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of the
Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
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ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BLAKE, David R. (Dave)	Minnedosa	PC
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EVANS, Hon. Leonard S.	Brandon East	NDP
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FOX, Peter	Concordia	NDP
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HARPER, Elijah	Rupertsland	NDP
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USKIW, Hon. Samuel	Lac du Bonnet	NDP
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LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 17 May, 1983.

Time — 8:00 p.m.

MR. SPEAKER, Hon. J. Walding: Order please. Would the Acting Government House Leader care to indicate the next item of business?

The Honourable Member for Burrows.

MR. C. SANTOS: Mr. Speaker, I move that we go into Committee of Supply.

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 River East in the Chair for the Department of Health, and the Honourable Member for Burrows in the Chair for the Department of Economic Development and Tourism.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - ECONOMIC DEVELOPMENT AND TOURISM

MR. CHAIRMAN, C. Santos: Committee, please come to order. We are now considering Item No. 2.(e)(1) Canada-Manitoba Industrial Development, Salaries - the Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, the Minister announced that the Brandon EDC would be closed. Is the department able to move the people that will not be required? I imagine the decrease from 30 to 22 is basically because of Brandon. Will those people be required in other areas of the department or the government?

HON. M. SMITH: Yes. Just for clarification, the Brandon EDC has consisted of some consultants and some advanced factory space. The advanced factory space - at least the lease is up the end of January, 1984 - at the moment that looks that it will terminate. We have found, as I said, in the introductory remarks that the size of the city and the number of operations just don't seem to be able to support advanced factory activity; whereas in Winnipeg there does seem to be sufficient demand for that. The personnel will be redeployed as best we can; at least, that is the current expectation. They're still in place at the present time.

I do have a general introductory paper on the negotiated agreement or arrangement with Ottawa on Enterprise Manitoba. If the members like, I could read that.

MR. F. JOHNSTON: Fine.

HON. M. SMITH: Basically, I would like to give you some information on the difference between the allocation that's in the printed Estimates and the negotiated arrangement with Ottawa for Enterprise Manitoba. The Canada-Manitoba Industrial

Development Sub-Agreement, also known as Enterprise Manitoba, expired on March 31, 1983. However, the province has successfully negotiated an orderly termination over 18 months. That's an arrangement with the Federal Government allowing us to continue the delivery and cost-sharing of those programs we both agreed to be important to the economic development of the province during fiscal year '83-84, and in some cases until September 30, 1984, primarily with the Tech Centres and the Assessment and Co-ordination Program.

During the agreed upon 18 months winding down time frame, the Federal Government will cost-share a total expenditure package of \$9.9 million. That would be \$8.6 million during '83-84, in addition to what has already been cost-shared by the expiry date of the agreement. This was an accomplishment we should be proud of. During the '83-84 fiscal year, the Federal Government will cost-share a total of approximately \$8 million on a variety of projects. In addition to those cost-shared expenditures, the province will allocate a total of \$476,500 to advancing the activities of the two enterprise development centres and the regional development corporations. This will mean that a total of \$8.6 million will be spent out of my department's appropriations. In addition to this \$8.6 million, the two technology centres in Winnipeg and Portage la Prairie will spend a total of \$1.5 million. This figure represents self-generated revenues accumulated by March 31, 1984; hence total expenditures on Enterprise Manitoba programs will be \$10.1 million.

It is unfortunate that the negotiations with the Federal Government were completed after the Estimates had gone to the printers; however, arrangements have been made with the Department of Finance to limit departmental expenditures to the indicated \$8.6 million. Discussions have already started on negotiating a new umbrella agreement with Ottawa to replace the General Development Agreement which expires in March, 1984. A meeting with Federal Ministers is scheduled for early June to establish the framework for the new agreement. I'm hopeful that a general agreement and some new federal-provincial initiatives will be concluded before the expiry of the GDA. The new agreement will lay the foundation for co-operative efforts in developing the economy of Manitoba in light of the new challenges facing the country and the province.

MR. F. JOHNSTON: Thank you. Then the figures that I was given last night and sent to me today, one page that I received last night, has the non-cost shares, 100 percent provincial allocation, separated out from the shared-cost expenditures, but the total of the requested expenditures is \$8.6. That works out. Are the expenditures on the shared-cost expenditures all at 60-40?

HON. M. SMITH: That is an average split. There is some variation from program to program.

MR. F. JOHNSTON: Then it hasn't changed?

HON. M. SMITH: No.

MR. F. JOHNSTON: There are still the variations that were there before?

HON. M. SMITH: That's right.

MR. F. JOHNSTON: You mentioned the technology centre would be spending - was I right when I heard you say there'd be a total of \$10 million with the increase of the technology centres' income or the addition of the technology centres' income?

HON. M. SMITH: Yes, those self-generated revenues will be spent by them, so that the total on Enterprise Manitoba programs will be \$10.1 million.

MR. F. JOHNSTON: Is the money on the technology centre in Winnipeg a 3.74? I notice there is an increase in personnel and it's from the Research Council. I imagine those people are working in this area. Is there any of the \$3 million-plus being spent for new equipment?

HON. M. SMITH: Yes, the particular expansion is the one that was announced the other day when the Federal Government were announcing the NRC Centre, but because theirs was in the neighbourhood of \$41 million and ours was a \$2 million initiative, it didn't get too wide coverage in the newspaper. When the equipment is officially available, with an open house, we will get more press coverage. What we have put into the Centre is an expanded computer-assisted design and manufacturing and engineering capacity. This will be a real boon to local industry because not only can they come and see how it works, they can get software packages that would be appropriate to their operations and very good advice and training of personnel for the purchase and application of the CAD/CAM capacity for their operations.

One of the exciting aspects of it is that this new type of technology is more adaptable to smaller and medium-size industry than most technological advances in the past when we've had to rely on large runs and fairly large-scale production units, but this really does open up productivity increase opportunities to our smaller and medium-scale manufacturers. Taken in concert with the \$20 million National Training Act, monies that are here for related job training in the colleges and universities, we really have a very advanced and effective package, I think, to promote the technological advance in Manitoba.

MR. F. JOHNSTON: Just going back to personnel for a minute, there's a drop of six people in this particular Enterprise Manitoba.

HON. M. SMITH: Two administrative secretaries have been transferred out. There was one senior consultant position that was vacant that has been transferred to a planning position elsewhere. There is a vacant consultant, which has been therefore terminated and another consultant that has been transferred out and one transferred out of Brandon, a vacant position.

MR. F. JOHNSTON: Have any of the Brandon people left?

HON. M. SMITH: There are two consultants who have left in Brandon.

MR. F. JOHNSTON: Those two are the two consultants that you mentioned earlier, when you were giving me the rundown of the six people?

HON. M. SMITH: There are two term positions that were not renewed, and again, that was matching the general assessment of the level of activity in that area. What we will be looking at in the future is how to make available to Brandon, the mix of services that are most appropriate to them and with a combination of local consultants and visiting consultation from Winnipeg, we will ensure that the best group of services are made available to the area.

MR. F. JOHNSTON: Well, the Minister said it had dropped to 22 and the Minister listed six people and then said there's another two in Brandon. Is it eight or is it six?

HON. M. SMITH: The total reduction in Enterprise Manitoba is eight, not six and then we have seven new positions in MRC. This has been a result of internal reprioritization.

MR. F. JOHNSTON: I wonder, could the Minister tell us which two people left us in Brandon.

HON. M. SMITH: Mr. Kissick and Mr. Smith.

MR. F. JOHNSTON: Did they give notice that it would be closing and then quit, or were they let go, or did they resign?

HON. M. SMITH: They were term appointments and there was the appropriate procedure followed.

MR. F. JOHNSTON: In the Industrial Development section there is \$1.41 million, this is the section where we have the industrial - well, where we hire consultants to assist in feasibility studies, etc., working with the development officers. Is that figure a decrease or an increase over last year?

HON. M. SMITH: The '82-83 Estimates had \$900,000; '83-84 is \$1.41 million. Just one correction, I'm not sure if that was the Estimate or the actual of \$900,000, but the '83-84 is somewhat increased and, again, as you suggested, this money is devoted primarily to strategic studies on sectors of the Manitoba economy. Three studies that will be started shortly are in the Transportation Equipment and Services area, Hydro-electric Products and Services, and Telecommunications. The remainder of the funds will be allocated to undertake feasibility studies with individual firms.

MR. F. JOHNSTON: Have there been any further communities or what additional communities have taken advantage or signed up for the commercial development?

HON. M. SMITH: The monies we have will really complete the current commitments and the towns

involved there are Swan River, Flin Flon, Morden, Altona, Carman and Lac du Bonnet. Again, we'll be reviewing our role with communities and planning what our future role is to be in working with them based largely on our experience in working with these communities.

MR. F. JOHNSTON: The \$750,000 in the Regional Development Corporation, there was a press release of the amounts and they're increased from last year and again, has the study that was announced commenced and when does it intend to be finished?

HON. M. SMITH: The exact dates I'll give you in just a moment. The study will be completed at the end of July. We allocated \$500,000 in '82-'83; we've allocated an increased amount \$750,000 for '83-'84. That's in line with our general policy to work with the RDCs to provide a little more potential for supporting specific projects that they come forward with; that the guidelines for that type of support will be emerging from the results of the study. We have done a little extra work with them this past year and it's our hope after the study to be in a position to make recommendations for the future relationship.

MR. F. JOHNSTON: There are new directors in EastMan, in Pembina Valley and NorMan, did the government have any input into who the directors were or was it the Boards of Directors of those development corporations that made the choice?

HON. M. SMITH: No, the boards of those corporations are autonomous in selecting their directors. One of the issues that will, no doubt, be looked at in the review is whether there are any common standards or working conditions, whatever, that should be common across the system but to date the corporations do have autonomy.

MR. F. JOHNSTON: In Section 9 and 10, Rural Small Business Incentives and Industrial Infrastructure, are those amounts just to finish off the present programs, or are they still making grants in the RS?

HON. M. SMITH: Project 9, the Small Enterprise Incentive is wound down. The '83-'84 level is really just to complete the payouts that have been committed under that program.

It was quite a successful program in that the take-up was very high and we really feel that we have been able to give this type of assistance to most of the viable businesses in the rural area.

Under Project 10, the Industrial Infrastructure, there will be no new allocations. There was \$1,600,000 in '82-'83; the '83-'84 allocation is \$550,000 and that represents the outstanding commitments for CSP Foods in Harrowby, and 3-M in Morden. There are no projects that would have been eligible for this program on stream at the moment.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Mr. Chairman, I'd like to ask some supplemental questions to that posed by the Member for Sturgeon Creek regarding the Regional Development

Offices. There are three new managerial positions that have been filled. Is this a normal turnover in a year? Or, indeed, is this just sort of a once-in-a-decade event or is there some reason that there's been such major turnover in management?

HON. M. SMITH: In two of the areas, the managers were dismissed by their boards and it's really unwise for me to comment because the terms of dismissal are still under negotiation, but they were actions taken by those boards in an autonomous way. I think the director in NorMan retired.

MR. C. MANNES: Certainly, I'll respect the Minister's wish to maintain a prudent comment on this whole area, but I would ask whether the Department of Economic Development is at all concerned as to what is happening and are they conducting any type of enquiry into the fact that two of these managers have been dismissed?

HON. M. SMITH: Well, we've been in very close communication with the groups. We've been aware of some of their difficulties or disagreements that were in place, but under the structure that we inherited, a relationship with the RDCs really it was up to the respective boards of directors to make their own decisions. I think the study that is under way provides a full and complete opportunity really to address any of the problems that any of the boards or in fact any of the local people feel are there. I think that's going to be a sufficient mechanism to address any difficulties that exist by result of the organizational structure.

MR. C. MANNES: Are part of the pressures that are being exerted upon the regional centres and I'm most familiar, of course, with Pembina Valley where I know there's a group certainly to the eastern part of that region who is attempting through proper channels, at least giving consideration to setting up their own regional area if allowed to do so. Is that part of the problem involved in the disputes or dismissals with management?

HON. M. SMITH: No, I don't think that has, to my knowledge, been a factor in the disputes. I think the problem is with RDCs overall is that it's a structure that hasn't had a serious review since it was put in in the mid-60s. It was an outgrowth, I think, of the hope that there would be regional growth centres and more of a regional awareness rather than people looking either to their own farm or business or to their own small town, some awareness of the interconnected problems of a region. I think these RDCs have gone some way towards meeting that need, but they hadn't undergone a review; the funding level and the criteria hadn't really gone through much review in that time. We were finding a lot of questions asked about membership, about boundaries, about working conditions, about the real function of the RDCs, and we felt that a general study was the best way to address those problems and come up with recommendations for the ongoing operation.

MR. C. MANNES: Well, I would then ask specifically the questions regarding boundaries. In how many

regional areas are boundaries a concern? The Minister talks about a report - I may or may not have been here - when will this report be finished, completed and when will it be available?

HON. M. SMITH: The study will be completed in July and I guess we should have a report shortly thereafter. We are having hearings in the communities; it's been quite widely advertised. I know the RDCs themselves have been aware of this report. We find that some areas, when they start to look at the boundaries and actually weigh the pros and cons of changing them or not, some start to see the rationale for why there were those boundaries in the first place. We did look at the boundaries that exist for many other government departments and have found that there's quite a variety of boundaries drawn. I don't know if you're familiar with the book that outlines the administrative boundaries that are followed by different government departments, but I was astonished to see just how many there were. In many instances, it's confusing, because people are using the six or seven titles and think they're talking about the same thing and find that the areas, although roughly similar, are not identical. I guess we wanted people to have some input, the communities themselves to have some input, as to what their normal connections were in the area and what they saw as the pros and cons of either maintaining the current boundaries or in fact altering them. They could come up with saying no RDCs, half as many, the same number, or twice as many. We really don't know, but what we want is some functional way of helping people in their communities and regions to take a broader view of economic development and, in a sense, increase their ability to promote their own economic development.

MR. C. MANNES: Well, I thank the Minister for that full and complete answer. I suppose some of her comments speak volumes as to how government, through its various departments, overlaps in many respects, in certainly the rural areas at least.

I'd like to ask more specifically a question about the Canadian Food Products Development Centre and I see that for '83-84 requested expenditures are some \$1.4 million. I'm wondering how much of that total is devoted to grants specifically, or is it all, or indeed is there a wage component to that.

HON. M. SMITH: Well, it's the money required to run the centre, but when the Food Centre and the Tech Centre were established, the goal was to get them to move towards as much self-sufficiency as they could by doing contract work, so that in fact there are no grants being made. There's an operating fund given to the centre and then they are responsible for earning as much money as they can by contract work.

MR. C. MANNES: What happens in cases where individuals run far short of supporting even themselves, their day-to-day living expenses, by way of sale of produce that has come forth from this new development? How are they supported?

HON. M. SMITH: I'm not too sure that we're on the same wave length here. The Food Centre is an applied

research centre where firms can go and get assistance with problems they have in processing, packaging, preparing for market a particular type of food. They get technical assistance and then, when that work is completed, they pay a certain amount for it, and then it's up to them to take the information and the knowledge that they've acquired and run the business side of their operation.

There is a program under the National Research Council that supports clients who cannot pay the full fee for the service, and what we do is help any clients we might have in that situation to access the NRC program, but we ourselves don't give the direct grants.

MR. C. MANNES: How many firms or individuals received support under this program, just in number? Is it a large number, and if it's a small number is there a listing available? Is that public knowledge?

HON. M. SMITH: Up until March '83, there were 65 major projects and 45 analytical testing projects carried out; that was during the first 10 months of the current fiscal year. In addition, a total of 434 inquiries of a technical nature were dealt with of which 46 percent were located in Winnipeg, 45 percent in rural Manitoba, and 9 percent from out of province.

Perhaps I could just run down some of the other things that were done. A Winnipeg company introduced a new line of gourmet meat products with the assistance of the centre staff in pilot plant production. The centre staff assisted B & B Foods with the official opening of their plant to produce silverskin onions and there was quite good coverage in the press on that opening.

MR. F. JOHNSTON: I still have the package that I had three years ago.

HON. M. SMITH: Of onions?

MR. F. JOHNSTON: Yes.

HON. M. SMITH: Well, they had an opening last year. Maybe they run it a while to see how it's going before they invite all the dignitaries, but I know there was a flag presented.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: I find my questioning will come to an end. I'm just wondering if there is somewhere a document that I can make reference to that would indicate the individuals or the firms who have received assistance under this particular program.

HON. M. SMITH: I guess that information isn't normally available; it's a client relationship when they come for the information. There was an evaluation report prepared by Terry and Associates as part of a program review. As you know, with our federal-provincial agreements, there's usually an assessment process built in and that was carried out and given a very favourable conclusion.

MR. CHAIRMAN: 2.(e)(1) - the Member for Rhineland.

MR. A. BROWN: Thank you, Mr. Chairman. I also would like to make a few comments on RDCs. Both the

Member for Morris and myself, of course, are in the particular area which is within the boundaries of the PVDC, and I have over a period of many years been very much involved with PVDC. I know the frustrations that they have encountered and I also know some of the things which they have done. I know what their aims are; I know what their disappointments are; and I also know some of the border problems that they are encountering, especially at the present time.

I would just like to say that some of these frustrations of course come about because some of the communities that belong to the RDCs don't really know what an RDC really is all about. They're expecting that big factories are going to come and establish in every community. This of course is not the case and I think that, as they are beginning to realize this, then of course they become disappointed when they don't see all these smokestacks coming up.

Another area that is a concern, especially at the present time is - and I know that we're in a difficult time with the economy being what it is - that there has been really very little development going on in any of these particular areas and it is very discouraging for the people who are involved with the PVDC or with the RDCs and in promoting and keeping up a keen interest when there is very little activity taking place.

