

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 10 May, 1985.

Time — 10:00 a.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER: Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . . Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills . . .

INTRODUCTION OF GUESTS

MR. SPEAKER: Prior to Oral Questions, may I direct the attention of honourable members to the gallery. We have 35 students of Grades 3 to 6 standing from the Agassiz Drive Elementary School. They are under the direction of Mrs. Johnson and the school is in the constituency of the Honourable Member for St. Norbert.

On behalf of all of the members, I welcome you here this morning.

ORAL QUESTIONS

Limestone Generating Station - Northern Development Agreement boundaries

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Mr. Speaker.

My question is for the Acting Minister of Energy. I'm repeating a question that I had asked at least a couple of weeks ago as to why the line for the Northern Hiring Preference Agreement in the Limestone development is different from the line that defines the area eligible for assistance under the Northern Development Agreement?

MR. SPEAKER: The Honourable Minister of Culture.

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

I do have that response that I took as notice for the Minister of Energy and Mines. The question as to why the Northern Preference Clause and the boundaries for the Northern Preference for Limestone Development are different from those that are contained in the Northern Development Agreement is that Northern Manitoba is defined in accordance with the boundary set out in the Department of Northern Affairs for the Northern Development Agreement. The Northern Development Agreement follows the boundaries that have been established by the Provincial Department of Northern Affairs.

The Nelson-Burntwood Collective Agreement which governs Northern Preference with respect to the Limestone Project was originally negotiated in 1972. It sets out Northern Manitoba boundaries which are slightly different from the Department of Northern Affairs boundary. The reason for the difference is that

the Nelson-Burntwood Collective Agreement was negotiated in 1972, and that preceded the establishment of the Department of Northern Affairs and the boundary established at that time.

The Collective Agreement Boundary was established along the boundaries of the then existing census division. I should also note that the provisions of the collective agreement are determined by collective bargaining and negotiations between the Hydro Project's Management Association and the Allied Hydro Council. The Government of Manitoba is not direct party to those arrangements. If the two parties decided to amend the boundary to bring it into line to the Northern Affairs boundary, you might have a tidier situation. However, the collective agreement boundary is one that the two parties have used for a number of years and they might not wish to change it.

DOCUMENT, TABLING OF

HON. E. KOSTRYA: Also, while I'm on my feet, Mr. Speaker, the Member for Lakeside had asked for a copy of that collective agreement. I'm pleased to table a copy at this time.

ORAL QUESTIONS cont'd

Limestone Generating Station - Northern Development Agreement boundaries

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Yes, I wonder if the Minister could indicate whether or not the government, through Manitoba Hydro, as one of the partners to the Nelson-Burntwood Collective Agreement has suggested that the boundaries be changed to coincide with the Northern Development Agreement boundaries.

HON. E. KOSTYRA: No, Mr. Speaker, I don't believe there has been any direction given to Manitoba Hydro through the Hydro Project's Management Association to alter the boundaries as defined in the collective agreement.

MR. G. FILMON: Mr. Speaker, in view of the fact that there are a considerable number of Indian bands who are cut out of the opportunity for preferential hiring as a result of that different boundary, I think there's probably in the range of 16 or 17 bands that are denied the opportunity for access to employment under that preferential hiring situation, is the government not interested in changing the boundaries so that they would be included?

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

In fact, there are more than that number of bands that are excluded from the Northern Preference Clause

with respect to Limestone, because there are a number of additional bands that even if one was to adopt the Northern Affairs boundary which goes somewhat farther south than the boundaries set up under the Nelson-Burntwood Collective Agreement, there still are a number of other bands, a number of other reserves that are further south of that, so, indeed, there are more than the 16 that the member mentions that are being excluded. There's additional, I don't know how many, but a considerable number of other bands that are excluded because of where the boundary for the Northern Development Agreement is set. We have not at this time looked at any alteration to the boundary. I can take that matter up with the Minister of Energy when he returns to see if Manitoba Hydro and the other interested parties might be willing to review that matter.

Highway 224 - dusty conditions

MR. G. FILMON: Mr. Speaker, my question is for the Honourable Minister of Highways. About two weeks ago, I had occasion to travel on Highway 224 up through the Peguis Indian Reserve, and I'm wondering whether or not the Minister has been made aware of concerns about the condition of that road? There's a great deal of dust problems and I'm wondering whether or not the department intends to undertake regular grading and dust control measures on that highway?

MR. SPEAKER: The Honourable Minister of Highways.

HON. J. PLOHMAN: Well, Mr. Speaker, I'm pleased to see the Honourable Leader of the Opposition has a highway map on his desk, so he can see where he's going.

Mr. Speaker, if the member would look at the Highways Program for the coming year, he would see that there is a major contract on 224 for asphalt surface treatment on that road through the reserve and that work will be beginning very soon.

It was obviously difficult - with regard to the negotiations, we had to locate the road and since there was an impasse to have the road turned over through the reserve to the band and have a new location for the road, since we had difficulties in those negotiations, we've decided to upgrade the road in its present location, provide another asphalt surface treatment over it and that will be done this summer.

Treasury Bench, members of - absent from House

MR. SPEAKER: The Honourable Member for Lakeside.

MR. H. ENNS: Mr. Speaker, I direct a question to the Government House Leader.

Where is his Treasury Bench, Mr. Speaker? Mr. Speaker, it does make it a little difficult for the opposition to try and seek the information that we are expected to seek. I would invite the Government House Leader to give us some indication as to where the members of the Treasury Bench are, and when we can expect them back.

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker.

Mr. Speaker, I believe that more than half the Treasury Bench is here now. I expect, Mr. Speaker, that the Opposition Whip has been advised by the Government Whip as to the government business, upon which those Treasury Bench members who are absent, are away.

If that advice has not been provided, it will be provided in the usual form and the accounting for the government business that has unfortunately drawn some Ministers away from the House will be provided in the usual way.

Manitoba Hog Stabilization Program - discontinuance of by Prov. Gov't

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Mr. Speaker, I have a question for either the Acting Premier or Acting Minister of Agriculture, dealing with the Western Premiers' Conference next week, of which the First Minister is quoted as saying that the Federal Government do not have a policy on their hog program and that they are concerned about the transferring of responsibilities to provinces.

In view of the fact that the Federal Government is now offering a Tripartite Stabilization Program for the hog industry, is it the intention of the Provincial Government to do away with the provincial program, which is one of the stipulations if, in fact, the Federal Government is to move in this? Are they prepared to do away with the provincial hog stabilization to join the federal one?

MR. SPEAKER: The Honourable Minister of Community Services.

HON. M. SMITH: Mr. Speaker, the Premier will be holding a media conference this afternoon, where he'll be outlining the general approach to the western Premiers' meeting, and I'm sure this issue along with others, will be looked at in looking out for the best interests of Manitoba farmers, but looking also for a fair arrangement with the Federal Government respecting what the respective jurisdictional responsibilities are.

MR. J. DOWNEY: I just heard the acting Premier say that this afternoon the public of Manitoba, through the media, were going to be told what initiatives were going to be put forward at a meeting next week. Why, Mr. Speaker, was the First Minister not in this Chamber this morning, telling us, so that we could respond to what he was going to say at the Western Premiers' Conference and an opportunity to question him?

Where is the First Minister and why doesn't he have the internal fortitude to come in this Assembly and face the opposition?

HON. M. SMITH: Mr. Speaker, the proposals that we will be putting forward will be right in line with what we've been saying for months and years on the agricultural industry.

Canterra and Churchill Dev. Board meeting- outlining of plans for Churchill

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: My question, Mr. Speaker, is to the Minister of Business Development.

On May 7th, he said in Hansard, regarding Churchill, "I would indicate, as well, Mr. Speaker, that there was some concern expressed by the local people that they had not in fact been aware of any announcements until they, themselves, read it in the paper." And he adds, "I know that that doesn't reflect a desire on the part of Canterra to co-operate."

Mr. Speaker, I've asked the Minister, was he not informed of a meeting that Canterra had in late February with the Chamber of Commerce Churchill Development Board outlining all of their plans for Churchill?

MR. SPEAKER: The Honourable Minister of Business Development.

HON. J. STORIE: No, Mr. Speaker, I was not aware. I was simply reporting what was reported by the department to myself through an individual in Churchill who has been active in the Chamber of Commerce and the Churchill Development Corporation. If he was in error, I apologize for that.

What I had said in my statement that the member is referring to was that I don't believe that Canterra intentionally disregarded the community. I believe that because of the length of time that this entire project has been on the books, there has been some lack of communication, certainly between Churchill and the department and inevitably, I suppose, between interested parties in Churchill and the particular developers of the project.

MR. F. JOHNSTON: Mr. Speaker, is it going to be the continuing habit of the Minister to be critical of companies that are working in this province, hiring people in this province and investing in this province without checking to see if his information is correct?

HON. J. STORIE: Mr. Speaker, it was not my intention to be critical. I have sent a letter to the company indicating that the Department of Business Development is anxious and eager to work in a co-operative way with Canterra, with the investors to make sure that whatever supplies, services that can be provided through businesses in Churchill, through the Community of Churchill and other northern suppliers and entrepreneurs, we would be more than willing to assist.

I had indicated earlier that my statement was simply a reflection of the fact that some people in Churchill, some businessmen in Churchill were not aware of the pending announcement until they had received press reports of it. That's a reflection, I suppose, on a lack of communication and I lay no blame for that. It's simply a matter of fact and it happens in many instances, and I was certainly not being critical of the company.

Order for Return No. 12

MR. SPEAKER: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Speaker, another question to the Minister on another subject. I have been patiently

waiting for an Order for Return No. 12, since June of 1982, an Order for Return that was accepted by the government and I've had many excuses why we haven't received it; but I'm wondering if the Minister, after close to three years, is ready to give me the Order for Return No. 12, now

MR. SPEAKER: The Honourable Minister of Business Development.

HON. J. STORIE: Mr. Speaker, obviously I was not the Minister of Economic Development and Tourism at the time. I am aware of the request that the member made. I think an explanation has been given to him on many occasions.

The member was offered an opportunity to review the list of people who received assistance under the Manitoba Interest Rate Relief Program, a program that assisted some 601 businesses save 2,000 jobs.

