a law, of breaking a law, in some instances every day and it becomes a routine part of their living, it becomes ingrained in their attitude towards laws, and what this writer was concerned about, not the fact that some person scoffed at a mandatory seat belt law, or that some person would scoff at a restricted smoking law but what that does to our mentality towards all laws. Citizens start to make their own judgments as to which laws of the land they will accept and live with and which laws they will not.

Mr. Speaker, coming back to the traffic situation, jurisdictions have to be careful. When we pass certain laws that you must stop at a red light, a traffic light, 99.9 percent of the citizens stop at red lights. They know it is a good law, it is a law passed in the interests of all, it is a law for orderly traffic flow, and it will be obeyed. If we pass a law that says you shall not travel beyond a certain speed on our highways, on our thoroughfares, in the city, most citizens, the preponderant percentage of citizens, obey those laws for the same reasons.

When Governments reach out beyond that area of what we know, even in some cases whether it is an uncomfortable law, but nonetheless a law that we can see the rationale for and know in advance that there is an acceptability for, those laws will be adhered to, there will be compliance with those laws, and they tend, as we would like to think and as we pray every day when we open our Sessions, are indeed in the interest and the welfare of all the people of Manitoba.

There have been some notable exceptions, Mr. Speaker, when Governments, again propelled by the best of reasons, have passed laws that seem to have good and noble intentions and were deemed to be for the better and improved welfare of all, that had been dismal failures. Need I remind honourable Members of the laws that have been passed the earlier part of this century in this jurisdiction, in Manitoba, as well as in other jurisdictions, notably the United States, that called for the total prohibition of the use of alcohol in those jurisdictions or in those countries.

An entire history can be written about how populations scoffed at those kinds of laws. More importantly, what undesirable social developments grew out of those kinds of laws. There are some who say that a great deal of today's organized crime in the country of the United States has its roots to those laws that spawned the illegal trading of liquor, the bootlegger, the speakeasies, the profits, the unconscionable profits that were made under these circumstances, that still inflict a great deal of social harm to that country.

Mr. Speaker, wiser heads prevailed and these laws were eventually withdrawn from the statutes of the various jurisdictions in this country and in other countries where they have prevailed. I do not take issue with the fact that smoking, the use of tobacco is, by measure of information we now are possessed with, surely not to be recommended, surely not to be in any way encouraged. I also take it as a given and acknowledge that persons who are non-smokers find it offensive to be exposed to atmospheric conditions in this instance that they find objectionable.

We have not sat idly by with respect to this complaint on the part of those persons. We have made, in my judgment, pretty major steps in that regard. I recall to Honourable Members that for the first 70 years' tradition of this House, it was entirely in order and practice that when the Mace was removed from the table when we sitting in Committee of the Whole, the pages brought forth the ashtrays for those Members who wished to indulge in the practice of smoking a cigarette.

Mr. Speaker, as a person who is mildly addicted to the use of tobacco—I say mildly because it is not a great difficulty for me. When I leave in the mornings to go to the hayfields, and I find that I have left my tobacco at home, I would not make the trip back to the farmyard to pick up the tobacco. I am quite capable of staying in the hayfield without the use of tobacco for that day.

I honestly believe the measures that are being suggested to us in this Bill go beyond that step of reasonableness, but more importantly, invite the problem that I alluded to earlier, making people find

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ways of breaking a law. I have a great deal of difficulty, as a legislator, in supporting legislation, accepting all the good arguments that Honourable Members who speak in favour of it put forward. I ask you, in the final analysis you are suggesting a piece of legislation that in your hearts you know many of your friends will daily break.

I suggest that is not good law, and for that reason I would request that the Honourable Members reconsider their support for this Bill, that they show a greater degree of patience in the learning process that is obviously taking place and in the attitudinal changes that are taking place voluntarily, without the heavy use of law, without the heavy use of police, without the heavy use of our court system which would make it a criminal

offence to occasionally pause, draw in that fragrance of Virginia's finest fine cut and to deny those persons who find pleasure and a form of relaxation, deny them that legally with the full might of the law of the land, with the full authority of this Legislature.

Well, Mr. Speaker, I have many more things that I wish to bring to this debate, but I note the hour is six o'clock. I will have another opportunity to speak to it. Thank you.

**Mr. Speaker:** Order, please. The Honourable Member's time has expired.

The hour being 6 p.m., this House is now adjourned and stands adjourned until 10 a.m. tomorrow (Friday).