However, I feel that the RDCs possibly could be playing a stronger role and a more visible role. This, at the present time, is really the only organization where various communities get together periodically once a month, or whether it's a quarterly meeting, or a yearly meeting, in which they can discuss mutual problems. I've seen many mutual problems discussed, or problems discussed of one particular area especially which would never, ever have received the support of the other areas if it would not have been for one of these particular meetings where these areas of concern could be discussed. It was an excellent opportunity for that particular community to express their problems - they were related to flooding - and of course everybody, whatever dollar is spent, everybody always vies for that particular dollar whether it's going to be spent on flooding or whether it's going to be spent on developing industry, parks, or whatever. We all know that dollars are scarce to come by.

But I've seen a lot of these other communities where they would recognize the problem that this particular community had and they would do whatever they could possibly do through the efforts of PVDC and other institutions, to come to agreement and try to solve these problems together with the community that faces the problem.

This is where I feel that some of the real benefit comes in in the RDCs. I know that the RDCs at the present time are having a difficult time. I'm told that PVDC probably is one of the more successful ones - it certainly was the first one that was established in the province - and we realize that there are problems, but at the same time, I feel that the RDCs are very necessary to carry on, whether there were smaller boundaries or larger boundaries, or whatever, I'm not really particularly concerned about this. But I think it's very beneficial if communities can get together to discuss their mutual problems.

Now I would like to see the RDCs become more visible than what they are. The Minister is saying that

a study is under way and I'm glad to hear that she's going to be completed in July. I was very much afraid that this was going to be a two or three-year study which was going to go on and which would be a good excuse for the Minister and for the department to do absolutely nothing and say that a study was under way.

So we are looking forward to the completion of this study and we hope that there is going to be some major thrust being put forward by the government after this study is completed, which will let industry and the businesses and the communities know that there is an interest from the government in developing further industry and helping the industry that is present.

I wonder if the Minister can tell me whether the direction of this study is to do that particular thing.

HON. M. SMITH: I'm really happy to comment on this because I think one of the strong beliefs I have is that Economic Development is not just something where you bring outside investment or smokestack-type industry in and that really if it ever was the pattern in the past, it's certainly not going to be an adequate Economic Development strategy in the future. What we have to do is find the ways of encouraging people in their local communities to gradually branch out and, in some cases, establish local companies using their own know-how.

The PVDC is a very interesting area, because it's probably been one of the most successful in branching out into various agricultural machinery activity, often with a fairly small or simple part that someone has figured out how to make and has seen how they could turn them out in fair number and maybe subcontract to a larger company, maybe be more ambitious. The same thing has been going on in the food processing area and it's a bottom-up approach to Economic Development that is a fine complement to the outside investor coming in.

Now PVDC has also had outside investors coming in, not in large number, and certainly the flow has been pretty slow with the recession we've been going through. However, there is opportunity there.

I certainly don't want to hide behind a study in inaction. The very reason that I wanted the study was that I felt there had been almost 18 years of inaction. I think the RDCs birth came out almost out of disappointment, that there was a hope after the COMEF studies and the TED reports, that rural Manitobans could be persuaded that growth centres in regions was the way to go. That meant overcoming the ambition you might have for your small town with a view to choosing a growth town in an area and putting the new hospital, schools, amenities there and any industry that could be established, put it all in one place so that it would become the focus of an area and instead of the continuing depopulation which was going on at that time, you would be able to have a centre of gravity to pull development back.

I guess it was a good idea and a good approach but perhaps people weren't ready for it, therefore, they all wanted the same things for their own small town, as it were, their perspective hadn't gone much beyond the small community.

The RDCs were formed and I think in their regular meetings and hearing, having programs that introduce

them a bit to regional problems and opportunities much as the member has described, they did start to overcome the narrow view, the community-based view, and started to see that there were some kinds of projects that were good for the wider region.

Now, the RDCs have varied a great deal. We have one RDC that is so active in identifying opportunities and knocking on our door for various supportive studies and program monies, that they're both the bane of our life and our great delight, because what we see in that area is a locally-based initiative that is restless and creative and is doing the work which, I guess, in some years either didn't get done at all or got left to government. So it's to find the best way to promote that very kind of development that we've entered into this RDC review, and I for one will certainly not be delaying. I have put more money into the budget precisely because I wanted to have some flexible funding available to meet what I am sure will be a more vibrant and active RDC structure, whatever that might be, after the study comes in.

Just to add, this sort of bottom-up approach, or community-based development that we would like to encourage, there are things that we can offer from the centre: technology; advice; this import substitution we're talking about; letting people know what kind of things there are markets for in Manitoba that they might meet; even such things as the community reports where one community can compare itself with another of similar size and say, why is it they're able to maintain three garages and two hairdressing outfits and we only have one? They can get that information and perhaps some ideas of the whole range of Small Business Enterprises, service and manufacturing, that add up in total to a vibrant community well linked to the local region. So I think we can look forward to more activity.

The results in actual economic terms probably won't be dramatic but I think the participation and the skills that can be developed through these RDCs are really very vital to one kind of economic development that we very much need.

MR. CHAIRMAN: The Member for Rhineland.

MR. A. BROWN: The Minister mentioned that there was one RDC, in particular, that was very active. I wonder if she could identify that particular RDC so that we can all congratulate that particular RDC because I think it is imperative that all RDCs are active, and if there is one that is outstanding above all others, I think it should be identified so that we can all congratulate them.

HON. M. SMITH: Yes, I will identify the RDC, but I should perhaps tell you that being active doesn't always make everyone happy because what they have is a big area and when they get success in one part of the area with some projects, then another part of the region feels left out and says, well maybe we should withdraw and form our own, or try to get a bigger share, so it's been experiencing growing pains. It is the Parklands Area and . . .

MR. A. BROWN: Parklands Area?

HON. M. SMITH: . . . Yes. That isn't to say the others haven't been active. In a way the different regions of

the province produce very different problems. It's very hard to compare a NorMan, a Parkland and a PVDC because as you know, the geography, the history, the level of development is quite different in those areas. So we are looking at whatever the workable formula is for the particular areas, and we aren't looking at too rigid a structure, so that we treat unequal areas all the same.

MR. A. BROWN: Well then we certainly want to congratulate the RDC of Parkland for their efforts and wish them every success in their venture. It is good to see that some of these RDCs are very active and I am certain, the one that I'm most familiar with, of course, is the PVDC and they also are quite active and I am looking forward to them existing for a long period of time and going about their work in attracting industry into that area.

The Minister however, Mr. Chairman, has made reference to one particular statement which she has made over and over a couple of times which particularly disturbs me. She says that the RDCs are establishing the growth town in that particular area. Now, this is exactly, I would say, why maybe RDCs are going to get into a problem if they are going to be the ones which are going to be establishing the growth town, I would say that this certainly should be up to the particular business that is interested in establishing in a particular community and they should be the ones to choose which community they are going to go into. It should really not be up to the RDC or the government to interfere and give direction as to where they would like to see this business established.

Business usually is very capable of making their own determination as to where they should establish, and usually this has much to do wherever your closest source of the labour market is. So I just wonder whether the Minister can comment on this, whether she really meant that the RDCs and government should be establishing the growth towns, or whether she really did mean something else.

HON. M. SMITH: No, I think perhaps I was skipping over it rather quickly, and I can understand how you would misunderstand me. I was talking historically when the RDCs were first set up in the mid-60's.

It had followed on the TED and the COMEF studies that were the targets for Economic Development - and I am not sure I know all the words for COMEF - but the people who conducted those studies were moved by a belief, theory if you like, that given the depopulation of the countryside, that if a region could agree on a growth centre that there would be enough development for one major town and the rest could be satellite towns; but if they all tried to grow equally they might face the situation of them all declining.

Now, the people didn't buy that argument, there was just the reaction that you describe to that proposal. However, the government did put in the RDC structure and I don't think did a great deal with it, although I suppose they gradually built the awareness of people over the years. The Schreyer Government looked at that history and they, you may recall, developed the STAY option. They said, if there is not a willingness for people in a region to go for one growth town, let's try

the other approach and see, by a variety of ingenious ways, if we can't provide the mix of services in each town, so that was a sort of stage.

But the RDC structure has sort of been in the background without any particular rationale, and I guess what we are seeing is that it has potential and we, in no way, see it as dependent upon a growth centre. I think that was an idea that was common 20 years ago, but it is certainly not part of my philosophy today. I'd rather see a network of vibrant towns, and certainly down in your area is a prime example of where little towns close together have a sort of friendly rivalry that seems to be contributing to healthy growth in all of them. So it was a bit of a misunderstanding of what I had said.

MR. DEPUTY CHAIRMAN, D. Scott: The Member for Minnedosa.

MR. D. BLAKE: I was interested in the Minister's last remark about this friendly rivalry that's seeing each town grow. I just lost a crop insurance office with several employees and I think I might get back one more agricultural advisor, I haven't seen the Minister yet, but I understand he's looking for me.

Mr. Chairman, my question to the Minister is, I just wondered if she could bring us up-to-date on what is happening with the Mohawk project to provide some greenhouse or hothouse facility to utilize the surplus heat and various other things from the distillery at Minnedosa, to raise cucumbers and tomatoes that would supply the whole Western Canada market. I know she had some discussions with the company. I wonder if she could tell me where that project stands at the present time?

HON. M. SMITH: I know last year we did get into Mohawk at some length, but I do think it's a project that's probably better discussed in Agriculture or with Energy and Mines. There's the alcohol development; there's the Mohawk Gas. You mentioned cucumbers and tomatoes; I'm only familiar with the mushroom plant. I don't really know, specifically, what you're referring to, unless it's use of waste heat?

MR. D. BLAKE: That's right, Mr. Chairman, through you to the Minister. I understood that there had been some approach to the government last year for some funding for the project. It's not a pilot plant, there are other plants in the country that produce enormous quantities of hothouse vegetable products, such as, cucumbers and tomatoes, and the Minnedosa Distillery is ideally situated, not only to supply the Western Canada market, but they have the surplus heat from the distillery that would handle such a plant. There has been a tremendous amount of study done on it; it's feasible and it's a matter of financing. This would provide certainly more than a number of jobs to offset the loss of our crop insurance office that the Minister of Agriculture has seen fit to take away from us, something like probably 10 or 12 permanent jobs.

Last year I gather the Minister was quite familiar with that project because she'd been approached for \$12 million, but now she seems to forget all about it. I just wonder what has happened to the project. Has the department let it die or has Mohawk let it die?

HON. M. SMITH: I think what happened last year is we talked about every conceivable economic topic around the world, and Minnedosa came in. There was discussion of whether to use grain or a silva culture to develop alcohol. One year older and wiser, I realize, that those projects are really dealt with more through the Minister of Energy or Agriculture, however, if the member would like to put me in touch with that group, if there is any relevance to our department I can assure the member that the project will get full attention.

MR. D. BLAKE: Well, Mr. Chairman, I can assure the Minister that there is relevance because the feasibility studies and everything have all been done and the Department of Agriculture certainly recognizes that it's a feasible operation. It's a matter of financing it and I would assume that the Department of Economic Development, under the particular heading it talks about the Canadian food products development centre, and I should think that they would be very involved in this project. I wouldn't be a bit surprised, Madam Chairman, or Mr. Chairman, to the Minister - maybe I should correct that and leave him Madam Chairman, you're back. I'm sorry, Mr. Chairman, I didn't realize you'd replaced Madam Chairman.

I know we went into the feasibility of woodchips for production of alcohol and I won't rehash that because those studies have all been done and if it is economically viable that will be looked at by the company, I'm sure, without outside assistance. The project that I'm speaking of I'm sure is still under very active consideration by the company. I'm surprised that the Minister and members of her department aren't aware of it, unless the company has just thrown up their hands completely with the Department of Economic Development and gone on their own. There's a possibility that plant could be in production within a year or so if they can raise the necessary funds to build it. It would be unusual if they hadn't approached the department for some assistance or some technical advice, at least.

MR. CHAIRMAN, C. Santos: The Honourable Minister.

HON. M. SMITH: We're very eager for following up opportunities, so I assure you we'll make a phone call and see if there is any help that we have to offer.

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

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: Just one question, Mr. Chairman. The City of Dauphin voted to leave the RDC at one council meeting, then there was a notice of motion placed and then they voted to come back in. I understand there's still some concern as to whether Dauphin is going to stay in the Parkland RDC. Has the Minister had the opportunity to have any report on that situation?

HON. M. SMITH: We were aware of that vote. I think what we've been doing is asking whether they would withhold that decision until taking part in the study and see if they can contribute perhaps to a more workable situation.

What can often happen is that a larger town like Dauphin is preoccupied with their own internal affairs, and perhaps isn't as aware of the region as some of the smaller towns that surround Dauphin. We are not in a position to enforce RDC organizations on municipalities. There has been quite a stringent membership requirement, a certain proportion of municipalities had to belong for the RDC to qualify for provincial grants. We are examining whether that compulsory type of membership is the most appropriate, or whether something more flexible, that would take advantage of those communities that were interested and willing, and let the others be attractive later on if, as, and when the RDC demonstrated its capacity to achieve things.

MR. CHAIRMAN: 2.(e)(1) - the Member for Rhineland.

MR. A. BROWN: Yes, Mr. Chairman. I had another question on No. 9 of the Enterprise Manitoba page which we were on previously.

The Rural Small Business Incentive Program. I wonder if the Minister could tell me how many of these small businesses in rural Manitoba have been helped out in the past year?

HON. M. SMITH: Yes. In the year April 1, '82 to March 31, '83 there were 99 applications that would be accumulative for the life of the program of 518; offers accepted were 59 out of an accumulative total to that date of 266. The jobs created, or the projected jobs created, were 200 accumulative total of 905. The forgivable loan incentive was .9 million and a total accumulative of 4.6 million. That cost, or whatever, led to a total Capital investment of 2.4 million; total for the program estimated at 11.9 million.

Some examples of the projects assisted since the program's inception was a printing firm in Brandon; a vegetable processing at La Salle; granular chemical applicators in Elie; livestock equipment in Rathwell; a machine shop in Selkirk; industrial abrasives in Thompson; a bakery in Roblin; ready mixed concrete in Grandview; cabinetmaking in Winkler.

That isn't a complete list, that's a cross section. I think if there had been an interested company in Arthur it would have received full consideration.

MR. A. BROWN: Did all these 59 applications that the Minister was speaking of that had been approved, are all of them established and in existence today?

HON. M. SMITH: Yes, in order to receive the money and to get the second instalment, as it were, they have to demonstrate performance so there is fairly close monitoring of that.

MR. A. BROWN: Mr. Chairman, this program has been rather a popular program throughout rural Manitoba, and I know that especially two years ago under the previous administration there were quite a few businesses that received help through this particular program. I wonder if the Minister has the figures over there that date back to two years and three years ago, so that we can compare as to what performance is at the present time.

HON. M. SMITH: No, I don't have that information. I have the cumulative numbers and one of the activities involved by the department, when looking at applications, is that they would work with the company to plan, to assess the viability of a project or expansion and also provide follow-up counselling. So although I can't guarantee that all of them are thriving today, I think the combination of the counselling, plus the financial assistance, guarantees that there is a high success rate.

MR. A. BROWN: Mr. Chairman, I see that there is very little money being put into that particular program in this coming year. Is the Minister again intending to revive this program or is she going to let it die, because certainly with the funding that's going to be allocated to it within this coming year, there is just no way that she's going to be able to carry on a comprehensive program.

HON. M. SMITH: It was a project under the Enterprise Manitoba program shared with the Federal Government which officially ended the end of March '83. We're in a termination period now and the remaining amount of the \$5 million that had been allocated to this program is required just to end off the projects that we started. There will be new programs shared with the Federal Government and there won't be an identical one, but there may very well be one that is similar.

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: Thank you, Mr. Chairman. The Minister read off a list of businesses that had been assisted under the Small Enterprise Development Program. Could she tell us how many of those businesses are still operating as viable businesses?

HON. M. SMITH: I do have identification that of the total group that have been dealt with, about 19 have had to shut down prior to obtaining full forgiveness for their loans, so that would 19 out of 266.

MR. D. BLAKE: 266. What was the name of the printing business in Brandon that received assistance?

HON. M. SMITH: I don't have the precise names.

MR. D. BLAKE: I wonder if the Minister might get that for me and let me have it at her convenience.

HON. M. SMITH: Yes.

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

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: Just a request, Mr. Chairman, to the Minister. There was an evaluation done under the Co-ordination and Assessment, Section 8, on the Enterprise Manitoba program relating to the RDCs. You mentioned a study done by Mr. Terry. What was that specifically, on the whole program, or one section of it, and is that report available?

HON. M. SMITH: Yes, it was a study evaluation of both the Industrial Tech Centre and the Canadian Food Products Centre. It hasn't yet been dealt with by the Federal-Provincial Management Committee, but when that has been completed it will be available.

MR. F. JOHNSTON: Thank you.

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

MR. F. JOHNSTON: Well, I think we've pretty well dealt with the Expenditures - pass.

MR. CHAIRMAN: Pass; 2.(e)(3) - the Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, I wonder if the Minister could outline - she mentioned in her opening statement that there was an increase in the Manitoba Research Council, and the information that has been given to us since is that it has gone from 26 to 33 people. I wonder if the Minister could outline the expansion of the Research Council.

HON. M. SMITH: We've added one person at the Food Products Centre and six at the Tech Centre. Some of those will be technical people and other support people.

MR. F. JOHNSTON: What is the expansion of the Research Council that you were speaking of in your opening remarks?

HON. M. SMITH: It's a broader mandate, really. The legislation for the MRC Council is broad and the efforts of the council have been focused very heavily in the past years; quite reasonably on getting the two Tech Centres operating and in a position where they could pay their way. Now, we have asked the MRC to address the broader question of allocation of resource to technology and to the broader concern around technology. As you know, we have some relationship with the university in the R and D field as well as with industrial clients. We are often having to decide how much money to allocate to which purpose, and we have asked the council to tackle some of these broader issues, and in a sense develop I guess the equivalent of a science technology policy for us.

MR. F. JOHNSTON: Is Dr. Kinsner's group at the university still receiving funds through this Manitoba Research Council?