Mr. Speaker, I can understand the member's interest in the Interest Rate Relief Program. I think the information that was given to him was that, while we were prepared to share that information on an individual basis with the member, we did not feel that it was in the best interests of the individual companies, individuals who had received support, that that information be made available.

There is no intention to be secretive. I offer again the member an opportunity to review the list with me and question me individually on those particular applications. I see no need, however, to embarrass or jeopardize the individuals and the companies that received assistance, for the member's gratification.

MR. F. JOHNSTON: Mr. Speaker, last night in Estimates and I might say, previously, one of the Ministers - I'm not sure which Minister it was, of Business Development or Economic Development, that made the statement when I asked before, said, possibly after the program has finished and we'd be able to see the results and it might not be embarrassing to some of the people involved, the order would be released.

Last night in Estimates, the Minister stated that 98 percent of the people involved in the program were successful, and if he's willing to make that statement, I'm now willing to ask him what is he afraid of, what is he hiding if it's such a successful program and why can't he release the information?

HON. J. STORIE: Mr. Speaker, for the record, I did not say in committee last night that 98 percent of the businesses that . . . the figure, I believe, actually quoted was 92 percent, a phenomenal record, when you consider that those companies who solicited support through this program were already in jeopardy and I think a testimony to the success of the program.

Mr. Speaker, there are two issues involved in my initial comments. One is that there are still individuals who are receiving support under the program and will be for possibly another year; I'm not sure how long. The program, as the member indicated, has concluded, but there are payments proceeding after and will be proceeding for another few months.

The second issue is confidentiality. I don't know what purpose it serves to have individuals who may be

embarrassed, whose businesses may be jeopardized by the release of that kind of information. I don't know what purpose it serves. I've offered the member an opportunity to meet with me, to discuss on an individual basis, if he likes, that information.

I should indicate to the member as well that when the decision was initially made and the decision not to release the information was conveyed to the member, that there was a legal opinion - at least, an informal legal opinion - that the release of the information could in fact jeopardize the businesses and in fact perhaps be challenged on, I believe, a civil basis, if it jeopardized or created problems for the business people.

MR. F. JOHNSTON: Mr. Speaker, the member should check the legal opinion of legislative counsel at the time which was presented to the Attorney-General at the time who said that government would not be liable.

Mr. Speaker, I would ask the Minister if I could have an Order for Return that requested the number of people or companies involved to June '82 - and I'm not asking for any more - that's my Order for Return, and June '82. There may be people in the program since that time, but the ones up to June '82 are no longer in the program. They're obviously 92 percent successful; they are now paying back money through the Manitoba Development Corporation. As the program says, their business is on their feet and I ask the Minister, is he now going against all the freedom of Information philosophy and jargon that this government gives and will he not give me that Order for Return?

MR. SPEAKER: Order please. The question is repetitive and argumentative. Oral Questions.

Unemployment - increase in

MR. SPEAKER: The Honourable Member for St. Norbert.

MR. G. MERCIER: Mr. Speaker, I have a question for the Minister of Employment Services with respect to the unemployment statistics that were released this morning. They indicate that actual unemployment in Manitoba in April of 1985 is 46,000 persons, up 3,000 persons from April of '84. The actual unemployment rate has increased .5 percent from April of '84 whilst the national rate shows a reduction in unemployment rate over the last year and the number of unemployed persons down.

My question to the Minister is this, Mr. Speaker. What are the reasons why Manitoba's rate in the actual number of unemployed persons is going up in Manitoba while the national trend is down; less unemployed and a lower national rate. Why are we going against the trend?

MR. SPEAKER: The Honourable Minister of Employment Services.

Order please.

HON. L. EVANS: Well, I don't know whether we're reading the same tables as the honourable member and I didn't hear all of the member's question because of the some jabbering across the way as well.

Mr. Speaker, I'm pleased to note that Manitoba continues to have among the lowest unemployment rates of any of the Canadian provinces and our unemployment rate is down. The seasonally adjusted unemployment rate declined from 9 percent last month to 8.7 percent this month. So, it's going in the right direction and I observed that we continue to be well below the national average. We're two full percentage points below the national average, so I would say that in general we are not going against the national trend, Mr. Speaker.

MR. G. MERCIER: Mr. Speaker, my question to the Minister is, and I'm reading from the Manitoba Bureau of Statistics Report issued by his department. What are the reasons why the Manitoba actual unemployment rate has increased from 8.5 percent in April of 1984 to 9 percent in April of 1985, whilst the Canada rate, the national rate has decreased from 12.1 percent in April of '84 to 11.5 percent in April of '85? What are the reasons why Manitoba is going against the national trend? Why are we going up in Manitoba while Canada's national rate is going down?

HON. L. EVANS: Well, Mr. Speaker, as we observed last month, the honourable member chooses to use actual instead of seasonally adjusted. I suppose he'd use seasonally adjusted if it portrayed a different story.

Mr. Speaker, what we have observed is that the Ontario economy which is the dominant portion, the largest portion of the Canadian economy, the Ontario economy has done very well thanks to certain federal industrial policies and the automobile industry, in particular, has done very well. I would observe that this is maybe one reason why the figures read as they do.

As I said, Mr. Speaker, in looking at the actual, we note that our unemployment rate is below 10 percent. If you want to talk about the actual, it's below 10 percent. It declined to 9 percent in April and it is lower than the March figure of 10.1.

I continue to be concerned, Mr. Speaker, about the weakening situation in the public administration sector, because the figures show us some weakness there and we still have some concerns as to exactly what is the cause of that particular weakening.

Having said that I repeat, Mr. Speaker, we are not going against the national trend. In fact, as I said, there has been an improvement and it is in keeping with the Canadian pattern.

MR. G. MERCIER: Mr. Speaker, if the Minister wishes me to use the seasonally adjusted rates, I will. Can the Minister explain why the seasonally adjusted rate has gone up from 8 percent in April of 1984 to 8.7 percent in April of 1985, whilst the seasonally adjusted rate nationally has gone down from 11.4 percent in April of 1984 to 10.9 percent in Canada?

If he prefers to deal with the seasonally adjusted rates, why is Manitoba on the basis of the seasonally adjusted rates going up, while the national rate is going down? What are the reasons for Manitoba going against this national trend?

HON. L. EVANS: Well, Mr. Speaker, the honourable member expects me to rub the crystal ball and come up with all the answers to these figures.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

HON. L. EVANS: Well, I can only say, Mr. Speaker, that the member reads these figures and it is regrettable, but as I said, we have to recognize that we live in a country with different regions, and as I said before, the Ontario economy is particularly strong and it has a great bearing on what happens to the national trend.

Generally speaking, we continue to look favourable on the Canadian scene. We still are among the lowest unemployment rates, including adults as well as young people.

But as I said last month and I say it again this month, we'd like a little help from the Federal Government and maybe we can have a better situation than we have.

If the member wants to talk about going against the national trend, and so on, he can look at some other provinces. He can look at Alberta. Over the last year or so, Alberta's situation has deteriorated very seriously because of the fall-off of the oil and gas industries. I'm talking about a pattern of the last year and a half or two.

Churchill rail line - lightweight car

MR. SPEAKER: The Honourable Member for Thompson.

MR. S. ASHTON: Thank you, Mr. Speaker.

I have a question for the Minister of Highways and Transportation. I'd like to ask what progress has been made, if any, in regard to the development of a lightweight rail car for the Churchill line to the Port of Churchill?

MR. SPEAKER: Order please. I'm not sure that is within the Minister's sphere of competence. Would the honourable member wish to rephrase his question?

MR. S. ASHTON: Mr. Speaker, on the point of order, I understand that the province is involved with the development of such a rail car and I'm asking the Minister responsible for Highways and Transportation who has been involved with that, for a progress report on what has been happening with the development of that lightweight rail car.

MR. SPEAKER: The Honourable Minister of Highways.

HON. J. PLOHMAN: Yes, Mr. Speaker, that is correct. Under the Churchill sub-agreement the province is funding jointly with the Federal Government, the development of the new lightweight rail car. I am pleased to report that today, as a matter of fact, the CN is giving a technical briefing to the agricultural journal media, and others with regard to the progress of the lightweight rail car.

Certainly the car is moving with regard to its construction, the prototype. It will be actually completed and unveiled officially about mid-June, Mr. Speaker, and at that time it will be ready for testing. The initial indications are that it's on schedule, Mr. Speaker, and we're pleased to see that it is moving.

With regard to the jobs that are going to be involved there, we have allocated \$38 million under the sub-agreements for the development of this lightweight rail car, as well as for the rehabilitation of boxcars, to ensure adequate rolling stock for a 750,000 tonne season at Churchill.

All we need now of course, Mr. Speaker, is the Minister responsible for the Wheat Board to exercise his responsibilities and ensure that.

MR. S. ASHTON: Mr. Speaker, the Minister made reference to the Federal Minister responsible for the Wheat Board. I assume he's referring to the concerns expressed earlier in this House about the lack of a commitment for shipping through the Port of Churchill.

I'd like to ask the Minister what he has done to impress upon the Federal Government our concern about this matter, and what response he has received from the Federal Government? Basically, is the Federal Government going to guarantee shipping through the Port of Churchill?

HON. J. PLOHMAN: Mr. Speaker, as a result of the announcement that came from the Wheat Board, I did send a telex to the Minister, Charlie Mayer, expressing our concern about the fact that he had not taken action to ensure an adequate shipping season through the Port. I have not received a reply to that telex, Mr. Speaker.

In addition to that, I have written and asked the Chief Commissioner, Ed Jarvis of the Wheat Board, to meet with him to discuss the shipping season at Churchill.

A MEMBER: Get the name right.

HON. J. PLOHMAN: Esmond Jarvis . . . and I did not receive a reply from Mr. Jarvis at this point. As well I'm phoning to arrange such a meeting at the present time to discuss the shipping season and to impress on him the need to at least dispute the cost advantages that are there for the shippers in the Churchill catchment area and for using Churchill.

If they can't dispute that, Mr. Speaker, I think it's incumbent upon the Federal Minister to take action to ensure that there is at least a 750,000 tonne season to the Port of Churchill each year. There is absolutely no reason they have not disputed those costs and we will call on the Manitoba Minister, Mr. Speaker, who has a golden opportunity to upset the traditional power brokers with regard to sitting and curtailing the development of Churchill. He has a golden opportunity. He should take action at this time to do it.

Ontario Hydro strike

MR. SPEAKER: The Honourable Member for Elmwood.

MR. R. DOERN: Mr. Speaker, I'd like to direct a question to the Minister of Labour concerning the decision of Manitoba Hydro to sell power to Ontario Hydro, at a time when there are 15,000 Ontario Hydro workers on strike.

Mr. Speaker, given the fact that Paul Moist, who is the Canadian Union of Public Employees' business agent, has raised the issue of the NDP government

acting as strikebreakers with his national headquarters, my question to the Minister is, has CUPE registered a complaint with the Minister of Labour or his colleague, the Minister of Cultural Affairs, who was a CUPE employee, about this government decision?

MR. SPEAKER: The Honourable Minister of Labour.

HON. A. MACKLING: No, Mr. Speaker.

MR. R. DOERN: Mr. Speaker, given that the Manitoba Federation of Labour President, John Pullen, said that he wasn't happy about the decision, and "... they are in effect doing something that could be called strikebreaking . . . "has the MFL registered a complaint?

HON. A. MACKLING: Not that I am personally aware of, Mr. Speaker. I would like to indicate that certainly we appreciate the concerns of organized labour in connection with the sale of power when other workers are on strike. However, the questions were asked yesterday in the House in respect to this matter and those questions are correct.

There are ongoing contractual arrangements between the hydro systems and therefore the obligation is that under those contracts, when they seek power, we deliver. We've had those contracts for some time and I don't believe that the honouring of those contracts can be construed as strikebreaking.

MR. R. DOERN: Mr. Speaker, given that the Minister took some special glee in cutting up his Eaton's card and may have taken some satisfaction in scissoring an Air Canada Enroute card, is he giving consideration to scissoring his NDP membership card?

Wife Abuse Program - advertising of

MR. SPEAKER: Order please, order please.
The Honourable Minister of Community Services.

HON. M. SMITH: Mr. Speaker, yesterday I took a question as notice about the placement of ads in the May issue of Reader's Digest. It was what the cost was and the rationale. We said yesterday it was to target the group that we wanted to read the ads. In fact, they were placed only in the Manitoba issue. The total cost was \$6,145.00. It's estimated that 75,000 households are reached in this way which would reach, therefore, a minimum of 75,000 people and that works out at a cost of less than 8.2 cents per household.

Unemployment - increase in

MR. SPEAKER: The Honourable Member for St. Norbert.

MR. G. MERCIER: Mr. Speaker, I don't know whether I'm supposed to apologize to the Minister of Employment Services for reading the statistics and asking him questions in view of his answer. He referred to other provincial trends. The statistics on other

provinces indicate that only two other provinces have increased their unemployment rate since April of '84, and those are Nova Scotia and New Brunswick.

Mr. Speaker, my question to him is: If he can't explain the general trend in total unemployment - Manitoba going up and Canada going down - could he, in the crucial area of youth unemployment, explain why the actual unemployment rate in Manitoba from April '84 of 15.2 has increased by .6 percent to 15.8 in April of '85, whilst the Canada youth unemployment rate in April of '84 of 19.7 has decreased 1.4 points to 18.3; why in this particular area of unemployment, Manitoba's rate going up and Canada's national average going down considerably?

MR. SPEAKER: The Honourable Minister of Employment Services.

HON. L. EVANS: Mr. Speaker, I refer to other provinces. I said over the last year-and-a-half to two years, Alberta's situation deteriorated markedly, it used to be the lowest, it was the lowest of any of the provinces and now it's considerably worse. It's well above the Manitoba average.

Mr. Speaker, I indicated that the national average is affected essentially by the largest province, but I want to remind the honourable member that this government has taken a very positive attitude, positive policies to job creation. We're doing our damndest. This summer alone we're spending . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

HON. L. EVANS: This summer alone we're spending more money than ever before on job creation. In the meantime, the Federal Employment Department has cut \$2 million out of job creation for young people; \$2 million less . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

HON. L. EVANS: . . . this year and than last year for young people. Mr. Wilson, since he brought down his Budget last November, we've documented a cut of 6,000 jobs in Manitoba. Go and ask the people of Beausejour, go and ask the people of Gimli or Churchill where are their jobs. Go and ask them.

I would like to also ask him the question after Mr. Wilson brings down his next Budget as to what's going to happen to loss of jobs in this province.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please.
The Honourable Member for St. Norbert.

MR. G. MERCIER: Mr. Speaker, news reports this week indicated there are more federal civil servants working in Manitoba now than when the present Federal Government took over. Could the Minister of Employment Services indicate why Manitoba, since

December of 1984, has been for two months last in job creation and 9th and 8th in job creation compared to the rest of the country? Can he confirm that obviously, in view of the Conference Board's statistics, that Manitoba's job creation record will be the worst in Canada of all provinces? Will he at least acknowledge that this Provincial Government's policies of imposing a payroll tax, of their labour legislation, and of their whole anti-business attitude are failing the young people and the workers of this province?

HON. L. EVANS: Mr. Speaker, if he wants to talk about employment creation record, he better take a hard look at what happened in the four years that he was a member of the Treasury Bench. Manitoba was 10 out of 10. We were at the bottom of the heap and the figures are there, Mr. Speaker . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

HON. L. EVANS: . . . and I invite my honourable friend to investigate; 10 out of 10 during the Lyon Conservative administration.

Mr. Speaker, if you look at the breakdown by industry of job creation, you'll see the problem is in the public administration sector. We know that the Civil Service level of Manitoba has not diminished. It's fairly stable. We know from comparing with the municipal governments that their level is constant.

I say, Mr. Speaker, this leads us to one conclusion, that it's in the federal area. Those figures that were referred to by the honourable member, I just don't accept. I want to see the number of people that are employed on a net basis in the Federal Government today compared with before. We know darn well from very concrete examples, I say go back to Beausejour and talk to the people there. That's one specific example.

MR. G. MERCIER: Mr. Speaker, obviously the Minister does not want to account for the fact that Manitoba is going against the national trend and ignores the three-fold increase in the number of persons on social assistance.

Order for Return, tabling of - re government advertising

MR. G. MERCIER: I have a final question to the Government House Leader, Mr. Speaker. About four or five weeks ago in a response to a question, he said that a response to my Order for Return outlining the advertising expenses of this government would be tabled in the House within two weeks. Would he undertake now in this House to confirm that he will table that information in the House prior to the next election, so that the people of Manitoba can see how much money has been wasted by this government on advertising?

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Mr. Speaker, I reject the final premise of the member's question. I will certainly make

the commitment to see that order is tabled to show not only the members opposite, but the people of Manitoba, how wisely this government has used the dollars the taxpayers have provided to inform the people of Manitoba about its programs and everything else that advertising is used for.

Mr. Speaker, more directly to the member's question. I regret that having seen a first draft of the order, which I thought was in its final stages of preparation, that several questions were asked about the information and to provide full details and make sure the information was accurate, it is being reviewed. I had hoped we would have it a couple of weeks ago. I regret that it is not yet available. I hope to have it in another week or so and that would be my intention.

Not only will it be tabled before the election, I would certainly hope it'll be tabled within the next couple of weeks, certainly before May 23.

MR. SPEAKER: The time for Oral Questions has expired.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before Orders of the Day, might I direct the attention of members to the gallery where there are 10 students of Grade 11 standing from the Gimli Composite High School under the direction of Mr. Melnychuk. The school is in the constituency of the Honourable Minister of Housing.

On behalf of all of the members, I welcome you here this afternoon.

ORDERS OF THE DAY

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker.

Mr. Speaker, would you please call the bills standing on the Order Paper as adjourned debates in the order in which they appear on the paper.

ADJOURNED DEBATES ON SECOND READINGS

MR. SPEAKER: Order please.

On the proposed motion of the Honourable Minister of Health, Bill No. 2

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please.
The Honourable Member for Pembina.

MR. H. ENNS: Stand, please.

MR. SPEAKER: Stand.

On the proposed motion of the Honourable Minister of Community Services, Bill No. 12 - the Honourable Member for Fort Garry.

MR. C. BIRT: Stand please.

MR. SPEAKER: Stand.

**BILL NO. 17 - THE TRANSBOUNDARY
POLLUTION
RECIPROCAL ACCESS ACT**

MR. SPEAKER: On the proposed motion of the Honourable Attorney-General, Bill No. 17 - the Honourable Member for St. Norbert.

MR. G. MERCIER: Mr. Speaker, I've now had an opportunity to review the material which the Attorney-General was kind enough to provide me with and we're prepared to send this bill on to Committee for review in detail there.

QUESTION put, MOTION carried.

BUSINESS OF THE HOUSE

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker. Before I move the motion for Supply, I wish to advise the House that I propose certain changes in the order in which departments will be considered in Supply, Sir.

We had indicated at one point the Department of Environment would be considered in the Committee. Sir, to accommodate the Minister of Agriculture's attendance at the Western Premiers' Conference next week, I have asked and received agreement from the Opposition House Leader that we would commence the Estimates of the Department of Environment, Workplace Safety and Health immediately following completion of the Estimates of the Minister of Finance.

A MEMBER: In the Chamber?

HON. A. ANSTETT: Yes, in the House.

Mr. Speaker, I have also been advised and wish to advise the House, the next departments following Business Development and Tourism in the Committee Room will be Northern Affairs, followed by Co-operative Development, followed by Government Services.

Mr. Speaker, it is our expectation that the Estimates of the Minister of Finance will be completed some time before Tuesday morning at 10. That being the case, I would like to announce, Sir, that the Standing Committee on Public Accounts will meet Tuesday morning at 10 in Room 255 and, if necessary, Thursday morning next week, Sir, that would be the 14th and 16th of May respectively to consider and report on the Public Accounts of the Province of Manitoba for the fiscal year '83-84, and the Provincial Auditor's Report for the same year.

I believe as well that to expedite the consideration of the Estimates of the two departments under consideration today, it may be desirable to go beyond our normal hour of adjournment at 12:30. I would therefore ask, Sir, if I could have leave of the House to dispense with Private Members' Hour today so that the committee can sit, whatever time is required in the committees, past 12:30 today.