HON. M. SMITH: Yes, we still assist in the support of the IAMC, the Applied Micro-Electronics Centre and Dr. Kinsner is still there. We have a representative on that board and are working there to get an appropriate mix of a more free-wheeling type of research with the applied research that can get right into industry in Manitoba and get developed to the point where there's an economic viability, economic return to the province.

I might add that the Tech Centre, the real new initiative out there is in the CAD/CAM area that I mentioned earlier, the Computer Assisted Design and Manufacture.

MR. CHAIRMAN: 2.(e)(3)—pass; 2.(f)(1) Travel Manitoba, Salaries.

The Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, the obvious question on Salaries is, there are six less people shown in Travel Manitoba and the Salaries are up \$298,000.00. I know that there are the calculations that the Minister has explained before all through the Estimates but that seems like an awful lot more money when there are six people less.

HON. M. SMITH: There have been five positions transferred out of here to the Communications group. You may remember yesterday, we identified them when they appeared as an addition in the Communication and Creative Service group.

MR. F. JOHNSTON: Then the calculation for the 41.21 employees increase is - is it just the calculation of increase in Salaries?

HON. M. SMITH: Yes.

MR. CHAIRMAN: 2.(f)(1)—pass; 2.(f)(2).
The Member for Sturgeon Creek.

MR. F. JOHNSTON: This section of Other Expenditures, the Travel Manitoba group have always had the ability to convince the Minister to lump everything in one spot, but this item really is an item that takes in the Tourism Development, Media Advertising, Promotion and Creative Services and then, of course, there is the Travel Information Services which it takes in as well.

On the Media Advertising, I asked a question back under Economic Development, under Communications and Information Services. What was the cost of the tourism advertising that has been placed with the Westcom people. The Minister explained that the decision to go with Westcom this time was through the Central Advertising Agency. CREDO were the people that did the film work and the post-production of the advertising. Can the Minister tell us what it cost?

HON. M. SMITH: Yes, \$105,000.00. We expect these commercials will have a two-year life and they're already showing in the province. The member did ask about - something about being shot in Saskatchewan and developed in Ontario. In fact CREDO hired Mid-West Helicopters of Winnipeg to fly for the aerial shots. It was a Saskatchewan pilot who came here to fly the plane. The particular camera that they use in a helicopter is called a Westcam Camera and the mount was rented from Intech Ltd. of Hamilton, Ontario. This equipment is not available in Manitoba. Then after that, the production, the colour correction and the final film finishing was done in Vancouver - either Vancouver or Toronto are the only places that have the technical capacity to do this and that was what was done for Travel Manitoba in the past as well.

MR. F. JOHNSTON: Mr. Chairman, it is called a Tyler mount on the helicopter, for the Minister's information. The question that I was concerned about is that their 35 millimetre film was used to do all this filming and that's the reason why it had to go to Toronto or Vancouver to be processed. The 16 millimetre film can

be processed in Manitoba. The only reason it has to go to Vancouver is to have the video work done on it for use on television, but the film can be processed in Manitoba. What is the reason for moving to 35 millimetre film when 16 millimetre is satisfactory or always has been and causing the film to have to go to Vancouver to be processed?

HON. M. SMITH: It's a combination of film and the technique for putting it into ads. You may recall last year's media advertising had a combination of stills with little moving inserts that gave some of the variety. You get a very short time on the TV to get your message across. I guess that's what we pay advertising firms for, is to give us the most impact for the dollar and for the short time frame that they get to expose the message to the public.

MR. F. JOHNSTON: Mr. Chairman, how many ads did we get for \$105,000.00?

HON. M. SMITH: Three now and possibly four can be drawn out from the material.

MR. F. JOHNSTON: Do you pay extra for the four?

HON. M. SMITH: Just for the production.

MR. F. JOHNSTON: But you'll pay extra for the fourth for production?

HON. M. SMITH: Yes, but you might note, or at least I should note that the advertising - we have achieved almost a 100,000 and 98,300 reduction in agency fees and production costs for this year because in planning for a year round campaign, and recognizing that a lot of our provincial awareness program has been done, we now just have to maintain a level that we can, in fact, maintain a high quality advertising program with a reduced expenditure for this year.

MR. F. JOHNSTON: Mr. Chairman, we used to do - and that wasn't too long ago that we got about five films for \$20,000 - we used to have a tremendous log or file of film that was provincial film. We have a provincial photographer working in Tourism that used to do most of the photography for the Tourism Department based on what the Tourism Department was requesting. The ads are somewhat changed.

I personally don't see any difference in them and the professionals in the field don't see that much difference in them. We are now dealing with Westcom who uses CREDO to do all the production. They do the filming, the cutting, the music costs approximately \$8,000; then there's the doves and then there was the talent fees budgeted for and I'm aware what that cost because I was involved in it once. The increased costs of the tourism films - and I can say very sincerely that I believe in advertising Manitoba - but that seems to be an awful large increased cost when the Tourism Department is capable of directing this type of work themselves and watching the costs very closely and at the same time coming up with a very good product.

When CREDO received this without having to go to tender or without having to tender on it, the Central

Advertising agency of the government, that the Minister has explained, made the final decision that it would be done, I am wondering why the Minister agreed to that type of increase in the production of the films within her department when it could have been done much more economically. Does the Central Advertising people say you're going to do this and you have nothing to say about it?

HON. M. SMITH: The role of the Central Advertising group is to co-ordinate activity in the advertising field throughout the government to accomplish the very things that the member I would think would want. Quality and efficiency in the advertising world is common practice to work with one firm for awhile and get the benefit of their fresh ideas and their experience, but not necessarily to stay more than several years with one firm.

It was our desire to get something of a fresh approach and we had not too much time to get the program launched because you need a fair bit of lead time and it was our decision to go with this group. We find that the kind of work done last year has given us a lot of advanced work ready for this year that has enabled us to reduce somewhat our advertising expenditures, so we feel in the longer run we're getting a little fresher ideas, some new quality because there are new techniques that are used and what we have is a good package.

MR. F. JOHNSTON: Mr. Chairman, the Minister explained that the slogan this year will be, "Take Another Look." Last year it was, "Friendly is Just the Beginning." We've had under the NDP Government, we had "Friendly Manitoba" previously, then we had added to it, "Good to see you in Friendly Manitoba." It went very well together. Now we have an advertising agency that suggests, "Friendly is Just the Beginning," then they come along and say, the new slogan will be, "Take Another Look." Mind you, it sounds like you're being asked to take another look because you did something wrong the first time, but nevertheless, I have said previously in these Estimates, that the changing of slogans is something that has to be looked at and they should be tested. But every time there is a slogan change, the advertising agency benefits. If they keep suggesting these slogans, the department is certainly going to paying for a lot of new films and it's very, very beneficial to them to see slogans changed and they'll be suggesting new ones all the time. I think that, when they are suggesting new ones, they should run more in a pattern with what they've had before. The Minister says that you have enough advertising for the next two years; has "Friendly is Just the Beginning" been dropped?

HON. M. SMITH: The very concern that the member mentions is one that was felt in the department, that we should test out the effectiveness of the slogans we were using and if they were found wanting, work to develop a new one. The "Friendly Manitoba" tested very well on the awareness side but didn't test well as a motivational slogan that would draw people toward Manitoba destinations. The "Take Another Look", combined with more varied pictures to show some of

the variety, more than just the main tourism destinations that people tended to be familiar with, we added a bit more variety in them and they did test as having more motivational power.

The member, I guess, is entitled to his own personal reaction to slogans; I guess we all do react that way, but the slogan, combined with our visuals did test out well with the groups in the field, and I'll certainly be asking for full field testing and not want to change for change's sake, but I think there is a rhythm to this business and you do need some novelty in order to draw attention. I guess it's the mixture of novelty and the familiar that is the best mixture, but I think the fact that we've been able to trim our advertising budget somewhat this year and we think we can still come up with a quality and well-targeted program, speaks well for the achievements of the group.

MR. F. JOHNSTON: What is the budget for this year, again?

HON. M. SMITH: It was 999,300 last year and it's 901,000 this year. The Creative Services and the film A/V publication side has gone up from 512,500 to 532,500, so that one's up 20 and the advertising is down almost a hundred.

MR. F. JOHNSTON: You're giving me the figure for the total media advertising campaign; is that correct?

HON. M. SMITH: The Advertising plus the Creative Services. The first figures, the \$999,300 and \$901,000 were the Advertising.

MR. F. JOHNSTON: And that is down from what, last year?

HON. M. SMITH: A million and 70 last year, and \$901,000 this year.

MR. CHAIRMAN: 2.(f)(2) - the Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, these fellows in the Tourism Department have never spread these out. You've got to watch them; you've got to watch them as Minister. The Creative Services, is that part of the total that you gave us?

HON. M. SMITH: That was the second figure, the 12.5 raised to 532.5.

MR. F. JOHNSTON: And the Promotion figure?

HON. M. SMITH: From 207.7 down to 129.6.

MR. F. JOHNSTON: What publications is the department looking at this year?

HON. M. SMITH: There's a long list of 23 items that add up to \$413,040 and other items in Promotional Items, film and A/V, media relations that bring it up to 532.5. If you want the detailed ones, I can go through them.

MR. F. JOHNSTON: No, I would just ask, are they in prominent travel magazines and prominent magazines or publications that will be seen, not only in Eastern and Western Canada, but will they be seen in the Northern States that we depend so much on for a lot of our tourism?

HON. M. SMITH: Yes, we've followed a policy of targeting based on where the bulk of our tourist trade comes from, and that is the two provinces to the east and west and the three States directly to the south of us. That's where we go to the shows and that's where we beam our film and our radio and TV advertising.

MR. F. JOHNSTON: Will the film, or the tourism films, be shown in the United States or anywhere else outside of Manitoba?

HON. M. SMITH: Yes they will be shown in the States that I mentioned; Minnesota, North Dakota.

MR. F. JOHNSTON: The tourism figures were adjusted and the tourism in 1982 took a drastic drop in the Province of Manitoba. What is the estimated for this year?

HON. M. SMITH: There was a drop in '82, of 6.2 percent. The estimate for this year is an increase of about 2.6 percent. In the decline, the travel within the province was down just 1 percent; other Canadians 12 percent; Americans 15.6 and foreign, 21.3 and that did parallel the experience of most provinces to the east of us, although some provinces to the west of us had less decline on the American side.

MR. F. JOHNSTON: Has there been any analysis of the decline in the American tourists in 1982, in Manitoba? We have No. 75 Highway coming in here. We have the only railroad coming in here. We have two airlines coming in here; at least there were two, I believe there still are. What is the reason for the drop in the travelers coming to Manitoba being more drastic than, say, Saskatchewan or Alberta or B.C.?

HON. M. SMITH: There was a total drop in number of visitors from the United States of 18.5 percent on a cross-Canada basis. In our area and right across the country really, the loss seemed to be in the one-day auto traffic; 18.5 percent was the drop right across the country.

MR. F. JOHNSTON: The activities of the Tourism Development Department, what do they come under, other than Other Expenditures here?

HON. M. SMITH: They come under 10.(2)(f), 1, 2, and 3. Sorry we were following different . . .

MR. F. JOHNSTON: Well, the development side of the department, what success have they had in the Tourism promotion and development of new facilities, etc., and in getting people to upgrade facilities, assistance to small projects or tourism projects for attracting or making visitors much happier or comfortable within the province? What success have they had with their particular programs?

HON. M. SMITH: Just before we leave the decline in the entries, the gas prices seem to have produced most of the great increase in the one-day traffic, that was for the 1979-81 period, plus the favourable exchange rate. The fact that we've had a drop since then, a lot of it has to do with the mood that seemed to exist in the American cities. They were being hit by the recession and were wanting to take their vacations closer to home. Our advance show people tell us that the first indications from this year's shows are that there's more interest in traveling further afield.

There also was the new competition from the Ontario side, where there were many lodges that were targeting on a similar market in the Minnesota area to what we were. That, I think, produced a little bit of an impact on our American tourist numbers.

On the Tourism Development, this group has been working with the Destination Manitoba programs. They work very closely with the private-sector organizations to develop awareness, to work on training of people, and to assist them in some joint advertising. There's also all the capital development programs under Destination Manitoba which are precisely intended to assist with refurbishing expansion and new development.

MR. F. JOHNSTON: The Awareness Program, is it still in effect? We had the awareness film, making hotel associations, restaurant people, anybody involved in the hospital business available to all these organizations; Chambers of Commerce. There were many presentations made with the film. There were kits available to inform the industry how important it was and what they had to do to take care of tourists and hope that they'll have another look as the slogan now says. Is that program still operating?

HON. M. SMITH: Yes, I guess it's evolved from that time to where we now have a customer service training package that includes the film and kits. There's been some more books and audiovisuals prepared and it's having a very successful run. There's great response from the private sector. I think they are increasingly seeing themselves as an industry and realizing that they are being recognized as making a real contribution to the economy of the province.

Perhaps just to move on to the development of attractions and facilities, the 16.5 million of the Destination Manitoba Capital Programs should all be either spent or allocated in the year. We've had the planning process going on at quite a high pace this past year, and the approvals are now coming through. We made our first announcement last week of eight fairly small ones under Program 6. It is our intention to have all the money committed by next March.

MR. F. JOHNSTON: The number of tourists booths.

HON. M. SMITH: There are 14 different locations for travel information. They're staffed mostly by STEP students; 12 are positions that are budgeted and 28 STEP students.

MR. F. JOHNSTON: Is that 14 an increase over the last two years, or is it about the same?

HON. M. SMITH: No, it's the same.

MR. F. JOHNSTON: Has there been any discussion with Saskatchewan or continued discussions with Saskatchewan regarding a tourist information booth and tourist rest centre at the Saskatchewan-Manitoba border?

HON. M. SMITH: Yes, I have spoken personally to the Minister there and there's been communication at the staff level. I think it's something that is definitely desirable but the timing is - it may be another year or two until some movement occurs there.

MR. F. JOHNSTON: Is there any research being done on changing our tourist booths into a place where people can drive in and park and sit down, have a rest, have rest rooms and get information on the province? I fully realize the cost of these, but is there any research being done to have those type throughout the province, maybe one or two next year, or one next year and two the following year. Those are definitely attractive to the driving tourist, especially, and I know that the people that operate our booths are very friendly. We're working out of trailers and are there any plans being made to gradually upgrade those type of facilities?

HON. M. SMITH: We have been doing some upgrading and looking at the longer-term future, but I think the general atmosphere of recession and tight prioritization has slowed down the development there, but I've never found the department short of proposals to move ahead. It's more a matter of how many can be accommodated within the budget.

MR. F. JOHNSTON: Has the Minister put any pressure on the Minister of Resources to have more roadside parks in the province? I know he's hard to deal with.

HON. M. SMITH: Our way of working is not by pressure, but by proposal and discussion of the merits. I can assure you that the Minister of Natural Resources is a great advocate of a full range of parks and he, too, brings up far more proposals for development than a good-times budget could accommodate. In the tough times that we've been having, some of these projects have just had to be held for awhile.

MR. F. JOHNSTON: Well, from the point of view that he's easy to get along with, he was very proud of the number he had last year when I asked that question. That may be the case, but some of the ones we have - I'd say at least 75 percent of them - should be better and there should be an increase in roadside park facilities, especially in Northern Manitoba, when there are long distances to be overcome by tourists to see a very nice part of our province. That is something that I think maybe Parks and Highways should be encouraged to do for the traveller. There is nothing better than having a person that's travelling through your province going back and saying that Manitoba has the best, darn roadside parks in the country and you will have no trouble being accommodated while you drive through that province.

I think it's a priority and something that we were definitely starting to look at. I was having the same

problem as the Minister trying to get another department to put up the funds. As the Minister knows, that when you suggest those things through another Minister, they say, yes, we'll do it and send you the bill. The priority is there and I think there should be co-ordination led by the Minister of Tourism to try and have what we have upgraded. I'm sure everybody in this room has driven to Grand Forks or Fargo and seen the tremendous facilities they have between Winnipeg and there for roadside travellers, and Manitoba just doesn't have those type of facilities.

HON. M. SMITH: I think it's an excellent idea. I don't think I'm going to have to arm-twist my honourable colleague on this issue. I'll make a breakfast date with him and we will discuss the pros and cons. However, when it comes to our overall prioritizing for Capital projects, it's not something where we play tug-of-war with one another; we do try to weigh the priorities in an overall sense. I'm sure that the two of us will marshal all the arguments that can be marshalled for that type of development.

MR. CHAIRMAN: 2.(f)(2)?

MR. F. JOHNSTON: Mr. Chairman, I can only say to the Minister that when she says everything runs very smoothly, who is kidding who? But - pass.

MR. CHAIRMAN: Pass; 2.(f)(3) - I hear nothing.

MR. F. JOHNSTON: Grant Assistance. These are the grants that are given to - well, there's a list of grants that we've been doing for years and there are small grants to community organizations throughout the province?

HON. M. SMITH: The grants go primarily to private sector organizations that are working in the field, the restaurant people and the hotel people and TIAM regional organizations.

MR. F. JOHNSTON: Has there been any increase in the TIAM? I saw the press release, I don't have it in front of me, was it an increase this year?

HON. M. SMITH: There was a small increase built in - if I can remember it - it's in the neighbourhood of 9 percent for their identified labour costs. It was a 9 percent increase on whatever their labour costs had been, so it wasn't an exactly equal amount for each one. There are also special project grants that are available to TIAM regions for specific projects that they are doing.

MR. CHAIRMAN: 2.(f)(3) - the Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, is there a percentage of the grants to the TIAM or the Travel Association comes out of Destination Manitoba, or is it all out of this Grant Assistance now?

HON. M. SMITH: The base grant comes out of the department budget and the special grants come out of Destination Manitoba.

MR. CHAIRMAN: 2.(f)(3)—pass; 2.(f)(4)(a) - the Member for Sturgeon Creek.

MR. F. JOHNSTON: Does the Minister have a rundown of the amount allotted for the different sections of Destination Manitoba as we had for Enterprise Manitoba?

HON. M. SMITH: Yes, the six programs: we have (1) Studies and Planning for '83-84, \$242,400; (2) Capital for Winnipeg, \$1.1 million; (3) Rural Destination Capital, \$2,061,800; (4) Attractions, Events and Marketing, \$400,400; (5) Tourism Industry Organizations, \$300,000; (6) Rural Tourism Industry Incentives, the final Capital program, \$1,334,900, for a total of \$5,439,500.00.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Mr. Chairman, I would like to ask the Minister some specific questions dealing with Program 3, that's the rural destination areas I believe, under the Destination Manitoba Program. I would like to ask what the normal period is for determination of whether an application is successful or not. How long does it take to make a determination on an application?

HON. M. SMITH: The nature of these applications is that there is an initial approach to the department and then development officers work with the group applying, if there is inadequate information or some aspect of the proposal that needs questioning. In that process, there is quite a lot of help in planning so the projects that are eventually approved do stand quite a good chance of being economically viable.

Although the programs were announced with guidelines a year ago, and the first approval started coming through now, so I guess you could say that people have applied in that interim period, and the planning development work has been going on and we're now getting rapid clusters of them that are ready to start.

MR. C. MANNES: The Minister is then indicating that some applications have come in almost a year ago or a half a year ago and that indeed at this point in time, official notification has not as yet been given, but final decision is expected at any time?

HON. M. SMITH: The applications by their nature, they're for a development of a project and it's like with the small business. A consultant works with the person to help assess the various amounts of money and the projections of viability because part of the goal of the whole program is to increase the management skills and to put in place projects which will, in fact, stand up to the test of the market so that a lot of that time lapse has been spent in that type of joint planning activity.

This program is due to conclude - it's fifth year is up next March - and what we had to deal with when we came in was that three of the capital programs had not been launched. There was a major study done of destination areas and developing a strategy for development of the tourist industry in the province and that study hadn't been completed and the final

recommendations not prepared, so there was quite a time lapse. We worked as quickly as we could with our federal partners negotiating guidelines and getting those three capital projects into a position where we had agreement to move them along.

It does seem to take awhile, but particularly in difficult economic times and often people are out in fairly remote areas, there is a fair bit of toing-and-froing before an initial application becomes a firm plan ready for endorsement.

MR. C. MANNES: Mr. Chairman, I am wondering if the Minister can tell me, how many projects are awaiting decisions at this time?

HON. M. SMITH: There are 34 where we have received applications and are in process of approval.

MR. C. MANNES: Can the Minister tell me specifically what the status is on a project that has come in from the Town of Morris? The town is requesting a construction of a museum with support under this program.

HON. M. SMITH: It is under consideration at the moment. Just to give some perspective, there is \$6 million in the program, and of the 34 that we've received, they would take up \$7.7 million, so the approval rate will be quite high. We have encouraged a full set of applications on the assumption that that's the way we're going to get the best and the most viable.

MR. C. MANNES: Mr. Chairman, that's what disturbs me because I believe the Town of Morris had an application in as early as early November '82. They were told at that time to expect an early decision as there were a few applications on file at that time. Since that particular point in time, they've been stalled. So far as any reason or rationale they cannot at this time attain one.

What is the reason it is taking so long? Of course, as more applications come in, there is a greater opportunity that one will not achieve funding under this program, then of course it raises the whole concern as to what criteria will be used to choose one over the other. So I am wondering if the Minister can address not only the concern of mine, but indeed those residents of Morris who had applied at an early date for support under this program.

HON. M. SMITH: The strategy study that was started under the previous government was a very lengthy substantial one and it did, in fact, identify Destination Areas based really on the physical characteristics of the areas and the pattern of development that had already occurred. However, it didn't bring the strategy into a really workable form. There was a lot more had to be done to establish more detail criteria and to get all these selection committees in place.

The final selection in a sense was dependent a little bit on the take-up. We had to see if we were getting a good mix from different areas of the province so that we didn't give all the money out to the early applicants and have none left for the later ones, so we were attempting to get a balanced package from the

destination areas and from some of the specialty markets that we had identified as being appropriate to the kind of tourist population that we're receiving.

Now there may well be criticism that things move slowly. I, myself, as my staff will tell you, really always wish things were six months ahead of where they were. But I do suggest that there had been three years when the previous group, your own government had worked with this program and frankly it wasn't very far along the way.

We've been working as quickly as we can to get this full program launched and to ensure that the full amount of the funds are, in fact, pumped into the Manitoba economy and into the tourist industry because we very much believe in the program. So I share the frustration of the delay, but I can assure the member that things are moving along. Really, if we want quality development, we can't just go for the first come, first served. We're following the destination area strategy plus some specialty market areas and then we're looking at the economic viability and the likelihood of producing tourist impact of the projects. There is a set of criteria which the development staff are working on and they're sifting through the applications, using those criteria. They're not just sort of sitting in judgment; they're also working with the applicants to improve the applications for many of them because people who may have the skill of operating a tourist attraction, may not, in all cases, have all the necessary skills in preparing a plan for an expansion.

MR. C. MANNES: Mr. Chairman, the Minister seems to be talking in circles because, indeed by Program 3, the criteria that are laid down, the legible criteria, the ones that most people have to use when they're attempting to apply, are spelled out rather definitively within that bulletin. It says, "The project must be located," these are the projects which are eligible, "must be located outside of the City of Winnipeg. They must be within the areas as shown in Appendix B in the back of it, or they must be designed to attract one or more of the following markets to rural Manitoba: Tourists travelling along major tourist corridors, Highway Nos. 1, 16, 10 or 75; tourists who are attracted by Manitoba's natural, cultural, or historical resources," and on and on and on.

This particular project that I am concerned about, applies under each and every one of the items listed. However, is there some other criteria under which it does not apply? It seems to be the unwritten one that there has to be some proper political mix or geographical mix that has to be also attained. I am wondering how long the Minister and the government are going to wait until the proper mix of applications come forward. Will that be another year before those criteria are met? Indeed, people who have applied earlier and are waiting and who have the volunteer groups in order and are prepared, particularly in this case, to move ahead with the project, are faced with a non-decision. How long will it take? Which criteria are going to be followed, the ones that are printed, or the ones that we have just some rough understanding on?

HON. M. SMITH: The program is intended to provide a thrust in areas that have tourism impact and they're

identified in that strategy study, or that can be identified as serving a specialty market. It is an intention to get some impact throughout the province in the destination areas as identified. That's why we have not moved to recommend approval at an early stage. We waited until we got a cross section of applications. I think we feel that the mix of different destination areas and geographical areas is important.

MR. C. MANNES: One final question. When, specifically, will the determination be made as regards not only the Morris Museum application, but indeed, all of those that may have applied before, let's say, Christmas? When will that decision be made?

HON. M. SMITH: I can't give you a specific date. The approval group, it's a federal and provincially appointed group, are meeting regularly. The development officers are completing these applications and have I think, as you can tell by the number I gave and the amount of money that would represent, they are certainly over the line where they will have enough to make a selection from and a pretty high approval rate. In some cases, they are assisting people with improving their applications, if that's appropriate. So I think the member can expect an early response, but I can't give a precise date. It's a partnership relationship with the Federal Government and we will do our best to expedite as we've been doing since we acquired this program.

MR. CHAIRMAN: That's not the last question. The Member for Morris.

MR. C. MANNES: This will be, probably. Who are the provincial reps on that board of approval?

HON. M. SMITH: The ADM, Mr Bob Yule; Joanne Sigurdson, who is a development officer in the department; Wilf Organ from TIAM and Gordon Kabaluk from the Tourism Agreement Advisory Board. In addition, there are two representatives from Department of Regional Industrial Expansion.

MR. CHAIRMAN: The Member for Thompson.

MR. S. ASHTON: Thank you, Mr. Chairman. There is one application from a group of Thompson that I would hope be given consideration under Destination Manitoba; that is from the Mystery Mountain ski complex, the Thompson Ski Club, which I am sure the Minister is well aware of from her own personal visits to Thompson and my representations on their behalf to her.

For Members of the Committee who aren't aware of the ski club's activities in recent years, they've established a broad base of support in Thompson. In fact, they've received a great amount of funds from local sources. They've received several hundred thousand dollars, for the information for the Member for Pembina. That's a pretty significant level of support from the community, given the fact that the funding has come during a time when we face pretty tough economic circumstances.

As I said, they've established a broad base of support for the project. They're seeking funding from Destination

Manitoba to bring in snow-making equipment, establish hydro at the ski complex, moves which would greatly enhance the ability of the ski club to use that facility in terms of the season and also in terms of the kind of use that would be available to them. So I would certainly hope that they would be given consideration.

I would also like to suggest that if they were to receive funding, that some consideration also be given to the time constraints that they would be faced with in regard to putting in hydro. I believe that would require some amount of lead time, approximately two to three months from the contact that I've had with Hydro. If they were to receive funding and were to establish hydro for the next ski season, I would hope that things could be expedited to the point that it would meet not only with the schedules of the Department of Economic Development, but also of Manitoba Hydro, because it would be a real shame if they were to receive funding but it came in too late for the season, because they've certainly waited quite a long time to see if they will receive funding. I think the people of Thompson have been waiting quite a long time as well.

MR. F. JOHNSTON: Mr. Chairman, I don't see Thompson on the map here. I see The Pas, Flin Flon, Snow Lake, Duck Mountain, Riding Mountain and I see Lake Winnipeg and Whiteshell. Then I see the highways that are involved. How much is the Thompson Ski Club asking for? I'm asking that question because, when I was Minister, the Thompson Ski Club was also asking for money. We would have given them some; I'm wondering how much they've requested of Destination Manitoba.

HON. M. SMITH: We're not making a practice of saying how much people have applied for. If the applicant wishes to share that information with you, then they're certainly entitled. The advisory group, of course, will see and will be making an assessment. I understand that the Mystery Mountain Ski Club are making a pitch, as it were, on the basis of the potential of that mountain and that ski club as a tourism destination for a specialty market, and we do have a combination of destination area and specialty markets that have to be weighed and evaluated.

MR. F. JOHNSTON: Mr. Chairman, the Minister is obviously waiting to approve a group of applications that have been recommended at the present time. Unfortunately these Estimates will be over, probably tonight - if nobody's foolish enough to say Committee rise, it will be, because I won't debate it. If that's the case, we will only know, after the fact and when the announcements come out.

I go to Clear Lake, as a lot of people know, and I have been told by people at Clear Lake, and they were in the Riding Mountain National Park, is in the area here, that the Destination Manitoba will be putting money into the arena there and because there's money being put in the arena there, there'll be money put in the provincial marina at Gull Harbour. We don't seem to be able to get through to the government side that people do come up and talk to the members of the opposition very often and ask questions, is that part of the program?

HON. M. SMITH: I can appreciate the difficulty of the members who don't have all the detailed application information picking up accurate information. There's no application from the Riding Mountain. Is it a marina, not an arena?

MR. F. JOHNSTON: Marina.

HON. M. SMITH: Okay, there's been no application from a marina at Clear Lake. Now someone out there may be thinking about it and talking about it in that way; if so, I hope you would urge them to submit an application forthwith.

MR. F. JOHNSTON: What about Gull Harbour? Is Hecla generally being considered for upgrading, because all of the research and surveys recommended Hecla, generally, should be a good destination point.

HON. M. SMITH: Yes, there is a proposal under consideration for that area.

MR. F. JOHNSTON: I notice it's on the "wish list", as well.

MR. CHAIRMAN: 2.(f)(4)(a) - the Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, I can only say to the Minister that we've got \$2 million this year, or set aside for this year. I would hope that the projects will be spread around as appropriately as they should be, but also the consideration that sometimes a small amount of money doesn't do as good as putting a large amount in one place; but one of the original thoughts of Destination Manitoba was to use the money to put in hydro, to put in roads, to put in all of the services required to develop an area to attract tourists. Now it's going to be spread throughout the province, I would hope that the committee is considering very seriously the advantages of the projects.

Program No. 6 has three parts to it and it's the upgrading of facilities and it really has boiled down to be an Interest Rate Relief Program, Loan and Interest Rate Relief Program. 40 percent of the eligible Capital costs of \$25,000 - Interest re Forgivable Loan, and that's on the small upgrading in the hotels, upgrading rooms, etc. but when you start to get down to the 40 percent of eligible costs to a maximum of \$250,000 for expansion of projects, the first one is \$25,000 interest free forgivable; the next is \$25,000 interest free repayable; and the balance repayable, with interest, of one-half of the commercial prime lending rate at a maximum of 7 percent. This is the form that goes out with the applications with No. 6. It was handed to me by somebody that's interested, but it boils down to the forgiveness is \$25,000; the rest is a loan program which is basically an interest relief program.

I would like to ask, when the money is paid back, where does it go?

HON. M. SMITH: It forms a fund that can be used again for further such programs, but there's agreement with the Federal Government that we have worked out so that our respective shares of funding meet the

demands of the program, and the part that we put in has this rotating capacity which means that the money can then be used to assist further such development, or any other purpose. I think it meets our belief that the role of government vis-a-vis private sector is to assist them to get over, with interest relief, a difficult time; in this case, to provide an adequate incentive to get them to expand or improve their operation, to make the repayment terms modest enough, over a long enough time period, that they can, in fact, repay but not to eliminate that completely, at least on the expansion in the new projects, as distinct from the upgrading, not to make it an outright grant. We feel that that's a reasonable way to use public funds, to provide some incentive to the private sector without making it an outright giveaway or grant, however you might call it.

MR. F. JOHNSTON: Mr. Chairman, the first section of the program will obviously be the one that is used the most. There'll be upgrading of a lot of facilities, rooms, carpeting, painting, furniture, etc. The program eligibility does have a statement in it, that the applications for upgrading expansion or development of related services must demonstrate a minimum of 25 percent of the operation's total revenue is generated from the sale of overnight accommodation. I would suggest that that would eliminate a tremendous amount of rural hotels. This was looked at before, the accommodations, the actual overnight accommodation or the room income from those hotels - many of them are hardpressed to get the 25 percent - and if they're eliminated they won't be able to upgrade and upgrading is what they need to attract people to stay in their accommodations.

Is that going to be strictly adhered to or is there any consideration being given to special cases?

HON. M. SMITH: Well, we went through the criteria and tried to set it up so that it was in adequate grid and that it would provide opportunity for the smaller operator as well as the large. I can't give you a precise breakdown. I can tell you that we've had 165 replies; we've had formal applications received and in process numbering 74 and they're requesting over \$10 million and we have \$7 million to disperse.

The ones that have been approved already are quite a variety. I can't tell you the size of them, but perhaps if I just read them quickly you would know from your own experience that there's quite a mix: Hotel San Antonio in Bissett; Holiday Hills Resort, Deloraine; Doner's Buffalo Drive Hotel, Wasagaming; Miller's Camping Resort, Portage; Cormorant Lodge, Cormorant Lake; Swan Motel in Swan River; the Paddle Wheel River Boats in Selkirk; Grass River Lodge at The Pas. That's a cross section of ones that have been approved already.

MR. F. JOHNSTON: That's the press release that was put out last week. The upgrading program is required for many of those small hotels. They are going to repaint rooms, they're going to put in furniture, they may do some work on the kitchens, or whatever they qualify and I must add here that I made a request for the guidelines and I haven't received them yet. I guess I'm not allowed to have them. The guidelines for the

program, I'm not sure what comes in whether it's kitchens or what have you, the only thing it has here is some comments about furniture.

You're going to create some upgrading of hotel rooms but that isn't necessarily going to attract the tourist people, that isn't going to be a large attraction and I'm not saying that we shouldn't be helping these hotel people. The benefit of this program to have people attracted or tourists attracted to good accommodation is the expansions of existing facilities to take care of more tourists and the development of new facilities to take care of more tourists. You can't build a new facility for the amounts that are listed here, \$250,000, you'd probably be paying more like \$1 million, so your program does really not give much assistance to somebody looking at that type of a project.

An expansion of several rooms, I'm not sure what it costs per room to build in a hotel but I would say that it may be in the area of \$20,000 to \$25,000 a room, and if you were building 10, which is not many, if you were building 20 rooms, this program as far as expansion is concerned, would not be of that much benefit to you. So although you're saying you don't want to have giveaways, you're wanting to maybe spread it around, in this particular case the program was originally designed to pick an area that did not have enough tourist beds available and to concentrate on that area to take care of the tourists that were moving there. This program doesn't do an awful lot to have expansion or new facilities. So I would say it's an Interest Rate Relief Program but only if you're doing very very small expansion or building a very very small facility, would you really see any benefit from it.

HON. M. SMITH: The member should remember that there is the earlier program for some of the larger items. This one, in fact, we have got 28 requests for upgrading, 31 for expansion and 15 for development. There's a fair mix. We're trying to provide incentive to the full range of operators that are in the field. I might say that the large study that was commissioned didn't give a lot of guidance on the development of facilities and we've done as good an analysis as we can as to what's out there and what is needed. It does appear that the cumulative effect of a lot of these smaller, particularly the private sector ones, is an appropriate way to go. We're also working with them to assist in their skills, their service and their advertising so we think in total, that it will give quite a shot in the arm to the industry. Getting money at half the interest rate they can get at somewhere else is not unattractive.

MR. CHAIRMAN: 2.(f)(4)(a) - the Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, the Winnipeg Program, what projects are planned for the Winnipeg Program? I think the Honourable Member for Wolseley would be interested in Winnipeg.

HON. M. SMITH: There have been seven applications received, six have been through the initial review and one is at the Program Review committee stage.

MR. F. JOHNSTON: The programs for Winnipeg, the Minister is again not telling us what the programs are.

Are we looking for pavilions, or new parks, or what are we looking at? A type of projects is being looked at for Winnipeg and is the City of Winnipeg involved in the decision-making for the projects for Program 2?