MR. SPEAKER: Is there leave to dispense with Private Members' Hour today? Leave has been granted.

The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker.

Mr. Speaker, I beg to move, seconded by the Minister of Labour, that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for River East in the Chair for the Department of Finance, and the Honourable Member for Burrows in the Chair for the Department of Business Development and Tourism.

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

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

We are now considering Item No. 3.(a)(1) Tourism, Travel Manitoba, Salaries; 3.(a)(2) Other Expenditures; 3.(a)(3) Grant Assistance - the Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, I've said this before and it was the same during our time that the Tourism Department always seems to get away with one line in the Estimates. Actually, the Tourism Department breaks down into several different departments - Marketing; to mention another one, Development. I wonder if the Minister could outline the different divisions in the Tourism Department for us so that we could ask questions on each department.

MR. CHAIRMAN: Mr. Minister.

HON. J. STORIE: Yes, Mr. Chairperson, there are essentially four other parts to the department; the first one being Marketing; the second being Travel Information and Industry Relations; the third being Tourism Development; the fourth Administration and Planning. There are two other areas, Debt Servicing and Grants that are budgeted under this particular appropriation.

MR. F. JOHNSTON: Mr. Chairman, the 1985-86 marketing plan - the one that has the questionnaire where the Minister was interviewed by his staff. It's a fairly elaborate document. Is this document put together by the department for the use of the department, or is it put together to be given to the tourism industry so that the industry knows the plan of the Marketing Department? How wide is the distribution of this book?

HON. J. STORIE: This is the first time, I believe, that the department has published the plan in this kind of a format and distributed it very widely. In fact, I have sent copies of this to Regional Development Corporation, the Tourism Industry Associations, to reeves - as broadly, essentially, as I can. In essence,

its purpose is two-fold: (1) to inform those who are interested in the industry of our plan, our strategy and our development plans, and (2) I believe it's a useful reference point for investors, for those involved in the industry to familiarize themselves with the facts and figures as they break down in terms of Manitoba Tourism. I think the comments that we've heard with respect to this document have been extremely positive and I think, in essence, the material that's presented is that which has been requested by, or was seen as useful by the industry.

So the whole project was done, in essence, in co-operation with industry officials and industry groups and I think, at least hopefully, we'll meet some of their needs.

MR. F. JOHNSTON: Mr. Chairman, what is the area - I'll call it the area - in the United States that you're directing your marketing to or your advertising to?

HON. J. STORIE: I suppose that what we call our prime market areas in the United States, at least, would be - I could refer the member to Page 11 where it outlines it in some detail of where our current tourism market is coming from. Essentially, we have used that information to develop our strategy for marketing 1985-86. We're talking about North Dakota, Minnesota, and Northern Ontario, to some extent; to a lesser extent, some of the midwestern states. In essence, that's where most of the effort will be, in effect, directly south of us.

MR. F. JOHNSTON: In that regard, Mr. Chairman, it says when do they come, it tells you; it says why do they come, and it also gives you a summary; but it doesn't really outline the strategy. The Minister says they are targeting to these areas or using this for the strategy.

I asked the Minister, where are your target areas going to be and what is your budget for advertising in the states close to us, to attract people to come to Manitoba?

HON. J. STORIE: I suppose, first of all, once we understand where the people are coming from currently; and No. 2, why they're coming, what is attracting them, obviously that forms a pretty powerful base of information. Without knowing where they're coming and why they're coming, you can't do planning, but in essence, I think, and I repeat myself, that we plan from that basis.

Again, beginning on Page 18 through Page 23, it talks about our marketing strategy and how we've broken down our market into different categories of different emphasis. Our primary markets - Minnesota, I suppose, is one of our target areas where we believe we can increase substantially the number of visitations. North Dakota again, what we've tried to do is set out objectives and say here's where we're at in those particular market areas, here's where we would like to be, here's how we intend to accomplish that. We have done that, again, as I mentioned yesterday by targeting our advertising by working in a co-operative way with industry groups, entrepreneurs in the tourism industry, so that forms certainly part of the strategy.

The member may recall that toward the end of April we held what we called a Minneapolis blitz, where industry representatives, organizations, businesses attended a trade show in Minneapolis. We went there to support individual lodge and outfitters who were taking part in the Northwestern Sports Show, which is a major sports show in Minneapolis. At the same time, we made calls on various groups in the Minneapolis area, held a very successful Manitoba Festival to which some 250 tour operators, tour organizers, industry spokesmen for the tri-state area attended. It was very well received and certainly the feedback that I received from those Manitobans who participated with the Travel Manitoba staff have been nothing but positive. Not a very expensive venture really for Travel Manitoba, but had wide-ranging, I think, repercussions. The media response in the area was quite good. I did a number of interviews and I think overall successful and something that's certainly worthwhile continuing.

MR. F. JOHNSTON: Mr. Chairman, I refer to the southern boundary survey put out by Mr. Bell, Strategic Planning and Development Branch of Business Development and Tourism dated February, 1985, that has a survey of tourist traffic entering Manitoba via Highway 10 Boissevain and No. 75 Emerson per month, and for the years '83 and '84, I also have one that's dated '82-'83 that was put out February, 1984.

Since 1981, there has been a steady drop from the U.S. northwest and the U.S. E.N. central. This has been one of our best areas for attracting people from the United States. I'm aware that the traffic from the United States has been down steadily for quite some time or has had minor drops, but there has been actually a continuing drop since 1981.

So that's why I ask the Minister what is his strategy in that area? I'm aware that the figures are available as you have them presented to you in many reports. I'm aware that they come through regularly all the time and I'm aware that the department knows where the people are coming from, they do all the research and studies. What is the strategy to increase the tourism from that area?

HON. J. STORIE: In terms of the traffic count - I believe it's the traffic count that the member is referring to. I think that it's important to differentiate between same-day traffic, which is people coming up and looking or shopping perhaps. Short duration trips have decreased, as the member indicated, quite dramatically - about 12 percent.

But more significant to Manitoba is the fact that the overnight traffic has increased and I think that the term in the industry is, you know, keep them an extra night and things will boom. So the overnight traffic has increased.

I should indicate that the traffic that comes from the midwestern States as well - I suppose there may be a trend away from personal vehicles and vehicle traffic, where there are charter flights in, there are bus tours in and so forth. To encourage that growth in traffic from the midwestern, northern States. We have increased our tourism advertising spending in the consumer market area.

MR. F. JOHNSTON: Mr. Chairman, the Minister seems, as he did yesterday, to not concern himself with any

reports that he doesn't like. He always has some major excuse as to why this is happening and, let's say, I would suggest that I admire his positive attitude of trying to turn something bad into something good.

But we have a situation where it's been dropping steadily and it's shown in his own reports that are presented by his department, and he seems to think that it's all right if the daily traffic goes down, and certainly it's good that the overnight traffic stays up, but the statistic shows that it has been going down steadily, as an average, since 1981.

Now the best thing I've heard is that he is increasing his advertising in that area. That's the strategy that he has said to us. How much is he increasing it? How many days will be spent down on weekends at the shopping centres? What particular advertising will be on television? What will be in the papers down there to encourage those people to come back to Manitoba?

HON. J. STORIE: First, with respect to the question of looking at the world through rose-coloured glasses, I couldn't find any so I try and be objective. I agree, I acknowledged the fact that the same-day traffic is down 12 percent and that is obviously a concern. I think that, on the whole, the statistics are relatively positive. I've indicated that we have had an increase in visitors from the United States. We've seen a growth in overnight visitors, as I indicated; we've seen a growth of, I would say, some 2 or 3 percent.

In terms of overnight stay, as I've indicated, it's the most significant. I'm not downplaying the fact that same day traffic is down. I think that if you talk to the Hotel Association, you would find that they are extremely pleased with the fact that overnight traffic is up.

In Manitoba we have probably one of the highest rates of occupancy in the country. Certainly the larger and better quality accommodation facilities have the best rate of occupancy, certainly in many parts of the country, occupancy rates that range from 69 percent in Winnipeg to 75 percent in rural Manitoba.

In terms of what we are doing, we are increasing the number of mall shows; we are increasing the generic advertising that we're doing in Northern States and Minnesota and the Midwest. We, as I indicated, have worked in a co-operative way to blitz that area at what we believe are opportune moments. We have established and are continuing to build upon the co-op advertising program which will, I believe, be an effective use of Tourism advertising dollars.

We're also targeting our advertising to what we consider speciality markets and by doing that we can hit a few more areas and we believe be more effective. We're also working on the possibility of expanding the tour packaging part of our industry and we believe it is possible to increase the volume of traffic from States such as Texas and Colorado, some of the more southerly States.

MR. CHAIRMAN: The Member for River Heights.

MR. W. STEEN: I'd just like to ask the Minister, now that we as Canadians, in the relationship to tourism, enjoy the advantage of having a favourable dollar, what has the Minister's department been able to come up with in the way of figures to show that we are, as

Manitobans, able to take advantage of this difference in the U.S.-Canadian dollar, particularly so in the last couple of years, that the difference has been broadened so greatly. Are we enhancing our numbers of Americans coming up here that are taking advantage of it and are we as Manitobans taking advantage as tour operators and people that operate tour facilities, accommodations, etc., are they giving the Americans a fair rate of exchange and encouraging them to visit Canada and, in particular, Manitoba?

HON. J. STORIE: I think the member has raised two very interesting points. Yes, we are marketing and I suppose, more aggressively marketing the fact that there is a very favourable exchange rate to be had on the part of American tourists. Certainly I think it's been our experience that there has been relatively low awareness of that differential in the United States. Obviously, as you move farther away from the border, there is less awareness.

We are now using the exchange rate in our advertising. Private entrepreneurs advertising in the States are also using that fact. That is certainly one of the reasons why we're predicting an increase in the traffic from the States. The second issue, I think, is probably just as important and that is the issue of fair exchange. We have opened an exchange service at the border. We believe that providing fair exchanges is a responsibility. It also makes good business sense.

One of the things that I've been telling industry officials, groups that I meet with in communities is that we can't leave it up to the government to make those decisions. Providing fair exchange is good business - not only providing fair exchange but offering incentives exchanges.