HON. M. SMITH: We can't give you the information of applications. We are looking at one substantial development plus a collection of smaller scale ones and we are looking at the attraction type of development. There will certainly be a communication with the city on the project.

MR. CHAIRMAN: 2.(f)(4)(a)—pass; 2.(f)(4)(b)—pass.
Resolution 50: Resolve that there be granted to Her Majesty a sum not exceeding \$15,257,800 for Economic Development and Tourism for the fiscal year ending the 31st day of March, 1984—pass.
Item No. 3.(a), Venture Capital Program, Salaries.
The Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, the program has been announced. The details have been announced. I commented on it in the opening statements of the program. I can only ask why the \$105,000 in Salaries and Expenditures, obviously the salaries are the people who run the program; Other Expenditures are 58. Is there no plans to pay out anything this year?

HON. M. SMITH: The administration appears in our department and the more substantial monies that will be made available to Venture Capital groups appears in the Department of Finance.

MR. F. JOHNSTON: The member said the \$1 million is in the Department of Finance. Is it the Jobs Fund?

HON. M. SMITH: No, it's not in the Jobs Fund.

MR. CHAIRMAN: 3.(a)—pass; 3.(b) - the Member for Sturgeon Creek.

MR. F. JOHNSTON: I wonder if the Minister could tell us what the \$58,500 Expenditures cover?

HON. M. SMITH: Advertising of the program; visiting the people who wish to take part in it. Initially there will some processing of which investments to recommend, so that we get a mixture of the companies we'd like to see promoted in order to test out the program, and see whether it should be expanded in future years.

MR. CHAIRMAN: 3.(b)—pass;
Resolution 51: Resolve that there be granted to Her Majesty a sum not exceeding \$105,400 for Economic Development and Tourism for the fiscal year ending the 31st day of March, 1984—pass.
4.(a)(1) - the Member for Sturgeon Creek.

MR. F. JOHNSTON: I wonder, would the Minister just explain. This is new, Expenditures Related to Capital Assets. Then there's the notes 2 and 3 down below?

HON. M. SMITH: As I understand it, the Expenditures that are considered Capital Expenditures under the

agreement show up in a separate line, but they are all covered under our Enterprise Manitoba umbrella.

MR. CHAIRMAN: 4.(a)(1) - the Member for Sturgeon Creek.

MR. F. JOHNSTON: Did you say Destinations umbrella or what?

HON. M. SMITH: Well both, there's the two agreements; Enterprise and Destination.

MR. F. JOHNSTON: There's the two agreements; Enterprise and Destination umbrella.

MR. CHAIRMAN: Okay. 4.(a)(1)—pass; 4.(a)(2)—pass. Resolution 52: Resolve that there be granted to Her Majesty a sum not exceeding \$4,160,000 for Economic Development and Tourism for the fiscal year ending the 31st day of March, 1984—pass.

We are now returning to the Minister's Salary, 1.(a) - the Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, I don't have too much to say on the Minister's Salary. I have made my comments throughout the Estimates regarding the different programs that have been brought forward.

I must say that I'm extremely disappointed that the only thing that we can get from this department is that we're looking for a balanced approach to the economy. The only balance that I can see is it's weighted very heavily on the side of there not being any investment in Manitoba, and there doesn't appear as if there's any efforts being made other than research and a lot of detailed work that is being done rather than concerted efforts to attract industry to this province.

The Minister is probably going to make the statement again or say it to herself that the opposition can't see past its nose because I've heard her say that before. But I submit that the government can't see to the end of it. They still have not realized that the province needs desperately to have some large investment in this province; larger than ManOil which is not needed; certainly larger than anything the government can do unless they plan to go ahead with the Hydro development which they can't until 1992, according to everything that's happening.

So our small industries that we want to have billed so rapidly and the service industry that the Minister wants to have billed so rapidly, is not going to have all that many people to serve. The Minister herself said that the other provinces are going to work very hard to have the companies that are established within their provinces do most of the work with their projects. If that happens, Manitoba will be in a very very serious position. So Manitoba should be working now to have some large investment of companies that are world companies, that ship all over the world. They should be located here because it's geographically right to serve Western Canada; to central United States and western United States, or any global works shipping that can be done.

Companies all over the world, large companies, will place plants in one place and another plant in another place, they might assemble everything in another place, but they look for the best place they should be.

If the Minister thinks for one minute that there is not competition out there, she's very wrong. I think her new Deputy can tell you that the Department of Economic Development in Ontario is aggressively working to get everything they can; Saskatchewan says we're open for business; and Manitoba is not basically saying the same thing. In fact Manitoba is doing things to discourage business.

So the Estimates of the department, as I said, the Estimates haven't changed. The department's still there. The personnel is about the same. They're all hard working people. There have been some changes of NDP people brought into the department, but that's happening all through the government. So I really can't get too concerned about the structure of the department.

But I am concerned about the philosophy of the government. We mentioned payroll tax and it'll be mentioned for years. It'll be a very sorry thing in this province. We mention things like the pensions that are being talked about. Nobody's against pensions, but if we're out of step with the other provinces, we'll certainly be sorry.

We talk about getting into the life insurance business. Everything this government does says to business, or business takes a look at it and says, we want to be very careful about moving into Manitoba. We will be in a very sorry state when this country starts to move out of the recession, as it is so slowly, and Manitoba is left behind if we do not have some large investment in this province.

The government hasn't got enough money to do it; they haven't got the credit rating to get the money to do it, so I think that we'd better start being very serious about this balanced approach and go out seriously and start talking to people that can come into this province and use our Hydro resource and start putting it together, because you know we will have an export.

This government criticized the previous one because people moved out of this province and young people moved out of this province. We are still at a deficit from province-to-province. We have an increase because of immigration and we have an increase because of births, but we still are at a deficit between provinces, and the previous government recognized that and was trying to do something about having permanent jobs in this province spread out through the province, we don't have to go through the mega projects again, but that was what was being done. There is nothing being done today to have that type of investment in this province and if we don't have it we're going to be on the outside looking in, and the government can't do it.

I submit, Mr. Chairman, to the Minister, that when Mr. Green, who says it quite often when I was sitting with the Minister, she said, "We can get the money by having corporations that will make profit and we won't have to raise taxes, etc.," I submit that Mr. Green's criticism of that statement, that you don't have enough money to do it, is valid and right and there is nothing being done to bring in something big.

I won't go through the mega projects here. I think it was loused up drastically by the Minister of Mines and Energy and I'm only sorry that the Minister was on that committee. But that's the situation in Manitoba and I would hope that the department would start to

turn it around, or I would hope that the Minister would convince this government, because of her experience with the business people at the present time and the straight economics of it, would start to convince this government that something will have to be done or we'll be on the outside looking in.

MR. CHAIRMAN: 4.(a)(1)—pass.

Resolution No. 49: Resolve that there be granted to Her Majesty, a sum not exceeding \$5,257,600 for Economic Development and Tourism for the fiscal year ending the 31st day of March, 1984—pass.

Committee rise.

SUPPLY - HEALTH

MR. DEPUTY CHAIRMAN, G. Lecuyer: Does the Minister wish to make an opening statement? We are under Item No. 7., Manitoba Health Services Commission - the Honourable Minister of Health.

HON. L. DESJARDINS: Mr. Chairman, I really don't want to make a statement. It's been quite a while since we started these Estimates and at the time I asked the members of the committee to number the different lines: (1) Administration; (2) Hospital Program; (3) Personal Care Home Program; (4) Medical Program; (5) Pharmacare Program; (6) Ambulance Program; (7) Northern Patient Transportation Program. We did (1) already and the suggestion that was accepted at the time that we would go to (5), (6) and (7), and then (2), (3) and (4). That is Pharmacare, Ambulance, Northern Ambulance, and then the big three of Hospitals, Personal Care Homes and Medical.

So we would be dealing with Line 5, Pharmacare.

MR. DEPUTY CHAIRMAN: Line No. 5.- the Member for Fort Garry.

MR. L. SHERMAN: Mr. Chairman, for clarification just a couple of points. First of all, let me say, also, that I recognize the particular approach that's been taken, up to this point in time, in dealing with the Estimates of this department this year, Sir, and I want to express my appreciation to the Minister and to members of the committee for the manner in which we have dealt with them, up to this point in time. Also my appreciation for the fact that there were some postponement permitted of an examination of the Estimates having to do with the Manitoba Health Services Commission, which in very substantial part accommodated me, so I want to express my appreciation for that.

Also, my acknowledgement of the fact that then a further postponement became necessary as a result of the temporary indisposition and illness of the Minister. Of course, everyone is happy to see him restored to full health; not full argument, but full health and we certainly welcome him back to this exercise.

May I just go on from that point, Mr. Chairman, to say that I'm not really through asking for favours and consideration yet. My colleague, the Honourable Member for Pembina, I think has some specific concerns that he would like to raise relative to health care facilities and programs in his area. It's my

understanding that, due to the season and the agricultural requirements that he faces in his home constituency, that he's not going to be able to be present in the House for the remainder of this week, but he is here tonight. I wonder if the Honourable Member for Pembina could be permitted to put some arguments and some questions on the record that perhaps the Minister could then deal with later in the week. That's a point that I would like to raise at this juncture, Mr. Chairman.

Further to that, may I just say that I have had the opportunity to peruse the Hansard of Thursday, April 14, the evening sitting during which the Minister announced his Capital Program for 1983-84. I note that the Administration line was dealt with at that time and, in the conclusion to the sitting that evening, the Minister makes the statement in response to the Chair's recognition that Item 7.(1) Administration has passed that, good - and here I'm quoting the Minister - "we won't have the Minister's Salary, again. I move that the committee rise, please."

I'm not sure what the Minister meant by that statement that we won't have the Minister's Salary, again. Presumably we will be dealing with that when we reach the conclusive part of the examination of the Estimates of the department in total. I wonder if I could just put those two questions to the Minister, Mr. Chairman: (1) Can my colleague, the Member for Pembina, have some time in the next few minutes to put some of his concerns on the record, even though they are not related to Pharmacare; I would think, in any event, that they're not, in the main, related to Pharmacare, and that's the subject that we'll be dealing with later this evening; and (2) Could the Minister clarify what he means by his statement that we won't have to deal with the Minister's Salary, again? Thank you.

HON. L. DESJARDINS: Thank you, Mr. Chairman, I also would like to thank the Member for Fort Garry and the members of the committee for their kind words. I think there has been co-operation all along in this committee and I certainly welcome this. I think it is the best way to really look at the affairs of Manitoba in a serious way. I have no objection at all in that continued co-operation we felt to accommodate the Member for Pembina. The only thing, though, it might be that I might not have all the answers for him, I wasn't quite ready for that, if there are certain things that is a quick reply or an easy reply I'll try to answer it at this time. With the understanding, I hope, that the other members of the committee would refrain until that is finished and then we'll start with Pharmacare.

It was obvious that the Member for Fort Garry wasn't at the last meeting, he would have noticed the smile on my face when I said we won't deal with the Minister's Salary, again; I guess it was wishful thinking, it was because we had seemed to cover the waterfront sometimes, in the exuberance of the members of committee we were not sticking really to the lines. I can assure you that - and besides I wouldn't want to take a vote on my Salary at this time - I don't think I would be earning much of a salary so there's no problem with that at all.

MR. CHAIRMAN: The Member for Fort Garry.

MR. L. SHERMAN: Well, that's excellent, Mr. Chairman, thank you very much. Perhaps the editors of Hansard could update Hansard by inserting in brackets the word "smile" after the Minister's statement concluding the consideration of the Administration line on Thursday, April 14th.

MR. DEPUTY CHAIRMAN: The Member for Pembina.

MR. D. ORCHARD: Thank you, Mr. Chairman. Mr. Minister, I appreciate your accommodation. We had a similar arrangement made the evening that you smilingly deferred your debate on your Salary, and unfortunately I was unable to make that evening and participate in what was a pretty good debate.

Mr. Chairman, I do have a number of questions, particularly about hospital services, and I suppose I would start out with the question of whether any hospitals in rural Manitoba have had to reduce staff over the past fiscal year to meet budget constraints?

HON. L. DESJARDINS: I'd have to double-check on that. If they did reduce their staff, it certainly wasn't at the direction of the Manitoba Health Services Commission. I might say that there were a number of letters sent to, not only the hospitals, I'm talking about the institutions, the personal care homes and the hospitals, and this is what they were directed to do.

Should they reduce staff that hadn't been approved, if somebody is overstaffing, that was never the responsibility of the Commission, because you are not supposed to staff without having the staff approved. So that is something that is up to them; they can do it the way they want because that is not accepted, staff approved staff. If it was approved staff and they wanted to reduce for some reason or other, they could not. They were informed quite clearly that they were not to proceed on their own without discussing that with the members of the Commission and get the permission, the authority to do so, so there has not been any reduction of staff that I know of.

I don't know if there has been some discussion and, if so, it would have to be approved because we are trying to keep the staff that we have, unless it can be demonstrated that there's a program that is discontinued for some reason or other, to improve the standards or for some replacement by another program. That is something else and that would be staff that would be reduced by attrition only.

All I'm saying is that if they want to come down to approved budget levels prior to 1982 and, in particular, that refers to Morden. I imagine that this is the case that the honourable member is trying to build and I think that I've answered that at one time and I'm ready to - it's been a while - answer it again. I think that, at times, it was the other way around, that we told the Morden people that we felt that they were not staffed to the approved level and we suggested to them that they should increase their staff at one time.

MR. D. ORCHARD: I have another question then. Following up on the staffing question, is the Minister aware of any hospitals in rural Manitoba that have had to reduce services to meet budget constraints?

HON. L. DESJARDINS: No, Mr. Chairman.

MR. D. ORCHARD: The Minister and I have had a small discussion on this some months ago and I looked forward to the opportunity of Estimates to pursue it further. Could the Minister indicate whether the layoffs at Morden Hospital of two full-time LPNs and two part-time LPNs that were laid off, and the simultaneous reduction of one full-time LPN to a part-time LPN status, was discussed with the commission?

HON. L. DESJARDINS: Mr. Chairman, that was an area, in Morden, that's not the area we asked them to increase the staff. Morden is what I tried to explain, if they were overstaffed, if they were staffed without the approval of the commission, if a hospital or an institution take it upon themselves to just hire people without discussing it with the commission that is overstaffed and they were directed to get back to the level that was approved, yes.

MR. D. ORCHARD: So then, do I assume from that the Minister is saying that, yes, indeed, the layoff of four LPNs in Morden and the reduction of one from full-time to part-time was discussed and approved by the Minister and the commission?

HON. L. DESJARDINS: Mr. Chairman, this is not something that is discussed and approved, it is before new staff is added. If a hospital decide on their own to hire people, and that has been going on forever and a day, ever since I can remember - I'm sure the Member for Fort Garry will agree with this - this is something that has to be checked with the commission, it has to be authorized by the commission. That was never done. This has nothing to do with any restraint or any period of saving funds to stay within the budget; this is something that was never approved and they weren't given the approval and they were reminded that they . . . people can do that, a hospital can do that, but at their cost if they do that. I think that it's only normal and natural that we can't just have institutions go ahead and hire without discussing with the commission, without receiving approval and that automatically it is felt that the taxpayer will finance that; that is not the case. We have a standard to go by, guidelines, and this was overstaffed, as I mentioned before. In this case it is their responsibility, they acted without the permission and that goes to all the institutions and certainly, if they can prove that, for some reason or other, that staff they're asking, some instances where the staff was approved for some reason or other, it was felt that for the standard it should be approved. That was not the case in Morden and they were directed to go back to the approved staff, that's all it is.

MR. D. ORCHARD: So then I take it from the Minister's last answer that the Commission then would have indicated to Morden that they should make those layoffs, is that what the Minister is saying?

HON. L. DESJARDINS: No, I'm going to refuse to say that. I'm not going to have the member point out and say that they asked him to lay off certain people. They were told, again, that part of the staff was never approved and that would be covered; then the decision is to be made by the Board of the Morden Hospital.

If they want to keep good staff, they'll have to find a way, like it is done in other institutions, to pay the cost because that has never been agreed by the Commission that they would support and finance that extra staff.

MR. D. ORCHARD: Well, we have a very interesting situation that has developed in at least two hospitals that I'm aware of; there may well be other hospitals with a similar situation. The Minister, on the one hand, is saying that maybe these layoffs occurred because they had additional staff that was above the approved complement, the standard set, etc., etc. Nevertheless, under approximately a number of years - and I won't attach a number of years to it - they were able, in the case of the Morden Hospital, to operate with those four extra LPNs on - two full-time, two part-time. They were able to operate with that additional full-time LPN, which they had to reduce down to a part-time status. The Minister is indicating that reduction of staff, that layoff of staff, was part of a normal process because they were over staffed. That's an interesting position for the Minister to make. I can appreciate he doesn't want to attach any significance in terms of budgetary constraints on those hospitals to those layoffs.

If the Minister is attempting to make that kind of a simplistic analysis that it had no connection to budgetary restraints, the reasons for those layoffs at Morden, I think the Minister is going to have to draw a pretty long bow to make that particular analogy fit in the minds of the casual observer. The Morden Hospital Board was faced with a budgetary constraint condition. They were forced to make a decision; in this case, to fall within their operating budget to let those two full-time LPNs go, and two part-time LPNs go, and to reduce further a one full-time to part-time.

At the same time, the Minister is saying that is possibly acceptable because they were overstaffed. I would make the case that they're underfunded, that this Minister, and this government, is not maintaining even the level of funding that that hospital received under four years of acute protracted restraint of the Lyon government.

I think my case fits the facts better than the Minister's case will fit the facts. When we talk about a neighbouring hospital, that being the hospital in Winkler, they didn't undertake any layoff of staff, but what they did, Mr. Chairman, and if the Minister wishes to talk to the board members or whomever he wishes to, they undertook, for approximately a four-month period, an effort to reduce the working hours. They didn't lay off any people, but each of their salaried staff took a 6 percent reduction in working time. They had the option whether to show up for work, or not show up for work; if they showed up for work they simply didn't get paid. One day in three weeks the salaried staff didn't get paid. The nursing staff were not able to comply with that request by the board, and so the board was able to reduce the nursing hours staffs by avoiding calling replacement staff for nurses who maybe phoned in sick or weren't able to make it for that day.

Now they undertook, in Winkler, that program for some four months so that they would not come in with a budgetary deficit. When I asked the Minister whether there were any service reductions he said, no. Well, at the Bethel Hospital in Winkler, they may still be I haven't checked - this is as of a month-and-half ago, when

this information was current - they had reduced their elective surgery to four days a week and not five. The reason they did that is that for elective surgery, if they perform one small operation on the Monday, they pay their staff for a minimum of four hours. So they made a board decision, in order to stay within their budget, to perform elective surgery only four days out of five.

Now maybe the Minister can make the argument that that's not a reduction in service, but he would have a difficult time selling that particular argument. It will be as difficult a sales job as the Minister is going to have in saying that the layoffs in Morden and the four-month reduction in hours worked and paid at the Bethel Hospital in Winkler were not caused by budgetary restraints.

It's been indicated to me by the Administrator at Bethel, for instance, that in last year's approved Budget they had approved 100.3 positions. This year to meet the Budget, the Budget set by the Minister and by the Commission and by this government, they have reduced their approved staffing to 97.3. You know, the Minister is saying that funding has nothing to do with this. Well, funding has everything to do with it. This is being done by a government - if I might just take a moment and read a couple of lines from this now famous booklet entitled, "A Clear Choice for Manitoba, Policies of the Manitoba New Democratic Party." Under Health they have "Help, care not cutbacks. Manitoba New Democrats are proud of the work they have done in making health care available to all Manitobans. Programs, such as, premium for Medicare, Pharmacare and non-profit nursing homes were pioneered by New Democrats." A little bit stretching, but you know, we'll allow that. But this next statement is the one that really grates me wrong. The next statement says and I quote, "Our health care system has been allowed to deteriorate over the last four years. The Lyon Government has cut back health care budgets, the grants to hospitals have been regularly below the inflation rate; community clinics have been cut; and services in remote areas have not been expanded. Health care is too important to be short-changed; Manitoba New Democrats would restore the health care system." End of that particular quote.

We listened for four years, and I listened to my colleague, the MLA for Fort Garry, as Minister of Health, receive more abuse, more criticism, than any other Minister in our government, by more members in the New Democratic Opposition in the four years we were government, than any other Minister. They were talking about acute protracted restraint; they put our Minister of Health through the wringer. They went into an election promising health care, not cutbacks. They said that they would restore the health care system and, in two hospitals that I've been able to get information from, they are reducing staff or reducing staff hours in those hospitals.

The Minister shakes his head, but the facts are there for him to find out if he cares to talk to them. Talk to the boards, you will get the same information that I am giving you here tonight. A reduction in staff, and that fits with the promise of restoring the health care system. The Minister, on a number of occasions, has stood up and said, well, we're doing exactly the same thing that the previous government did. But when you were in opposition, that wasn't good enough; when you

were in opposition, we were cutting it back, we were killing the health care system.

Now, his justification is he is going to maintain the level of programming we left him. The promise was to restore the health care system. Well, you know, it isn't fitting well. I admit that when we were government we did take some criticism from people within the health care system; but not anymore. They fast realize who the government was that was looking after the health care system and who the one is now that's in power that is willing to let it become very restraint-oriented. Those staff were on staff at Morden during our term in office; now they are gone, now they're gone under the New Democratic Government that is going to restore the health care system.

There was a 6 percent reduction in hours paid, on average, at the Bethel Hospital in Winkler; not under our government, but under the New Democratic Government that is going to restore the health care system. With those two areas alone, the Minister is not keeping their major election promise. There is a reduction in the level of service in both those hospitals. They're coping; they have to cope, but it's certainly not the promise that was made to the people of Manitoba that they would restore the health care system and provide health care, not cutbacks. So the Minister might want to reply to those two situations that I've developed for him.

HON. L. DESJARDINS: Yes, I very much would want to reply because I think there is misrepresentation. First of all, I stated - I think we've covered that - I'm not that interested in the Bible that you want to quote. I think I explained and I think I gave examples of what was said, no matter who's in opposition. I think the opposite party will always feel that there is some exaggeration in some cases; that might be the case.

But I certainly will stand behind the fact that we are improving the health of the people of Manitoba. Now if my honourable friend wants to make a statement and he thinks he could make it stick, to say that we're cutting down from the largest budget that we ever had in Health, last year, in a period when there should have been a heck of a lot more restraint than 1977 and '78, that we increased the budget of my department and the Commission by 19 percent, let's remember that the honourable member should be consistent. If he is going to criticize me for reduction, when we're increasing by 19 percent, I don't want to hear anybody on that side criticize that we have that large a deficit and that we're spending too much money and that we should be in a period of restraint.

Furthermore, let me remind my honourable friend that in 1977, when there was a change of government, there was also a change of the cost-sharing formula with Ottawa and that gave millions of dollars, extra dollars that we never had, specifically for Health, in that area that should have been for Health and Education; I might say that. Let me say that, again, we were the loser exactly at the time there was a change in government, let me remind my honourable friend that they're not being changed - the formula that was in effect - when my honourable friends were in power, that we would have gained another \$700 million in the next five years. So those are factors, I think, that you have to consider.

Now, I will certainly not apologize for having a little bit of decorum, a little bit of, what should I say - order - in working between the Commission and the hospital. Let me say this, that it's no use arguing this without the figures. I will give my honourable friend, even if he's not in the House, I'll see that he gets it and I'll answer this more fully when I have the schedule in front of me, because my contention is this, that the approved level of staffing has been increased, the approved, and that's the important thing.

If my honourable friend suggests for a minute that any single hospital can decide on their own how many people they should hire, and this is exactly what some of these hospitals are doing and I certainly will never back down to say that this will not be allowed. Now my honourable friend says that I can look at it in any way I choose to, that I should remember that there's some people that have been laid off. I'm saying that nobody that was approved had been laid off — (Interjection) — Well, my honourable friend wants to think that this is a joking matter.

There has to be an orderly way and there have to be records kept and there has to be a certain way of dealing, and that goes for every single hospital and institution, and that was done by the Commission, they did their duty to have to approve the budgets and to give . . . You know, when we say to the hospital, you're going to get 9 percent or something, and let me tell my honourable friend that the institutions and the hospitals will be getting about 9.75 percent and that's not bad in a period such as we're going through; that's not bad. And I'm not talking about all the other beds and facilities that are now functioning that weren't before. As my honourable friend knows, that increases every year no matter who's in power; I'll say that. But the situation is that just compared to what they were last year, it is over 9 percent increase and that's not bad at all.

Now the point is this, that it is possible that they had extra staff but it was never approved; they took the responsibility and they had a deficit. They did not work extra staff with funds that were given under a previous administration. That is not correct. They were running a deficit and that deficit was not accepted for the reason that I gave. I don't think that the honourable member can reproach us and say, well, you should. This is why I insisted in answering my way, not have words put in my mouth and say, yes, we ordered them to cut staff.

The responsibility that we have is the approved staff, and the approved staff - and I'll give a schedule to my honourable friend, over the last five years, to see that the approved staff was increased, and if I'm not mistaken, that was even increased during the last two years since we took over, at these hospitals that my honourable friend is mentioning. But the point is that they had a deficit, and when it came down to apply to get us to approve their deficit, that was refused and they were told at the time that, no, they would have to go by the approved staff. So this is the situation.

Now I'm not going to make a big thing about rehashing about what was done before. If my honourable friend can remember, I don't think when I was in opposition, that I attacked the government that much, or any of the statements that he made. Sure, I tried to do my work, the same as I would expect

of the critics, the same as my honourable friend is doing now during the Estimates, yes, and I would have been remiss if I hadn't done that. But I might say that we did make some statements and if you remember the few years when you were talking about a 2 percent increase for the facilities, and now you're saying, you're chastising us for giving a 9 percent over a much larger budget, and as I mentioned, with all that extra funds from the Federal Government - it was a fact that the first few years that extra money that you had, that the former government had, they did not spend the kind of money. If you would have looked at the comparison of what was spent by the additional from the federal funds earmarked for Health, you would have seen that there was, at one time, a reduction in the first few years and you'd remember that on some of the personal care homes there was a freeze. The responsibility was there, that's fine, and if that is looking at the case, certainly.

Let's go back from this year to the second year that you took office and let's make the comparison and let's take last year and compare it to the first year that you took office, when you froze everything. If you're going to compare the last year, yes. At the last year you were talking about us throwing money. I remember day care, for instance. It's not in this department but in those days I had the responsibility for both departments and I can remember these days. So I don't think this document you read is completely without some merit and some foundation and it might have been exaggerated and I don't think there's much value. Sure, I don't blame the members for trying to bring that back but I'm not interested in that.

Let's go back to the people that have made some discussion. I've talked about the question of taking a slice of bacon here and there and changing beds. That never excited me, to be honest with you. I don't blame for bringing that back if you want to but I'm not going to take the bite and I'm not going to worry about that very much. The point is that we're spending 19 percent more this year than we did last year and last year, I don't remember, it was a fair increase also. The point is that we're going to lose \$700 million in the next five years and these are factors and we're building in more and more.

Besides that 9 percent, there are also new beds, new programs that have been approved and that is not considered any new volume, when extra beds are not considered, so I think we're doing quite well. Now I would suggest to my honourable friend that he waits till he gets the schedule of the approved staff. I'm talking about approved staff. I'm sure my honourable friend is not suggesting that the Commission and the government of the day should say to the hospitals, well you go ahead, do what you want without any order or without any accountability; that is not the way it works. I might say to the honourable member that when I said we're doing exactly what the other government did, I was referring to the orderly fashion and to budgets that had to be approved by the Commission. That's what I was talking about, I wasn't talking about the dollars spent.

MR. DEPUTY CHAIRMAN: The Member for Pembina.

MR. D. ORCHARD: Thank you, Mr. Chairman. That's an interesting argument that the Minister just put

forward and he's indicated and I look forward to seeing the numbers. He believes that the approved staff for budgetary purposes has been increased by his administration. That makes it even more interesting to find out why it was necessary for a hospital like Morden to have to undertake layoffs amidst a government that's increasing the number of approved staff for budgetary purposes.

The Minister at one point in time in a reply indicated that the Winkler Hospital was below their approved base at Winkler, and that they were being urged by the Commission to increase their staffing. The Minister put on the record the statement that they are understaffed not because of any direction, but because they can't find the staff.

I found that interesting because that's what the Minister said on March 1st; that's what the Minister said when he chastised me for, according to the Minister, making a false statement about layoffs of nurses in Morden, which the Minister wasn't aware of that it happened but that's fine, I don't expect the Minister to know everything but he was a little loose with his chastisement of me making false statements on March 1st.

But he made the statement that Winkler was understaffed because they can't find any staff; that there were no people to hire. That's absolute balderdash. I talked to the board out there. The board indicated that they didn't hire that extra staff because they were already going to be over their budget; they were going to be in a deficit position; and they were looking for ways of reducing their spending. That's why they undertook a 6 percent reduction in the across-the-board wages paid to the staff in the hospital.

The Minister to say that there was no staff, it's for certain that Winkler could have hired one of the four LPNs that were laid off in Morden; they're only seven miles apart. But the Minister accuses me, No. 1, of making a false statement; and No. 2, saying that Winkler can't find staff. It's sort of demonstrated to anybody who was listening that the Minister didn't exactly know what was going on out there and I don't fault him for that because he can't keep up with every hospital. But before he accuses me of making a false statement in the House, I'd appreciate him getting his information a little clearer than what he had.

Mr. Chairman, I've got another question for the Minister. Could the Minister indicate how many hospitals in particularly rural Manitoba - I'm not interested in the Winnipeg hospitals because they have unique problems of referral that are hard to budget for - but how many hospitals in rural Manitoba have incurred deficits for fiscal year '82-'83? Would the Minister have that information?

HON. L. DESJARDINS: First of all, Mr. Chairman, I'd like to make a correction. I mentioned an increase of 19 percent - I was in error - this was 19 percent last year and this year it's 11.6 percent. I thought it was lower last year. I reversed the information that I gave you, the percentage that I gave you. So it's 19 percent last year and 11.6 this year and I think that will match any couple of years that the former government had.

Now the discussion that we had if I remember was in an open line somewhere. I was getting phone calls

at 8 o'clock in the morning and especially when we're in Session. We have been chastised before to discuss our problems right here in the House. I would suggest that at no time was I asked a question, that there was any discussion in this House at all. It was always outside the House. I'd like my honourable friend to point it out, and I wish he'd do me this service and this courtesy of telling me in Hansard where it is. — (Interjection) — Well' all right, March 1st. I don't recall. I'll check Hansard. I certainly don't recall that we had a discussion here. There might have been something mentioned, but the discussion was mostly in an open line because the member did not want to discuss it, it was obvious in the House.

I certainly stand to be corrected if that is the case, I don't recall at any time saying that they couldn't find staff. If I said they couldn't find staff, that's certainly not what I meant because it is not the most difficult thing to do and that's why I want to make sure that my honourable friend gets a schedule of staffing.

What I did say at the time, I think I did anyway and it's been awhile, I did state that they were understaffed in one of the hospitals or in some area. I think I asked for the schedule of what was approved. We'll check that and if I was in error I'll certainly chastise the Commission and I'll apologize for you because of the information. This was the information that I was given on a memo and I'll get that. It's no use arguing at this time without the proper figure.

The point is still the same, that the Commission asked to approve of staffing and when that is the case there could be an appeal and that's reviewed. The important point that I want to make is that at no time did we give any different instructions to the Commission and say, hey, we have to save; you've got to cut down on the standards; you've got to change the formula. That's the point that I'm trying to make.

These decisions were taken. At first I didn't even know what my honourable friend was talking about. This was done by the Commission without any change in policies; without any direction from the Minister or the government at all and I think that's the important thing. My honourable friend has tried to point out to this committee that we had, because of restraint, that we have cut down and I refute that very seriously. We will check that again and if there's been a mistake, we will rectify it but I think before we do anything we should have the schedule for the last five years for the two hospitals.

Now I don't think I can give you how many hospitals have deficits in the rural area but I can say, there's not that many. There isn't even that many. The city has been a different thing, but many of the hospitals have been fairly close and the odd one also had a bit of a surplus. I think it was Swan River that usually comes up with a bit of a surplus but that hasn't been much of a problem in rural Manitoba at this time. I'll get this information later on for my honourable friend.

MR. CHAIRMAN, P. EYLER: The Member for Pembina.

MR. D. ORCHARD: Thank you, Mr. Chairman, I'd appreciate that if the Minister could provide that at a later date. If I'm not here I'll certainly peruse Hansard and will make good use of the information.

At the same time, if the Minister could indicate the size of the deficits where incurred, and give an indication of what percentage the deficit represented of their Operating Budget, it would be very valuable information, as well, Mr. Chairman.

Could the Minister indicate the global increase in funding for fiscal year '83-84? He mentioned 9.75 percent, is that the global increase in, for instance, the Morden Hospital budget was increased by 9.75 percent over last year; is that a global figure that one can use?

HON. L. DESJARDINS: The total increase for the budget facilities is \$53 million. Now, part of that, there's General Cost Increase is \$37.5 million, that's 9 percent; there has been an Annualization of Expenditure of Insured Services, that's another \$481,000; the Levy was paid besides that, that's .75 percent, that's \$5.6 million.

MR. D. ORCHARD: Payroll tax?

HON. L. DESJARDINS: You call it what you want, I'll call it the Education and Health Levy. The Approved Equipment Borrowing \$843.7, the new borrowing in '83-84 was 414.6; Annualization of Facility Opening in '82-83, \$1.5 million, and new facilities opening '83-84, practically \$7 million, for the total of practically \$53 million.

When I talked about 9.34 I'm just talking about the Budget for what they were doing last year, not for anything new at all. I might say, I have something here that I wrote which was a guideline for all the hospitals, this went to all the hospitals. This is a letter that went out in February to all the institutions, it was sent by the Commission. This was signed by the Associated Executive Director, Mr. DeCock, responsible for Facilities.

"In my letter of October 5, 1982 I request that you provide the Commission with a listing of your cost reduction option and strategies that you plan to implement to operate within the '82-83 and '83-84 global funding policies. The general response from facilities has been very positive. The majority of ideas for cost-reduction options, identified methods of more effectively utilizing existing staffing and adopting more stringent controls on the purchase and use of supplies and other discretionary expenses.

"Considerable number of facilities identified cost saving through staff reduction and, in response to this option, the Commission has adopted the following policies.

"1. Position not supported by global budget funding. No special justification. Where a facility has increased staffing beyond our approved funding level, and where there is no special justification for the increased staffing, facilities are encouraged to reduce staffing through attrition. If this is not possible over a reasonable period of time layoffs would be acceptable.

"2. Staff reduction to increase productivity. Where facility staffing is not above funded levels, but increased productivity could be achieved through staff reduction, such reduction should be made through attrition only.

"3. Staff reduction due to decreased activity or questionable productivity. Where a facility is experiencing a trend of reduced activity suggesting

overall staffing should be reviewed the Commission will assist in establishing revised staffing levels and will request that a plan for reduction be presented to the Commission for approval. If attrition would not accommodate the reduction over a reasonable period of time layoff or reduced hours may be required.

"4. Staff reduction for approved change of program or service. Where a facility or the Commission has identified cost saving possible through a repriorization or rationalization of programs or services, such as, bed closures, staff reductions are to be achieved only through attrition or redeployment and must have prior Commission approval.

"5. Reduced hours of work. Where a facility proposed reduced hours of work for employees to operate within funding level, but not related to the above staff reduction category, such action must be within labour laws consistent with union contracts and personnel policies, and not comprise safe levels of care."

And that's another point I forgot to answer. Now, that gives you an idea of the way it was done.