I believe, and in my meetings, I heard individuals decry the fact that businesses were, in effect, ripping off the tourists, taking one-time advantage and foregoing long-term possible gain. I've asked the Chambers of Commerce, I've asked tourism groups to support me in my effort to make sure that fair exchange becomes a matter of course in all our transactions with tourists across Manitoba. I don't think you can downplay the fact that a service station in Morris or a service station in Roblin-Russell that doesn't give fair exchange does the province and the industry a tremendous disservice, so we're working for that.

We're certainly working with industry officials. In fact, we've produced some audio-visual material dealing with the subject of fair exchange and how to promote it and what the advantages are of promoting that particular subject.

MR. W. STEEN: Yes, Mr. Chairman, on that same subject. I don't expect that it's the government's responsibility to tell the private sector how they have to do things. It's certainly the government's responsibility to encourage the private sector how to take advantage of a dollar that is at such a vast difference.

I'm simply amazed at the imagination that is used and the willingness to go after the Canadian tourists by the people in Grand Forks when they know that when you're buying American dollars, I guess nowadays you're paying about \$1.40 for them. It's pretty expensive

to cross the line and to visit North Dakota, but so many of their people will take fixtures such as room rates and offer them at Canadian dollars which really means that they're discounting their rooms by about 40 percent. In some cases, they will discount their meals to persons that have rooms who are staying at various places of lodging down there. They're really aggressive at the time when their backs are against the wall.

The shoe is on the other foot now. Our people, Manitobans, able to — (interjection) — Those glasses, Mr. Minister, look like you must have borrowed them from Sharon Carstairs.

HON. J. STORIE: The Elton John of Tourism.

MR. W. STEEN: They look like Sharon Carstairs' sunglasses left over from Beer and Skits from last weekend.

But the Department of Tourism has got to do everything in their power to encourage our Canadian people and Manitobans in particular - those are the ones that we're interested in - to take advantage of the rate of exchange.

The Manitoba Hotel Association, in some sense, is a lobby force for hoteliers that operate beverage rooms and their first concern primarily is dealings with the Attorney-General on liquor regulations and liquor prices. The bulk of their members are interested in their beverage room sales and less emphasis in their lobbying. The Manitoba Hotel Association, I would think, is the second-best lobbying group in Manitoba, next to the Teachers' Association.

They lobby primarily - 90 percent of their time is lobbying for liquor regulations to enhance their membership and a small percentage of their membership, although perhaps a larger than normal percentage when it comes to paying fees and dues, are the members such as the major hotels in Winnipeg that have to be encouraged to be offering weekend packages, and so on, to get the Americans from the northern States up here to take advantage of the Canadian dollar and the way that the Canadian dollar sits now.

It's no great break for the American tourist to come to Winnipeg and pay \$100 a night in Canadian funds, which ends up costing them \$75 in U.S. funds, for a room up here when they can stay home and have a room in the Holiday Inn in Grand Forks or the Holiday Inn in Minneapolis for \$40 or \$45 in U.S. funds.

So our hotel rates are more than 25 percent higher than the hotel rates in the City of Minneapolis, so what we've got to do is encourage these major hotels to take advantage of weekend packages. They can get the big buck during the week from the businessman that is on the company expense allowance; the businessman from Toronto, Montreal and Vancouver that is staying at the major downtown hotels from Sunday night to Thursday. But those hotels are virtually vacant on the weekend unless a good marketing program is proceeded with. The only people that we're going to get to go into those hotels on weekends in the winter months are our own Winnipeggers that want to take advantage of the pools and the other amenities that are offered in those facilities, or persons who are usually within driving range of the City of Winnipeg that want to come up and enjoy Winnipeg's hospitality.

I say to the Minister, he can talk to the Hotel Association until he's blue, but they're only going to pay so much attention to the room aspect and the meals aspect. Their major lobby is liquor regulations that are favourable to their own membership.

The Manitoba Restaurant Association appears to me to be more interested in luring American visitors up here than the Hotel Association appears to be.

Another issue that I would like to mention to the Minister is a forecast. It's called "Tourism Forecast, 1985," done by Bob Lockie, the Executive Vice-President of the Winnipeg Convention and Visitors Bureau; and he goes on to mention that the tourism industry of Manitoba, in co-operation with the Provincial Government's travel branches, just completed a hard-hitting presentation called "Tourism is Big Business." He goes on to mention the numbers of persons, "Tourism officials state that tourism is now the third-largest industry in the province directly employing over 28,000 persons, or one in every 13 jobs in Manitoba is directly related to the tourism industry."

And he mentions the high profile convention marketing which has reached now \$37.8 million being spent by some 71,000 delegates, which is reflecting an increase of 3.5 percent over the last 10 years; percentage-wise not a large increase but fortunately it's an increase. Because we have seen over the last 10 years in Manitoba a tourism deficit and in his projections here, he goes on to mention that convention business in Winnipeg during 1985 will not be as fortunate as preliminary forecasts prepared by the Winnipeg Convention and Business Bureau which indicates a difficult year ahead.

He goes on to mention in his report that the tourism and convention people need to have more support in marketing of major conventions to Winnipeg, both from across Canada and from the United States. I know, from talking to people at the Convention Centre, that yes, we have had some major groups use that facility. The Royal Canadian Legion when they had their anniversary convention here a couple of years ago; the Midwest Shrine Convention used the facility and these are convention groupings of approximately 4,000 to 5,000 people. When they hit Winnipeg and take over our Convention Centre, they leave a lot of dollars behind in the hotels, the restaurants and in the shops in the downtown area.

But the convention people feel that they need more assistance in going after these major conventions that Winnipeg should be getting in the future. The competition for convention business in Canada is growing now that Edmonton has a Convention Centre; Ottawa's got a Convention Centre; and it's no longer Winnipeg being one of the few cities in Canada that has a convention facility that can put 4,000 on the floor for a dinner, or better than 4,000 for a meeting.

I would ask the Minister if he or his department have been working closely in looking at this problem of keeping this Convention Centre - which cost the taxpayers of the city and Manitoba back in 1971 in the area of \$25 million to \$30 million to erect in the first place - keeping it busy, keeping it filled as much as we possibly can?

HON. J. STORIE: I think the member has raised a number of extremely valuable points. I'd like to deal with them in sequence if I could.

First with respect to the convention business. We have been very supportive. We have worked with industry organizations such as the Winnipeg Visitor and Convention Bureau to develop them and to develop their membership. I have no doubt that the Winnipeg Convention Centre would like to see more assistance.

The question is, is it the role of - I mean we have certainly supported the Convention Centre and continue to support the Convention Centre on an ongoing basis. I believe the province initially allocated some \$7.5 million to the Convention Centre in 1971 or 1972 or whenever it was.

The province continues through support through block funding to assist with the operating deficit of that body and we're happy to do so. Because as you indicated in your comments, it's a tremendously important facility to the City of Winnipeg.

What isn't so clear is that businesses in the community of Winnipeg and in the province generally appreciate how important it is. I believe that last year we had some 66,000 delegates brought to Winnipeg by the Convention Centre. That's a phenomenal number of people. It meant something in the neighbourhood of \$38 million in travel expenditures coming to the Province of Manitoba.

We have worked, and I believe that some individual businesses and certainly the convention and the Visitors Convention Bureau, have been working to improve the utilization of that facility. In the first quarter of 1985, convention business is up 58 percent.

So we recognize that it's important and we're working as a department to do whatever we can to support it. What I've been trying to say in discussions with industry people and the business community generally, is that the Convention Centre makes good sense for all of us, and to the extent that we, collectively, can attract people to Winnipeg. It's good for the Junior's Restaurant and Eaton's and the hotels and everybody.

I don't know that it's strictly the government's responsibility to spend advertising dollars to attract visitor and convention business, when the real benefactors are the businesses themselves and, of course, the province as a whole. We feel we're doing our share and we have I think been very successful in working with the Convention Bureau to develop brochures and to assist them in those kinds of ventures.

We believe that our efforts right now are probably best spent in developing within the industry the potential for increased packaging, tour packaging, weekend packaging, and the kinds of comments the member made about what's going on in the States and Grand Forks and Fargo and so forth are apropos because they have been very aggressive in the way that they've approached it. I understand that through the co-op advertising program, in association with the Manitoba Hotel Association and, I believe, 13 different enterprises, we have prepared a weekend marketing package that offers special rates and guaranteed exchange and some 30,000 brochures have been produced to market this particular package. That has all happened this year.

We believe that we have to extend ourselves, the industry has to extend themselves to create an increased volume of traffic. We think we can do it, and certainly the 58 percent increase in the first quarter of 1985 is good news for the Convention Centre.

If I can stay with the Convention Centre one second further, as the member may know, the Winnipeg

Convention Centre was developed in a very visionary way by the Provincial Government and the City of Winnipeg and we were one of the first convention centres and the only ones in Canada that went ahead without federal support. I was in a meeting with Tom McMillan, the Federal Minister and Mayor Norrie and other industry people some time ago when the Mayor brought home the point to the Federal Minister that, while the province and the City of Winnipeg have provided ongoing support to the Convention Centre, we have not had the kind of support that other convention centres, those competing with us have had; and we would certainly like to see some federal support in the upgrading that is ongoing and new ventures that the Convention Centre Board deem to be appropriate and let's hope that there's some good news on that front.

I thought your remarks on the Manitoba Hotel Association and their particular interest, their particular members' interest in changes to The Liquor Act and The Liquor Control Act were also on the mark, to some extent. I think that's one of the problems that face the industry. On a larger basis, I suppose it's one of the problems that confront governments and that is the issue of co-operation. It is, I think, shortsighted for any one group to pursue the interests, I suppose, of their members without regard to the longer range implications for the industry as a whole. I think that Manitoba hoteliers in general, their survival is tied in very much with a successful tourism industry, and while changes to The Liquor Control Act are obviously important to them and they have been very successful in their lobbying efforts, it is also true that to the extent that tourists come to Manitoba, the hotels flourish; and I see this as part of our role, to play the mediator and the conciliator, to help the industry focus on the real goal of tourism and that's to bring more people in.

We've worked on a number of fronts to do that. I've mentioned the co-op advertising and so forth. I haven't mentioned the fact that we're reviewing the star rating. One of the things that we know about tourists in 1985 is that they expect quality accommodation. Tourists today are probably more fickle than they have ever been. They have a lot of disposable income; they're prepared to spend it, but they're not prepared to spend it frivolously. They want a quality product; they want quality service and that's something that the industry has to come to grips with.