MR. D. ORCHARD: Thank you, Mr. Chairman. The Minister, when he indicated the level of funding increase, he indicated that .75 percent was to offset the cost, our terminology of the payroll tax, and that amounted to a .75 percent, in addition, I take it, to the 9 percent general cost increase and, as well, there may have been additional funding available depending on the circumstances which would naturally vary between hospitals.

Could I ask the Minister if the 9 percent general cost increase is based on last year's approved budget, or the actual budget; say, that a facility had run up a deficit, would the 9 percent apply to the total budget or only to the approved budget?

HON. L. DESJARDINS: I think that I should explain the situation and the method that we deal with deficit. The deficit could be appealed to the Commission and if the appeal is accepted, if the change is accepted - and that happens nearly every year part of the deficit is approved - it has no control over that specific institution, any institution, and there is a large part of the deficit that is approved, and the percentage increase is over the approved, revised approved budget, approved deficit, the part that is not accepted, of course, is not figured on that.

MR. D. ORCHARD: Thank you, Mr. Chairman, I would just like to ask the Minister if the .75 percent in increase in funding, which is in addition to the 9 percent on the general cost increase, is that sufficient to cover the payroll tax, our term, of each hospital?

HON. L. DESJARDINS: Exactly, the hospitals were informed that that would be the cover that we would give, advance the funds to cover that and it comes to .75 percent of the total budget. That is why it's lower than the 5.7.

MR. D. ORCHARD: Could I ask the Minister if he has indicated to the administrators of the various hospitals, personal care homes, whether, in fact, they must live within their approved budgets with the increases that

he's given us tonight, and that the Minister has no intention of covering any deficits should they be incurred by those institutions in fiscal 1983- 84?

HON. L. DESJARDINS: I, with the Minister of Finance, went to Brandon. We invited the boards and the administrators or the Chairman of the Boards, whoever they wanted to send from that area, and then we met in Winnipeg with hundreds of members of the boards or administrators that covered any kind of hospitals and personal care homes and clinics. At the time, we did not give them the increase in the Budget; we just talked in general about how serious it was and how we had to work together so that standards would not be affected.

I might say that the majority of institutions, if not all of them responded quite favourably, I think in a very responsible way. Then they were given the direction of what the increase was and the deficit was - I think the question was that the - oh yes, yes, it's true that we instructed the institution that they would not be any deficit except in some areas that was impossible to gauge at that time. It might be a question of salaries that were approved because I want to explain also that institution when they deal on salaries, there are to get the guidelines or get the direction from the Commission, that is that the Commission will agree with those that are negotiating to put a certain amount of money or a certain percentage on the table. Now of course, the Commission doesn't negotiate, the hospital or they might have and they chose to negotiate for them but that is at the request of these institutions that can assign whoever they want as their negotiators. They can go anywhere under a percentage or the amount of money that is place on the table, if they wish; they can negotiate. But if they go over what has been approved, what the guidelines and the approval given to them by the Commission, then they are on their own. They are responsible for that.

Many times, once the Budget is given, the contracts don't come all at the same time. For some reason or another, it might be an increase and anything like that, that is practically an automatic approval of that part of the deficit. There might be a reason, for instance, that something unforeseen happens, an epidemic or there could be supplies or so - that will be considered. Oftentimes, I think we're going to be very responsible and reasonable. That is not what we're talking about. They have no control over that. We're not saying, well, you'll have to lay people off. That is not the case at all.

They have been encouraged to stay within their budget because some of them, and I might say mostly in the city, it is a little more difficult in the city and I would think that it would be fair to certainly not generalize when I talk about the rural hospitals. There are some that have been pretty lax and they figure well, it will be picked up. I just wanted to remind them, the Commission wanted to remind them of the procedure and not that they should think that automatically they didn't have to be careful; they can bring in a deficit and we would automatically pick it up.

MR. D. ORCHARD: Well, Mr. Chairman, I have to say that I find the Minister's answers very interesting. We've

got certainly a circumstance here where - let's take a scenario of a hospital who last year ran a deficit through unforeseen circumstances. Let's say that deficit will not be covered by the Commission. Their increase in funding this year is not on the basis of their expenditures last year, but rather their approved budget. We've got the Minister indicating by letter of February, or the Commission indicating by letter of February with the Minister's approval no doubt, that in order to stay within their operating budgets, there are a number of possible options that they can deal with in terms of staffing. If they're over budget on staffing, they can, through attrition or through layoffs if that is necessary, reduce their staffing numbers. If they find that they're at the staffing levels that are approved, but yet they can increase productivity, if I understand the second point correctly, they could also, through attrition or layoffs, achieve a staff reduction, or the decreased activity or the combination of questionable productivity - they could do the same thing.

Mr. Chairman, I guess maybe the Minister is going to accuse me of not understanding the situation, no doubt. But with these kinds of instructions going out to the hospital boards, to the administrators, indicating how they can undertake coping with their budgetary requirements, as imposed by the Commission, by the Minister, by this government, that they can look at a variety of staffing options from reducing hours to part-time, to layoffs or attrition; to me, Mr. Chairman, points out one of two things. Either the situation that the health care system was left in the fall of 1981, it just plain wasn't all that bad because now to meet as the Minister has described tonight, a funding circumstance which in his estimation is not a reduction, it is quite adequate, it is doing the job.

They are looking at ways of reducing costs through their staffing. They're being told that there is no covering of deficits unless there's unusual circumstances, something that I don't think has been changed over the number of years. I think all Ministers of Health have done that. Carman for instance, this year has run a major deficit because they moved from the old hospital to the new hospital and they had some overlap of staff and timing, etc. That's an unusual circumstance that I trust is one of those ones whereby the deficit would be covered.

But I find it troubling now, for this Minister - and I will admit to him and I will admit it on the record that he was not one of the New Democratic Opposition when we were in government, who got up and attacked the two strips of bacon, who attacked the bedsheets, the lack of asparagus on the dinner table. He didn't, like the Member for Ste. Rose, say that he had a canvas or a tarpaulin for a sheet in the hospital. He was a little more responsible in his critiquing of our running of the health care system than some of his colleagues that are still with us, one of them I am looking at right now, the MLA for Ste. Rose.

Mr. Chairman, this Minister is going to receive my small contribution of disdain for this new government in the way that they are now approaching the health care system because as I have said earlier tonight, we listened for four consecutive years about how we were killing the health care system in Manitoba; how we were imposing unmanageable budgetary constraints on the hospitals, the personal care homes, etc. in the Province

of Manitoba. That stimulated the debate about two strips of bacon; about the meals; about the bed sheets. Well, Winkler has a method of staying within budget - the Minister will now doubt say it's for other reasons - but to stay within budget. Their evening lunch selection does not include sandwiches now, that's maybe no big deal; that's no big deal. But had it happened while we were government, we would have been accused of cutting back that hospital, cutting them to the bone in terms of funding and budgetary constraints so they had to undertake that.

We got into that argument with the two strips of bacon and the asparagus while they were opposition. Some of those members over there now must really do a little soul searching when they take a look. The Minister likes to say well, I don't put any faith in this; I don't put any particular value to this election campaign document signed by the gentleman that sits on his left hand, who is now Premier of this province who signed a pledge to the people of Manitoba and I'll read it once more for your benefit, Mr. Chairman.

"Health care not cutbacks; that our health care system has been allowed to deteriorate over the last four years. The Lyon Government has cut back health care budgets. Manitoba New Democrats would restore the health care system." Here we now have the Minister of Health who says that no, we're not doing anything wrong. The system is as good or better in his estimation than it was when he inherited it.

He says in fact that approved staff levels have been increased in the year-and-a-half that they have been government, but yet I can point out to you that in comparison to the fiscal management and the ability of budgeting and funding that they had during our administration compared to this government's administration, they are undertaking layoffs of nurses in the Morden Hospital to fall within the budget that has been imposed by the New Democratic Government that promised health care, not cutbacks; that they were going to restore the system.

There are other hospitals and personal care homes who are undertaking 15 30-minute reductions in the amount of pay that's paid on an 8-hour shift to their nurses; to their LPNs; to their cleaning staff, to fall within the budgets that have been imposed by this Minister and this government. These are happening right now. We have elective surgery not available five days as it was in one hospital near my area; it's now down to four days. That's to meet a budget which the Minister has indicated, well, you know, we're doing a good job.

It's not meeting the kind of expectations and the promises that were given to the people of Manitoba in 1981. It is not meeting with the expectations that the New Democratic opposition raised among the people of Manitoba when they very falsely accused us of cutting the health care system to the bone while we were government. That is now proven to be a patently false position put on the record and perpetrated to the people of Manitoba during four years of irresponsible opposition by the New Democratic Party. It has to be patently false now, Mr. Chairman, because there are now fewer staff working at the Morden Hospital than there was during our years.

The staff in other hospitals and institutions that I have checked in my immediate area, the staff are getting

paid for actually less hours and they're working it very uniquely. They're not reducing the level of service, but the staff comes in and they simply say, your coffee break is 15 minutes longer than what it used to be; that staff may take it. They may not take it but they're not getting paid for those 15 minutes and that's their method of achieving a 6 percent reduction in the amount of salaries they pay within that hospital, to fall within the budgetary constraints imposed by this Minister in this New Democratic Government.

After we listened for four years to the fact that we had devastated the health care system, further reductions, and when the Minister is backed into a corner he justifies his actions by saying, well we're maintaining what we inherited. When they were in opposition what they inherited was not good enough. It was subject to constant day in and day out criticism and now in retrospect, with the exception of the Minister - and I will give him that courtesy - and with the exception of a few others that were more responsible members of the New Democratic opposition when we were government, the positions put forward by some of the very prominent front bench members were irresponsible and now in light of the way the hospitals are being funded, are hypocritical, Mr. Chairman, because there is less dollars, in effect, available to many health care institutions in the Province of Manitoba. It has caused them to make management and staffing decisions that they did not have to make whilst we were government.

If there's one thing that I shall never forget from my four-year term in the Lyon administration, I will never forget the constant harangue, attack and accusation made by some of those irresponsible members of the New Democratic opposition against our Minister of Health, the now MLA for Fort Garry, in accusing him of some of the most patently false things during their term. — (Interjection) — Now the Member for Radisson says I'm repeating myself. You bet you, I'm repeating myself. I'm repeating myself and I've taken an hour and 12 minutes which was longer than I intended to take, I'll admit, but that is small in comparison to the days and weeks that members oppose, including the one that just spoke from his seat unrecognized by the Chairman, plagued our Minister of Health in terms of cutbacks and the accusations. — (Interjection) — No, no, I'm talking about that one.

So, Mr. Chairman, if I have taken an hour and 12 minutes tonight or an hour and 10 minutes tonight to register my disdain for the New Democratic Party and their shallowness now that they are in government, and for the shallowness of that Premier who would attempt to mislead, but patently, blatantly mislead the people of Manitoba in making an election promise of health care, not cutbacks; that the New Democratic Party would restore the health care system in Manitoba as opposed to the deterioration over the last four years of the Lyon Government cutback, I find it shameful. In fact it is so patently shameful that it is almost laughable to see those people now in government having to eat their own words with a Minister now that is being forced, through budgetary restrictions, to make hospitals, personal care homes throughout the Province of Manitoba, make reductions in the staffing; reductions in the hours paid for the staff that are working in those institutions in order to do what, to maim the budgets

that they have imposed on those hospitals and personal care homes in the Province of Manitoba.

We were accused of cutbacks when it was our administration. This government calls it repriorization. It is not a restoration of the system. It is a further constriction of the system that's being imposed now by a government that won an election, without doubt, won an election, part and parcel of the promise that they would restore funding to the health care system, to the glorious days of whenever, but certainly do a better job than we did when we were government. That is wrong, Mr. Chairman; they are not doing that; their budgetary policies are forcing, as I've said, layoffs and reductions of hours paid. That is absolutely true. — (Interjection) —

In Morden there are four layoffs and the Minister says it is a lie. The Minister doesn't know what he's talking about, as he didn't on March 1st when he accused me of making false statements. He's still making those false statements; he is wrong; there are layoffs; there are reductions of hours worked by the staff in hospitals and personal care homes in Manitoba, because of budget constraints implemented and imposed by a New Democratic Government that promised they were going to restore the system.

If anybody's telling the lie in this House, it's the Minister and the government, not me. I know what I'm talking about because I've talked to those people; I've talked to the administrators in my immediate area and the Minister should do the same, before he makes the statement that what I am saying is not true, because what I say is absolutely true and I find it, indeed, hypocritical that we are now faced with a government, a New Democratic Government, breaking its one fundamental promise that it was going to restore the health care system and it's imposed more cutbacks than we ever did during our term of office. That's shameful and it is something that the people of Manitoba now are fully recognizing, what a shallow and false government this is, what a leaderless gang they are, with a Premier that will do anything to win an election, make any kind of promise simply to get in office and then break it.

Consistently they've broken their promises and they are breaking it in the health care system right now. They're breaking it right now and the people of Manitoba will not forget this broken promise and the Minister can fudge his way around it all he wants but his budget constraints are going to lead to one of two things in the hospital system. Either there is going to be a reduction in the services and in the staffing that are paid in those hospitals, or else they're going to run deficits, which this Minister has said earlier tonight, they will not cover and therefore the extra cost, the deficits are going to be loaded on to the taxpayers, the municipal taxpayers of Manitoba, and that also, Mr. Chairman, is a promise that the New Democratic Government made, that they would not increase the burden to the property taxpayer in the Province of Manitoba. It's one thing or the other. We've heard many many times, this Minister and others in the government, say we can't have it both ways on this side of the House. Well they can't have it both ways in this situation with the hospital budgets.

If they are as generous in their funding as the Minister would like us to believe they are, then why are there

being staff layoffs in hospitals? I'll not say hospitals, I'll say a hospital, because that's one I know for sure, I haven't had the time to check all of them. If this government is so generous with their funding, why have there been reductions, 6 percent in the hours that people are paid for in two institutions in my immediate area?

They can't have it both ways and if the hospitals should dare to run a deficit, then by golly the taxpayers, the local ratepayers, the property owners are going to pick up that burden because this government has said, no way. They're abandoning the hospitals. Live with what we tell you you're going to get or you're out of luck; you go to the ratepayers.

Maybe that's restoring the health care system as was promised. Maybe that's doing a better job than the cutbacks of the four years of the Lyon Government. In my estimation, it's not; in the people in my area, it is not. They've recognized now that they were given another false promise by the Leader of the Opposition, who was then Leader of the Opposition, who is now Premier and by the New Democratic Party and they will have, I suggest, Mr. Chairman, a long memory. They will remember the kinds of things that this government has done.

In this global budget increase, they've allowed .75 percent for a payroll tax. They have pulled off the Hydro rate freeze prematurely before it was supposed to be pulled off; that's going to be an additional cost to the hospitals; they're all going to have to bear that within their operating budget. In '83-84 they've got to live within that 9 percent general increase; with their Hydro going up; with wage contracts going up; and I want to give the Registered Nurses Association their due credit, for their settlement at 6 percent. I think they were most responsible. They certainly had an example set by this Provincial Government to demand more and get it, because in that so-called renegotiated MGEA contract, the civil servants of Manitoba certainly got more than 6 percent. But the nurses were responsible in their negotiations with the hospital boards and they settled for 6 percent and they are going to contribute all that they can in the next fiscal year to the hospitals throughout Manitoba, staying within that 9 percent general increase that, Mr. Chairman, this Minister has laid the law down, no covering of deficits; 9 percent is all you get unless you can prove unusual circumstances. The property owners in your area are going to have to pick up the difference.

Maybe that's fulfilling an election promise, maybe it isn't. In about three year's time, Mr. Chairman, we will know for sure when we go to the people. Hopefully we can go to the people before that, but we're willing to wait patiently for three years and we will see how acute the memories of Manitobans are and how well they will remember the four years of whining and crying by a New Democratic opposition about the health care system; the promises made before the election and the promises broken by the New Democratic Government after the election, in the health care field. We now have further cutbacks; we now have further reductions; we have now further budgetary impositions that the hospital boards have to live with, as imposed by this Minister and this government.

HON. L. DESJARDINS: Mr. Chairman, it's quite obvious that the honourable member has been champing at

the bit during the last four years to be able to return criticism that has been made to the former government and that's fair enough. It's fair enough providing that it's an honest assessment and I think I've heard more misrepresentation and misleading statements and untrue statements tonight than I've hear for a long time and I think that's unfair.

Let us go back. There's been talk about criticism and that is correct. There has been some criticism that, at times, could be felt unfair and the honourable member singled me out and said that I wasn't one of the worst one. It's not that I'm more virtuous or more honest than anybody else; it is probably because I sat in that position before as the Minister responsible for Health and I can tell the honourable member that, in the 25 years or so that I've been in the House, I've seen this happen so many times. It's probably not in my way of thinking; I felt that I certainly was sincere and fair in the criticism I made and I was a heck of a lot rougher in the first days before I had a chance to sit in Cabinet and realize and have the experience of sitting in Cabinet. I can say the same thing about the Honourable Member for Fort Garry.

I remember what I thought was the unjust criticism that he made before he became a Minister of the Crown and some of the statements which I could point out too. I can remember after that when I was in opposition, where I had a different perspective. I know now, and I must admit that the Member for Fort Garry, who has had his chance, who has been the Minister of Health - I don't say he's more responsible because he felt that he was responsible the same as I did, beforehand. I think the Minister has the experience the same as I had. I think we should take that into consideration.

I did have some criticism, I criticized the cutbacks, I did, that they made in those days. When they told the hospital exactly the same thing, there wouldn't be any deficit and there were 2 percent increases for the hospital and the member has a nerve to say we're chastised because of the deficit. We hear about the Reaganomics and all that and I'll just inform him there was a 19 percent increase last year and 11.6 percent this year and he's criticizing that we're cutting down, we're breaking promises. I don't know what the hell he wants. Mr. Chairman, that is false and that is wrong and that is not fair.

Now, he's trying to make a statement stick and he's tried for an hour and twenty minutes or an hour and fifteen minutes, to try to say that there was a reduction of approved staff. He is chastising this government and this Minister for saying, what? - that the people have to be responsible, they have to stay within their budget. He has the nerve, a Conservative member of this House, who's saying, no, you have to be responsible. You promised that you would have good care so let the people have a deficit, never mind the being responsible. Let him call the deficit; let him decide how many people they hire and then you pay for them or you're responsible for laying them off. That's what he's saying and that is most unfair and it's not true.

The situation is this, that these people have decided to hire more staff than was approved by the Commission. I'm talking about approval of staff, there has been no change on that. He can repeat every damn thing he wants; there has been no change of policies; there has been no direction to the Commission except

keep on being responsible and make sure that if they take a chance and they decide they want to have a deficit, they take it at their own responsibility. We're not going to automatically approve any deficit. I would be chastised if I'd said, well, don't worry about the deficit. It's only money; we'll just have another big deficit that we'll pick up automatically. Is that what my honourable friend is saying that I should do? Because he repeated that many times and he equates the thing because some people have to be laid off.

Imagine, Mr. Chairman, that a board decide, forget the Commission; forget the guidelines; forget what they think are proper standards and we will decide how many people and then the Commission should accept it automatically. We are not about to do that. That would be the most irresponsible thing to do. That would be very irresponsible and the Commission is not about to do that and they're not going to be instructed to do that either.

We have improved and we will improve the standards. There'll be some decisions to make and I expect to be criticized. That is the responsibility that I must take if I'm sincere, to try to safeguard the system of Medicare and hospitalization and I intend to do my best. I don't think for a minute that I'm going to be complimented by all the members of this House, but I'm not concerned. Of course, like everybody else, I like compliments, but I can tell you that I'll try to accept my responsibility to the best of my capacity. I can't do any better than that. I make sure that we're going to try, we're going to try and we're going to give instructions to the Commission and the Commission is going to keep on instructing the hospitals, the personal care homes and all the people in Health that they have to be responsible and responsibility is not deciding yourself that now you should have more staff and then blame - because this is what has been so dishonest tonight that the member has tried to put words on record that we have said to these hospitals, you'll cut staff. We are dealing with approved staff. I promised the member that I would give him a schedule, I told him that, of the last five years. We'll be in a better position to see when the approved staff was increased.

If the people decide on their own that they will know beforehand that they are hiring staff that is not going to be covered, that is not going to be financed by the Commission, it is their responsibility. We are not saying to them, fire anybody. If they took it on their own for any reason that they want - maybe they felt there was better care, better standards - but if they decide that you don't need the Commission and the Government of the Day has no control over that, it's up to each hospital, then let the people of that community pay the extra cost. We are not going to have that kind of system that everybody will decide. And what kind of system would that be? Would that be fair for the people of Manitoba that you have a certain level of standards in an area, a certain level of funding in an area, that it's much lower in another area of the province. We're not about to do that, I can inform the honourable member.

Now, does that mean that we haven't kept our promises, that we've cut down because we've been responsible, because the Commission has been responsible? What did I say - I've looked at this statement and there was no discussion here at all. I did mention that the first chance I had, because I was

anxious to debate it in this House where it should be, not on an open line on the radio that I got second hand from somebody else, statements that were made. The information that I have - and we're going to check again - I said that in some areas there were hospitals that were overfunded that were not approved and that they have to accept the responsibility, and in other areas that they were understaffed and that they have been told that by the Commission.

Now, my friend made a big thing out of staff that took longer rest periods and so on. We're going to play ball with them as much as possible. What did we say? And I read that for my honourable friend. I said that they are going to have to live up to any labour laws, to any contracts. It isn't fair; it might be all right for some but to say to other staff, if people are on contract that have been approved and say, well you're only going to work and you're only going to be paid for four hours a day. If that is against the contract, we are not about to break any labour laws or go back on a contract that has been signed.

If anybody is voluntarily in the hospital, all right, we want to keep that extra person; we are ready; we are doing it voluntarily; we are going to work less hours; we're going to spread that amount of money between 20 people instead of 19 - we'll consider that. But we are not about to force this on them. In other words, that is the way of getting cheaper labour. You're not getting it from the Commission; you're not getting it from anybody else. You're taxing the workers in that hospital to get extra staff and that is not good business.

I'm ready to take the criticism. It's true that there was a lot of criticism in the past and my honourable friend wants to give it back and that's his prerogative, but I wish he would be fair. Maybe it was exaggerated, what else can I say? I said that until you have a chance to be part of the front bench and realize - there are a lot of things. I don't think I'm more honest now, but I can see that some of the statements that I made in my early days in this House were not correct, were exaggerated. I was a crusader and I was going to change the world like everybody else. Then I realized when I accepted the responsibility of this heavy portfolio, that it wasn't that easy. I say this exactly and I'm sure that the Member for Fort Garry finds himself in the same position. He is not the same now, in opposition, than he was five or six years ago.

MR. L. SHERMAN: I am 10 years older.

HON. L. DESJARDINS: Maybe that's what it is. Maybe you and I are older, but I think it's more the experience than anything else, and I think it is the privilege that we've had to have the responsibility of a department. I think that we realize now that things have to be done differently, and that will not change. That is true of us, probably true of my honourable friend, except that he wasn't in opposition, he started on the government side, so this is the first time he's on opposition now. I would hope that he would be fair.

If he can find something, find us off-base and certainly in a department like this there should be all kinds of chances; but not spend this time to try to say that we, because of restraint, we told these hospitals, you cut down on staff. You know what we said? And I ask him

the question, I know the answer. He knows full well what we did; that was unaccepted; that was unapproved staff; that was a deficit. We said, no, we will pick this part up of the deficit but we will not pick up the set of staff. You were never given the approval. We've increased the staff component, the allowed staff but not to the level that you decide to do. It goes without saying that it would be utter chaos if you allowed every hospital to decide and if the role of the Commission was just automatically to put the rubber stamp on it and say fine. It doesn't work like that; it can't work like that and no government, in its right mind, could do that.

To go back in the first year, it is true that there was a lot of cutbacks in other years. The calculation was just for hospital and medicare, that in 1976-77, the federal were paying a percentage of 26 percent for personal care homes; and in the hospital and medicare they were paying 53 percent. Then, when the increase, the new form of funding, of 56.5 percent of total cost; in '78-79 of 63.5 percent; in the last year, 66.2 percent. So, that is what we meant, that the share of Manitoba in '76-77 was 151,000,942; and the share of the province, the first year under the former government, was a slight increase of 151,000,782; less than one million increase, to have a reduction in the following year, in 1978-79 to 132 million. A reduction of \$10 million.

That is a true statement.

MR. L. SHERMAN: In what?

HON. L. DESJARDINS: In the hospital and medical of these years.

MR. L. SHERMAN: Yes, but not in health here, general.

HON. L. DESJARDINS: In the hospital and medicare which is a good part of medicare. I am just giving you the facts. I am giving you the facts that there was an awful lot more money from the Federal Government. The point is, I did criticize, I told the Minister of the Day, and I was proven right. My biggest criticism was the year that he talked about 2 percent and my honourable friend will remember that. I said, it is not possible that with everything going up you can cut down. I have never been against a reduction in certain things. I feel that to safeguard the medicare and the hospitalization program that we have, we might have to make some cuts and some much more important cuts than were made before.

I think that my honourable friend agrees with me on that and the statement that we might not have all the facilities. The standards of health care should remain the same, but there might not be certain things that people might call frills. I think that this might be the way to save it because, I repeat to everybody that I can, it will be very hard to reduce the cost, but we'll have to try to plateau it. It can't go up right through the ceiling. It can't go up forever and ever with the same population and the economy the way it is. It can't keep on going at 19 percent and 11.6 percent.

Another thing, let me say, where is all the criticism from these other hospitals if we're so bad? Where are all the newspaper reports of all these other hospitals

that have been told to quit? Where are all the criticism from these people that are delivering health services? I would say that, fine, I will grant it that maybe some of the criticism was not warranted. He wants to get back and that's fair enough, but I certainly will defend that part of it to make the statement that we're giving less money. I think I heard him say that we're giving less money to some of the hospitals than we were in the past. We're giving less money and that we are saying, you must save at all costs and stay within that, you've got to cut down staff.

What we've said is that we do not, at no time did we, or will we, allow any decrease in staff that would decrease the standards. Now, if they're overstaffed in some areas, and if the board and the institution come and tell us, we can save money because we don't need that staff, for whatever reason, we will consider it. We will say, okay, we want to protect the person and we'll say, but it will be by attrition. Now, as I said, if they on their own decide to overstaff, to staff over the level allowed, that part is not our responsibility. We'll say, okay try to do it by attrition. We have, in past, picked up and approved some of that in some instances, but not in all instances and that was the case if it was requested. I don't know if it was, but one of these hospitals it wasn't approved. I think that the other hospital was the other way, that it was understaffed. My information is, and I'm checking that, and I will get the schedule for the two hospitals, I'll make sure that I give that to the member and you will see that there is not the reduction of the approved staff component.

Fine, I don't expect that everything will be rosey in a discussion and in a debate in these Estimates. I expect there is going to be some strong criticism. I accept it, that's what keeps people on their feet, but I will not permit and allow that things will be distorted. I think that my honourable friend tried to do that tonight.

MR. D. ORCHARD: The Minister has made a valiant attempt to defend the indefensible. I accept that, that's his role as Minister; I accept that entirely. He cannot escape the fact, whether he wants to talk over Budget, approved staff; under Budget, approved staff. There have been layoffs at Morden Hospital; they have been there. There has been a 6 percent reduction in hours worked in other institutions; there has been a reduction in elective surgery from five days a week to four days a week. Those are reductions in staffing and in service caused by the Budget imposition of the New Democratic Government.

The Minister defends valiantly the gentlemanly role that he undertook in opposition because he understood the system, because he was in the front firing lines as Minister and he understood the system. Well, if he was so responsible, in opposition, in that his criticism was always pointed and very legitimate, as compared to some of his colleagues when they were in opposition; how in the world could that Minister, the present Minister of Health, as part of the New Democratic caucus, allow an experienced Leader of the Opposition, who had also been a front bench Minister, to sign the kind of election promise document on health care that went out as a promise and a policy of the New Democratic Party. He can't escape that; he can't say that he wasn't part of the development of the health care policy statement

of the New Democratic Party prior to, and used during the last election. He allowed that to go out; he allowed that to go out and influence the voter. It was an incorrect statement that was made in there; it was based on incorrect criticism by some of his colleagues while they were in opposition.

You know, the Minister can attempt to waver and get around the circumstance, but it's as plain as the nose on his face. Today the budgetary restrictions that are imposed by a New Democratic Government that promised to restore the health care system, to give health care and not cutbacks, are causing management, administration and Boards in the hospitals and personal care homes that I've spoken to, to undertake a number of cost-cutting measures ranging from service reductions through to 6 percent global reductions in the salaries paid to approved staff.

It's there; it's for the record; it's factual; it's happening, and it's happening because this Minister has not been able to deliver the election promise of health care, not cutbacks, and of restoring the health care system. Now, so much said for that.

Mr. Chairman, I'd like to ask the Minister, and he may not have the information and I would be quite willing to have him provide it at a later date. Page 4 of the Capital Construction Program that was tabled some time ago has a number of projects which I believe are determining and refining the functional program of the following the hospitals and personal care homes. Under Manitou there is a construction of a new personal care home and renovation to the existing hospital building. I take it from it being on Page 4 and 5 of the Capital Program that this is (1) not going to be undertaken in the fiscal year '83-84; therefore, could I ask the Minister, is it the expectation that the Manitou construction project, along with the other about a dozen projects, would it be fair for the people in the communities listed there, including Manitou, to hold out some hope that those projects will be included in the construction budget of '84-85?

HON. L. DESJARDINS: The programs that my honourable friend referred to - it's quite clear in the statement I think it's Schedule 6 - it is refined, keep on with the functional program. Nothing else has been approved at this date.

MR. D. ORCHARD: The Minister must pardon me if I appear parochial because I've dealt with this last year at Estimate time and I just want to ask a few more questions again this year. When it is in, as I believe the Minister described it, the Schedule 6 part of the Capital Construction Budget, is it fair for those people to assume that the Manitou Personal Care Home Project is one of the priority areas for funding in the fiscal year '84-85; the next fiscal year?

HON. L. DESJARDINS: I would like to explain that there's approval at different stages. When we talk about the five-year program it is to permit this planning and I have explained last year and this year, again, that could be stretched out, or could be compact, depending on the economy, depending on the need, depending on the study of the beds and many other factors.

The main thing is, when something is approved to go to construction, that's the first thing, that is actual

construction. The construction starts, they ask for tenders; that is the first phase. The first phase I guess would be what is under construction and will keep on what was started. Anything new, it is that first year, then the construction starts.

One before that is the architectural drawings, and I want to make that quite clear, does not give approval for construction. Every step, of course, makes it that much closer, especially if you have a large and important program that you're going to spend millions of dollars on architectural drawings and so on. I think the odds are that it'll receive the favourable consideration the following year to go to actual construction.

Before that, the year before the architectural drawing, or it could be architectural drawing just for a certain phase of it, the first year, so it could stay in that bracket for a number of years. It doesn't say that automatically one step follows the other, I want to make that quite clear. Then the first step is that you are saying, anybody could start functional programs on their own, but you are recognizing that they are part of the system that, everything being even, they will proceed and they will graduate to eventually being constructed.

Now that is at that level that Manitou is, it is not considered a main priority amongst those things that are announced, but it is enough of a priority that they are encouraged to start the functional program. When that is done the next step would be approval for architectural drawings. I cannot give that commitment at this time. That has to be done by Cabinet every single year, as I say, a different step. Now Manitou is part of the first step, that is, functional program; it is not the biggest priority, but it is certainly a priority enough to be part of that first step of the program.

MR. D. ORCHARD: Well I just want to make one comment, Mr. Chairman. Our government received criticism because we out and out froze construction programs in our first term. The Manitou personal care home was a priority in 1981; it was to be constructed. And now what the Minister is telling me is that, although it's not termed a freeze, but it certainly appears to me that the Manitou Personal Care Home, if I follow the Minister's steps of planning, is at least two years away, because he may approve architectural drawings next year's budget for possible approval in the budget two years from now for construction. If I've read the Minister wrong then I know he will correct me. It would certainly appear to me that this project, this Manitou Personal Care Home is certainly dropped, in terms of the priority and when it is going to become a reality in that community with the change of government.

HON. L. DESJARDINS: I don't intend to start this thing going around like we did the other area. The situation is exactly as I stated. It is not correct that this was a priority under the former government; it was never approved for architectural drawing. It's easy to say this was done. The only thing is that it is a reality, it becomes a priority when it receives approval for construction.

It would be ridiculous to start arguing on every single one. We go along in a system of trying to get the things pretty well in all regions of the province. It has been approved. There's many of them that have not been approved for a functional program. Manitou has

received this approval. We'll have to wait until next year to see when it . . .

I couldn't, even if I wanted to, I can't make any other commitment than that; that has to go to Cabinet. It is not the Minister that can approve it that much ahead of time. We're talking about deficit. I don't know if we'll be convinced that we have too large a deficit by the members across from us, who tell us that we should cut down on some of those things or try to follow some of the things they've done, I can't say this yet this year. The only thing is, it is part of the five-year program. I don't want to give false expectation or false promises. It'll be considered very seriously as the priority of the needs of the province and next year when the whole thing is advanced, that's when a decision will be made.

MR. CHAIRMAN: What is the will of the committee?
The Member for Pembina.

MR. D. ORCHARD: I want to thank the Minister for obliging me tonight in taking these questions out of order. I appreciate the frank exchange we've had this evening.

HON. L. DESJARDINS: Yes, Mr. Chairman, I think it was a worthwhile exercise. I don't know if anybody convinced anybody but we both tried to do our job and accept our responsibility. I think it might be a good time, it's 10 to 10. It's no use starting Pharmacare at this time. I move committee rise.

MR. CHAIRMAN: The Member for Fort Garry.

MR. L. SHERMAN: Just before we do that, Mr. Chairman, I would ask the Minister whether it's his understanding that we'll be back on the Estimates of this department and the Commission on Thursday afternoon after question period? Is that the Minister's understanding of the proposed projected Business of the House for the latter part of the week?

HON. L. DESJARDINS: Yes, that's my understanding. I might be wrong. I also felt that we would go this afternoon, I didn't realize that we would go - well, I did before coming in - but I thought that Monday, Tuesday and Thursday and apparently there has been some change during my absence. But it's my

understanding that we'll certainly stay with this until we finish now. The intention is to stay, not to start with another department. My understanding that it would be on Thursday - and I don't know if Tuesday is a different routine if we're going to look at bills on Tuesday, the House Leader would know - but my understanding is Thursday afternoon and Thursday evening we'll keep on with it.

MR. L. SHERMAN: Well, I hope that's the case, Mr. Chairman, and that's certainly agreeable. That would mean that we'd be dealing with Pharmacare on Thursday afternoon and we'll be dealing with lines five, six and seven in that order and then going to two, three and four, is that correct? Thank you.

HON. L. DESJARDINS: That's correct, Mr. Chairman.

MR. CHAIRMAN: I would like to remind the Committee that the House has not been adjourned yet and we cannot adjourn the House until the other Committee has risen.

Committee rise, call in the Speaker.

MR. CHAIRMAN: Your Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again.

IN SESSION

MR. DEPUTY SPEAKER, P. EYLER: The Member for Radisson.

MR. G. LECUYER: Mr. Speaker, I move, seconded by the Member for St. Johns that the Report of the Committee be received.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Acting House Leader.

HON. S. USKIW: Mr. Speaker, I move, seconded by the Minister of Government Services that the House do now adjourn.

MOTION presented and carried and the House adjourned and stands adjourned until 2:00 p.m. tomorrow afternoon. (Wednesday)