We think that reviewing the star rating and working with industry to establish new standards throughout the industry is something worthwhile and something that we should do.

MR. W. STEEN: Further to the Minister's most recent remarks, I have comments on two areas.

Secondly, the Manitoba Hotel Association - I've been associated with that group for 10 years now, as the Minister knows, we have our annual dinner which is always looked forward to by all members of the Legislature. Prior to that, my association was as a city councillor when they used to come before finance committee and object to a room tax being applied by the city. That was raised on two or three occasions during my five years while I was at the municipal level.

The Hotel Association has a unique membership. They have the type of person that operates a small hotel in

rural Manitoba who derives the bulk of his/her livelihood from the beverage room and the sale of alcoholic beverages. Then you have the type of hotel operation in the city which, again, is similar to the one in rural Manitoba where the main emphasis is on the beverage room, the lounge, etc., and they have so many persons that occupy rooms on monthly basis. When we talk about the City of Winnipeg having for a convention 6,000 rooms or in that neighbourhood, I often wonder if are they counting these rooms that are being occupied in these hotels on a monthly basis by regular customers that are really calling that their home. I've been told that the hotel industry has to keep a room or two, a small percentage, that would be there for the day-to-day traffic.

Then, the third type of member of the Hotel Association are our major downtown hotels which are really interested in the convention business, the businessman-type business from Sunday night till Thursday and the weekend packages that I made reference to earlier. The hotel operator in Flin Flon, the hotel operator in Belmont, Manitoba and the Winnipeg Inn all have the same voice at their meetings as members - they're all equal members. Therefore, the emphasis of the Hotel Association over the past 15 years has been primarily to get more liberalized liquor regulations for their membership.

Over the last 15 years, not only have they been successful in doing away with the supper hour closing, the beverage rooms now can stay open till 1 o'clock instead of 11:30. They've added an hour and a half on at the end of the day. They can now open at 10:00 a.m. in the morning instead of 11:00. They've added an hour on at that end of the scale. They can have special permits on Sundays and they can do a number of things. So, the hotel industry has made large gains over the last 15 years. I'm convinced that they're more interested in lobbying for beverage room hours than they are for strong co-operation with the Minister's Department of Tourism in bringing in people to utilize rooms and restaurant facilities.

The Minister made reference to the Winnipeg Convention Centre and the fact that in a recent meeting with the Federal Minister, Tom McMillan, and the Mayor of the City, that Winnipeg's Convention Centre was one of - and likely the only convention centre not to receive federal funding. I recall at the time when it was to cost the city \$7.5 million and the province \$7.5 million. When the Convention Centre eventually was completed, it was more like about \$25 million.

That's now about 13 or 14 years ago. What does the Minister think? How should the Federal Government participate in the ongoing losses of the Convention Centre or in the form of a grant because we missed out 14 years to refurbish and upgrade the Convention Centre and make some of the necessary changes that Convention Centre Board members feel that are necessary just to upgrade it because it's been in service for some 14 years? My question is how does the Minister feel that the Federal Government should apply itself with a facility that's some 13 or 14 years old?

HON. J. STORIE: Mr. Chairperson, I think, obviously, there's no intention. I don't think it was suggested that the Federal Government be asked retroactively to

support the Convention Centre. I think that the mayor made the point, and I concur, that we are in a position where we are competing now with facilities who have had, in some cases, massive, tens of millions of dollars of support from the Federal Government.

As an aside, I do know that there are discussions going on at the current time with respect to an upgrading of the Convention Centre in which I expect there will be participation on the part of the Federal Government and the province through . . .

A MEMBER: One-time grants.

HON. J. STORIE: . . . Destination Manitoba funds which have been targeted. Whether those negotiations will be successfully concluded, I guess, remains to be seen but it is possible.

Further to that, as you indicate, the Convention Centre is now some 10 years old, 11 years old. I suspect that there are changes needed, upgrading that's required both to meet code requirements perhaps, but more importantly, to meet convention visitor requirements. When that happens and when the convention board determines what is necessary to keep pace of the development of facilities in other parts of the country and the world, then we will, I think, be looking to the Federal Government for some indication of support. I think that's where we have to go.

We have a tremendous facility that is an asset. Any role that the Federal Government can play in supporting us would be appreciated. I think the most appropriate way would be in dealing with upgrading major expenditures that are in the offing perhaps.

I should add with respect to the discussion we had earlier on hotels and their role, there are currently only about 3,000 four- or five-star rooms available in Winnipeg. We have a Convention Centre that can require up to 6,000. I think that in terms of attracting people, there has to be some assessment of the need for attractive accommodations that go along with the promotion of the Convention Centre.

MR. W. STEEN: Can he tell me from his staff as to how the Federal Government participated, for example, in the Convention Centres of Edmonton and Ottawa? Did they pay for half of the initial costs of building them or a one-third or what? What are we looking at as Manitobans and Winnipeggers that we missed out on some 10 years ago or better?

HON. J. STORIE: Mr. Chairperson, I don't have the exact figures with me; certainly, they're available. I do know that the member has a copy of "Tourism Tomorrow" and within that document, there is a listing of the federal support that has been contributed to the Convention Centres across Canada, and significant only by its absence, was Winnipeg.

MR. W. STEEN: I'd ask the Minister if the City of Winnipeg or the Convention Centre have, in recent years, approached the Provincial Government regarding the province's parking lot that is directly south of the Convention Centre? Have there been any overtures to the Provincial Government to do something with that property which would enhance the tourism convention business of Winnipeg and Manitoba?

HON. J. STORIE: Yes, the department has been involved; I'm advised by staff that we actually gave them some assistance in conducting a feasibility study to review the potential of that site and I do know that there had been discussions earlier with the Department of Government Services on that. I understand that there are no plans at this point to utilize any assistance that we might be able to offer with respect to the parking lot.

MR. W. STEEN: The Tourism and Convention Bureau here is funded primarily from the municipal government, indirectly from the Provincial Government, through the block funding that the province gives. They claim that their per capita funding is far below what is given in the way of funding for cities such as Toronto, Hamilton - many other cities that Winnipeg is competing against for conventions. Has this been brought to the Minister's attention and if he believes the funding has been somewhat short and making it difficult for them, has he ever talked to the ongoing committee of councillors that meet with the Provincial Government about seeing if the city would generate or direct more of their dollars that they receive from the block funding towards supporting the Winnipeg Convention Bureau so that they can fill that building up more frequently than they have been - and obviously reduce the losses on that facility.

HON. J. STORIE: Yes, we do provide support to the bureau. It is true that most of the support comes from the municipality and indirectly, I suppose, we support them greater than simply we do through Business Development. I think it's true as well that most of the convention facilities throughout Canada are supported by the municipalities and not by either senior levels of government.

I have had the opportunity to meet with representatives of the Convention and Visitors Bureau and we have discussed a number of ways of increasing the funding so that they can do their job. I can only say that I'm willing to consider proposals and I think we have a very good relationship and I assume that this will be a matter that's discussed further over the coming months.

MR. W. STEEN: A very short question to the Minister. Does he feel or agree with me that the per capita funding that the city gives the Convention Centre Bureau is greatly less than what is done in other competing cities and should be enhanced?

HON. J. STORIE: I can't say that I have any in-depth knowledge of what is offered by other municipalities to the extent that the member is saying, should the City of Winnipeg give more money to the Visitors and Convention Bureau I can afford to be generous and say yes, because it ain't going to cost me anything.

I recognize that the City of Winnipeg also has their financial limits and I think that, while it would be nice for the City of Winnipeg to contribute more, I think it would also be in the interests of the industry and business community of Winnipeg generally to look at ways of providing support through their own resources because of the importance of the industry to them and

to the province as a whole. So I don't think we should always encourage people to look to other levels of government to provide the support. As I said, I'm certainly not opposed to doing that, but I would like to see us work, and I'm sure the city would like to see the bureau work in a co-operative way with levels of government and with individual entrepreneurs, individual facilities to increase their budget.

MR. W. STEEN: Mr. Chairman, I'm always glad to see rural Manitoba taxpayer dollars coming in to help the City of Winnipeg because in Manitoba, better than 70 cents on the dollar is raised in Winnipeg in the way of taxes, but maybe the Minister can always keep in mind that if we get more convention people up here, they just might by chance end up in Flin Flon on a weekend fishing trip; and so he might see some of the dollars going back home.

MR. CHAIRMAN: The Member for Elmwood.

MR. R. DOERN: Thank you, Mr. Chairman. I wanted to also add my voice in support of the Provincial Government providing strong support to the Winnipeg Convention Centre. I have been a booster of that facility, I guess, since about 1970 when it was being discussed prior to its construction. I also attended the 10th Anniversary Show which, in spite of the fact that it had a few minor failings, I thought it was a very, very fine show. I'm talking about the production number and the media and the cameras and the dancers, Don Harron and Mickey Levine, etc. I thought, in many ways, that is Winnipeg at its best, namely, that they can put on a first class show.

I might say in passing that I was very disappointed with the guest speaker, who was the supposed highlight, some gentleman who flew in for the occasion and was given a tremendous fanfare but didn't seem to leave a message of any kind to the people there. But it was a good show and I think that it shows that Winnipeg and Manitoba can compete with anybody in that sort of area, so I'd simply encourage the Minister to provide whatever support he can financially and otherwise to building and expanding the Winnipeg Convention Centre.

I wanted to ask him some general questions about the Convention Centre because one evening a week or so ago I went there to see what was going on. There was some, I don't know, Major Bingo or something on, and then there was another casino. I wanted to ask the Minister about that. There seems to be a tremendous number of casinos held there and we seem to be moving towards year-round casinos or legalized gambling. I wondered if the Minister had any comments or observations on that.

HON. J. STORIE: First of all, I know the member is aware that this department does not deal directly with the clients that use the Convention Centre. I can only assume that those people involved in the casinos find that centre a particularly attractive one. With respect to the operations of casinos and their seeming increase, I can only suggest that the member discuss that with the Minister responsible for the Manitoba Lotteries Foundation when those Estimates are up.

MR. R. DOERN: Mr. Chairman, what the Minister says is generally correct, but if there was a year-round casino there, I suppose that would be a tourist feature. It would hardly turn us into Las Vegas or Reno, but it certainly might be an added attraction to the city. I simply say in passing that there seem to be, I don't know if it's a hundred or a couple of hundred days of the year that there is a casino operating there, and I was just wondering if the Minister had any information or whether he's directing me to discuss this in a more narrow context with one of his colleagues.

MR. CHAIRMAN: 3.(a)(1) - the Member for Elmwood.

MR. R. DOERN: Mr. Chairman, in regard to American tourists, which was discussed by two of the other members of the committee, I wondered if the Minister had any innovative solutions for the very high price of alcohol in Manitoba. I've many complaints from both local citizens - well, I should say really from local citizens - about the high cost of liquor in Manitoba and the obvious conclusion that this hurts tourism because American tourists are used to low prices. They come up here and in spite of a superinflated U.S. dollar, when you figure it all out our liquor prices are still expensive.

I have heard all sorts of suggestions about freezing liquor prices, reducing liquor prices, allowing special consideration or dispensation for American tourists. I don't know how it would work, but it is damaging and it is discouraging to U.S. tourists. It must be quite a shock to go from paying under a dollar for a drink in a bar to paying \$3 or more in a Manitoba bar. That doesn't make up for the exchange rate. I was just saying does the Minister have any answers or any thoughts about how one could improve that situation?

HON. J. STORIE: Yes, Mr. Chairperson, obviously, that has been a concern raised to me by the Hotel Association and others. I don't think it's unique to Manitoba. In fact, I know that in the document "Tourism Tomorrow," the Federal Minister raises the same concern at a Canadian level, so it's not something particular to Manitoba.

There's no question that our tax on alcohol is high as it is across Canada. We support through those funds, I suppose, a health care system which is a universal health care system and second to none, the Member for River Heights reminds me, so obviously the funds that we gain from alcohol and tobacco taxes and so forth contribute to maintaining that quality health care system. Many of our American guests don't understand the difference between the way the system works to the extent that costs affect consumption of alcohol to the extent that it impacts on the willingness of tourism to spend time in our bars and our lounges.

We are concerned and over the last couple of years have not raised alcohol taxes. The prices have increased once because of, I believe, federal excise tax increases, and once because of general recent increases allowed by the Manitoba Liquor Control Commission.

So, we haven't gone out of our way to raise taxes on alcohol for two reasons, (1) because we are sensitive to the fact that price affects consumption, and (2) because it does inhibit to some extent, or is seen as an inhibitor of tourism traffic. We're cautious of that.

I don't know whether there's any definitive study that tells us that alcohol and the cost of alcohol per se are a major factor in determining whether a visitor comes to Manitoba. I don't believe that it is. I don't believe people say, well, whoopee, let's go and get drunk in Winnipeg. I think they come here to visit friends and relatives; they come here because we have tremendous natural resource; we have a cultural resource that is, I think, unique in Western Canada. So, they come here for those reasons; they don't come here for alcohol.

Certainly, when they are here, obviously, they will notice that alcohol is expensive. I don't know that it's such a great deterrent, given the benefits that accrue to the government and the people of Manitoba by virtue of that revenue flowing to the government, I don't think it would be realistic to expect dramatic reductions in alcohol taxes in the near future. I guess it's like a lot of other areas. It's a disadvantage but there are many, many advantages that tourism operators have in Manitoba that will allow them to compete very effectively with any other province or any other location in the world.

MR. CHAIRMAN: Point of order?

MR. H. GRAHAM: I'm sure the Minister wouldn't want to allow inaccuracies to exist on the record. When he said that the most recent increase in liquor prices was allowed by the Liquor Commission, I think that should be corrected. It was ordered by the Minister of Finance.

MR. CHAIRMAN: That's a point of information, it's not a point of order.

The Member for Elmwood.

MR. R. DOERN: I'm glad the former Speaker got that point in whatever it was.

Mr. Chairman, I simply say on this question that obviously the price of liquor is a very important consideration in whether people come or not. It's a question of how much does it cost for a room; how much does it cost for food; how much does it cost for entertainment, etc. It is a consideration.

I think if you look at the other side of the border, a lot of Manitoba tourists stay in a facility in Grand Forks where they give the Canadian dollar at par, so obviously that is an attractive feature which draws people to that particular motel, hotel, etc.

Mr. Chairman, I also wanted to ask the Minister about the negative effects of a few months ago, whether he has discerned them and whether he has attempted any program to counter them? There was some bad feelings created between Manitoba and North Dakota over Garrison and MANDAN. There were some foolish remarks made by the Minister of Energy and Mines, hinting at a shoppers' boycott. I thought that was despicable at the time. It seems to me that there must have been some negative fall-out as a result. I simply say to the Minister, have his staff or his people who supply him with information from the States and in Manitoba found that there was some hard feeling and has anything been done to counter this, or has it just naturally dissipated?

HON. J. STORIE: I wouldn't want to overemphasize whether the assumption that that conflict created any

decrease or had any impact at all on the tourism traffic. I tend to agree with the member that the conflict centred in the political sphere. I don't think it impacted very greatly on the average North Dakotan. I think that people understood that it was politically motivated and the frustration that was felt by North Dakota legislators was unfortunate in that it focused on the Manitoba position, rather than the fact that it was a U.S. federal agency which had made the decision. Certainly, we had been interveners and made our thoughts known on that problem but, in fact, it was a U.S. federal agency which made the decision.

I can only accept the fact that they were frustrated and, I suppose, in their own way would wish that the agency had ruled otherwise, but since that time we saw a 2 percent increase in overnight traffic last year and the first quarter of this year indicates approximately a 2 percent increase. So we're satisfied that it had no lasting effects.

Apparently, the department did some testing of attitudes and found no hard feelings. As I said, I think that the feelings focus generally at the political level and did not reflect any long-term or substantial frustrations or animosity towards Manitobans, generally.

So we don't sense that it has had any impact. We feel that our hands across the border approach has been effective and that we still admire and respect and have a great deal of friendship towards North Dakotans generally, as Manitobans, and I think the feelings are mutual.

MR. R. DOERN: Mr. Chairman, I wanted to ask the Minister about competing with neighbouring provinces like Ontario. A week or so ago the Ontario Government sent out a tremendous brochure through the Free Press, a large coloured supplement, 20-odd pages of material, obviously quite expensive, went out across the country, obviously designed to pull Manitoba tourists into Ontario.

Incidentally, a glaring omission in that publication was Minaki Lodge. They had a single line saying something like a sleepy little village located at Minaki, and after pouring \$20-30-plus-million into that facility, which is a first-class international resort, they really goofed. As a matter of fact, I wrote the Minister of Tourism in Ontario to point that out. I don't know whether he - he hasn't responded yet on that omission - but maybe he's the former Minister of Tourism and maybe he's been replaced.

But the point is that Ontario is attempting to attract Manitobans to Ontario. What are we doing to attract people from Ontario, in particular, and other Canadians to Manitoba?

HON. J. STORIE: Mr. Chairperson, I did see the insert that the member was talking about and certainly it would be nice to think that we could afford to do that kind of broadcast or shotgun-approach advertising. I don't know to what benefit it will be to Ontario. I suppose they have their own analysis of the merits of doing that kind of advertising.

We have designated Northwestern Ontario as a prime market. We have a supplement that will be coming out. I believe it's 8 pages, somewhat less glossy, I suppose. That, along with other generic advertising, I believe will

spur what potential there is in that part of the province coming this way.

I think we have some natural advantages over other parts of Ontario and other markets, simply by virtue of the fact of our proximity to some of the communities in Northwestern Ontario. We have many financial and commercial links with those communities and that assists us.

I think if you look at the reasons for trips from Ontario, that by and large there are two categories, as I said. One is sightseeing, simply coming to a major urban centre and that's one advantage; and the second one, interestingly enough, Northern Ontarians come to Manitoba to visit friends and relatives. So we have those two natural links. We do some promotion in the area and consider it a primary market.

MR. R. DOERN: Mr. Chairman, I also note that they divided their province into tourist regions. I can't remember what they called Northwestern Ontario but it was something like the sun belt - (Interjection) - No, it had the word "sun" in it. - (Interjection) - Pardon?

MR. W. STEEN: Sunset.

MR. R. DOERN: Sunset region? It gave the connotation of heat and light, both.

The final question I have, Mr. Chairman, is on Gull Harbour. I get the impression that they're doing some advertising; that they're performing not too badly. I'm wondering how they are doing in terms of profit and loss and whether we're really - well first of all, just on profit or loss. Is that a viable operation at this time?

HON. J. STORIE: Mr. Chairperson, the Gull Harbour facility is the responsibility of the Minister for Natural Resources, not my department. Members of my department do sit on the board of directors and it has been relatively successful. I think that the marketing efforts that they have undertaken have worked.

We are going to be strengthening the board I believe fairly shortly with some - what I consider to be - high profile industry people from the province. We believe that we can strengthen that resort and make it a tremendously profitable and exciting venture.

Generally, I understand it is currently generating a surplus on an operating basis, so I think that's good news. We know that there is untapped potential in that resort and in that area generally and we will be pursuing it with vigour. Once the appointments to the Venture Tourist Board are announced, I think that will add some additional profile to that resort in particular.

MR. R. DOERN: Mr. Chairman, the final question I had again was I think that there obviously has to be co-ordination between yourself and the Minister of Natural Resources on this facility, but I know people who have decided not to go to Grand Forks and Fargo, you know in the last year or so, because of the exchange rate. I've heard several stories of that and obviously there's a market there for our own people so that there should be more advertising and promotion to get people to access our own facilities. I think we have an advantage at the moment. It might be temporary but we should fully exploit it.

MR. CHAIRMAN: 3.(a)(1) -

HON. J. STORIE: No, just a comment before we pass that. I think the member makes a good point and just for the information of the committee, the overnight traffic in Manitoba, as I indicated on a couple of occasions, has increased. Traffic to the United States from Manitoba has decreased very dramatically, so I think that the member's remarks about the exchange rate and perhaps other factors are significant at this point.

I think Manitobans are awakening to the reality that there is that exchange difference and also to the reality that there are a lot of opportunities out there to explore Manitoba. Certainly the facility at Gull Harbour is one of those.

We will be undertaking in the near future a number of major co-op advertising ventures to promote Manitoba to Manitobans. I think it will be extremely successful and will tap into the underlying problem that faces the tourist going to the United States.

MR. R. DOERN: Thank you, Mr. Chairman.

MR. CHAIRMAN: 3.(a)(1) - the Member for River Heights.

MR. W. STEEN: I'd like to ask the Minister along the same lines as the Member for Elmwood was just questioning him. Gull Harbour or Hecla Island - that resort was closed for a portion this past year for renovation and for expansion. What are the number of rooms that are within it and what was the previous number, prior to expansion?

HON. J. STORIE: Yes, Mr. Chairperson, the facility increased its room capacity from 60 to 90, and its restaurant and convention facility capacity went to 240, so it's just targeting a somewhat larger market and giving us a little more flexibility.

MR. W. STEEN: The weakness before for conventions there was the fact that it was a little on the small side. With the expansion, I know that having been there on a number of occasions, that you would almost feel like you're walking for yards and yards because the facility is all spread out. Was the expansion to put a second floor on or is it just spread out even further, and will it make it that much more difficult for persons who have room accommodations at the far end to get to the dining facilities and the meeting facilities, etc.?

HON. J. STORIE: Yes, I think that others like yourself have recognized its tentacle or spread-out nature and the new facility is a little more compact and we hope or we believe a pretty exciting package, kind of state-of-the-art tourism attraction area.

MR. W. STEEN: Mr. Chairman, did I hear the Minister correctly saying that the facility itself is part of the Minister of Finance' responsibility?

HON. J. STORIE: It's the Minister of Natural Resources.

MR. W. STEEN: Oh, the Minister of Natural Resources. Does this department, the Department of Tourism, pick

up any of the losses that might incur in the operating of the facility there?

HON. J. STORIE: No.

MR. W. STEEN: So Venture Tours - is that who the Minister said that would be appointing a new board in the near future?

HON. J. STORIE: I don't know if it's Venture Tours Ltd; I believe it is. Venture Manitoba Tours has a board. I simply indicated we would be strengthening that board.

MR. W. STEEN: And their responsibility is primarily what? To market the motor hotel at Hecla?

HON. J. STORIE: No, their responsibility, as with any board, is to direct, set policy to the management. They operate as a Crown corporation board, in effect.

MR. W. STEEN: To operate the facility on a day-to-day basis or to market the facility which the Department of Natural Resources operates?

HON. J. STORIE: No, I think they're a board of directors, and board of directors sets policy and direction for the facility. The management, per se, is done by management personnel. I believe it's on a contract basis.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: Is the management contract still with the same hotel chain that it has been for the last three years?

HON. J. STORIE: Yes, I believe that's correct.

MR. F. JOHNSTON: The upgrading of the facility was done. One of the major problems at Hecla Island, when you refer to service, was having enough good staff. The staff accommodation - has it been upgraded and made more of a liveable condition for staff that have to go up there and live there?

HON. J. STORIE: I can only answer that we are working on dealing with some of the problems that the member identified. Although it isn't directly our department, I suppose the members on the board could answer more definitively, but I believe that most of the staffing, the quartering problems, have been dealt with.

MR. F. JOHNSTON: I wonder if the Minister could break down the figures of the amounts that he has in his budget for Marketing and Travel Information and Tourist Development, etc., that he made.

HON. J. STORIE: I'm sorry. I'm just getting some information that was requested earlier. I apologize to the member, I missed the question. Would he repeat it for me?

MR. F. JOHNSTON: I just wonder if the Minister would break down for us - I don't want a complete breakdown - I just would like the breakdown of the budget for

Marketing - he gave us Marketing, Travel Information, Tourism Development, Ad Planning and another department of Servicing and Grants. What is the marketing budget?

HON. J. STORIE: Mr. Chairman, before I continue, the Member for Virden, in attempting to correct the record, erred. I was correct when I said that the latest increase was ordered by the Liquor Control Commission, not because of any advice or direction from the Minister of Finance but because of increased cost to suppliers and distributors, as I suggested.

With respect to the question raised by the Member for Sturgeon Creek, if I can break it down into six different areas of expenditure: Program Development was some \$37,000, a similar figure to 1984-85; Advertising was increased approximately 10 percent or 11 percent to \$930,000; Industry Co-op Advertising, 83.3; Group Travel, 271.9; Promotions, 211; Publications and Media Support, 580 for a total budget of \$2.114 million - and an increase of \$264,000 more than 10 percent, closer to 11 percent increase in Marketing; so we have seen a substantial increase.

We feel it's important. Obviously, I know the member's going to say we should do more. Some of our competitors are doing more. We felt that because of some of the things we learned over the last few years, with more appropriate targeting of the marketing effort, with the co-operation that we are receiving, that we can be pretty effective and are prognosticating a fairly significant increase in tourism to Manitoba.

MR. F. JOHNSTON: Who is the advertising agency for the Tourism Department?

HON. J. STORIE: It's not my brother-in-law, is it? It's Westcom Communications. I should indicate that there are a number of advertising firms that have lent assistance to the department over the last year, some of that through subcontract work from Westcom.

MR. F. JOHNSTON: Westcom is the advertising agent and they sublet contracts to other advertising agencies. Does the Minister have any . . .

HON. J. STORIE: We give independent contracts out as well.

MR. F. JOHNSTON: I wonder if he could just name some of the ones you've given them out to.

HON. J. STORIE: McKim is one. I only have two at the current time and one of them is Barry Hammond, Graphics, and Bernie Michaleski, Design, who have done individual contract graphic work for the department; apart from the agency, which I indicated, has subcontracted to some other agencies.

MR. F. JOHNSTON: Are you using an agency or is the department doing the filming and photographing at the present time; say, filming for the documentaries, not the television ads, but the documentaries that you use?

HON. J. STORIE: Yes, to this point, Mr. Chairperson, we have utilized on a contract basis other individuals'

firms to acquire film for use in our visuals. We are intending to do a shoot, as they say, so that we can have some new and fresh material for the upcoming promotion.

MR. F. JOHNSTON: Mr. Chairman, about two years ago I believe there was a helicopter flew up and down the whole province, the helicopter coming from Saskatoon because it was equipped to be able to do that work, taking film for the Tourism Department, so that they'd be able to have the film available to them. Have the province's trees and lakes changed so much the past two years that we now have to have another shoot to get film in the can to be used for the Tourism Department?

HON. J. STORIE: Yes, I understand that that film shoot forms the majority of the basis for the advertising package that we witnessed yesterday in committee. That doesn't form the sole basis, as I indicated some other particular shots, I gather, were purchased on a contract basis or whatever, but that shoot has been, by and large, the shoot that we have used for most of the commercials and advertising.

MR. F. JOHNSTON: There should be a lot of the shoot left, I only saw three ads yesterday.

Mr. Chairman, it's past 12:30, I could continue or is the committee rising?

MR. CHAIRMAN: Private Members' Hour has been waived; if you're willing, we can pass one of the items.

HON. J. STORIE: Could I just respond to the Member for Sturgeon Creek, just to provide more information?

That particular shoot has been used not only for this year, Mr. Chairperson; the shoot was used for the past three years, as well as being utilized in other films, utilized by other departments.

MR. CHAIRMAN: The Member for River Heights.

MR. W. STEEN: I assumed that we would be concluding the committee at 12:30 today, it wasn't until the Government House Leader told me it was optional. If you want to carry on until 1:30 you can, because Private Members' Hour has been waived. I have a commitment at 12:45, because I assumed that we would operate as we normally do on Friday, and that is end the day at 12:30.

MR. CHAIRMAN: Can we pass, at least, Item No. 3, or do you still have some more questions?

MR. W. STEEN: We have some more questions. I move committee rise.

MR. CHAIRMAN: Committee rise.

SUPPLY - FINANCE

MR. CHAIRMAN, P. EYLER: We are considering the Estimates of the Department of Finance, Item 4. Taxation Division (a) Administration: (1) Salaries - the Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, I wonder if the Minister could explain to me why it is that on the preferred share issue that the government did last year, that they were able to get people to, in effect, lend money to the government at 9.75 percent, substantially below the going market rate.

MR. CHAIRMAN: The Minister of Finance.

HON. V. SCHROEDER: Because of the taxation policies of the Federal Government.

MR. B. RANSOM: Do you suppose the Minister could elaborate just a little bit on that, Mr. Chairman? I'm not entirely clear from his answer as to what he meant.

HON. V. SCHROEDER: In this country, dividend income is taxed in a different fashion than other income, and income from preferred shares where you're guaranteed a specific rate, is taxed at a different rate than income from a loan.

The member might have seen an ad placed by one of our financial advisers, in fact, Wood Gundy, occasionally, where they advertise that they can set things up for you so that on your first \$43,000 of income, there'll be no taxes payable. That's part of this kind of an arrangement.

MR. B. RANSOM: So I take it then, Mr. Chairman, that the reason that people are prepared to accept a 9.75 percent return on their investment in these preferred shares is that they will get a tax break to protect other income against being taxed. Is that correct?

HON. V. SCHROEDER: The arrangement is similar, yes, to ones used by many large private corporations and that's the net effect of it, yes.

MR. B. RANSOM: I had an idea that that's perhaps how it worked, Mr. Chairman. What we have here is a situation where this government is participating in exactly the kind of thing that the Minister stood up and condemned last night. This is exactly how some people are avoiding paying tax. This is a tax loophole, the sort of thing that the government has attacked and now they're participating in it and, Mr. Chairman, there's a word to describe that sort of thing.

In any case, Mr. Chairman, I would like to ask the Minister a couple of specific questions about taxation. I believe he's had some contact about an increasing demand for purple unleaded gas in the country, that a lot of the heavy farm trucks - or farm trucks, period - that are being sold are now using unleaded gas and purple unleaded gas has generally not been available. Has the Minister made some provision to allow that to now be available?

HON. V. SCHROEDER: On the purple gas issue, it's not a matter of the government making provision for it, it's a matter of the demand being there and someone being prepared to supply it. Of course, that means storage requirements for the dealer and probably also for the farmer. In some areas, it is now available.

On the other issue, I would point out that the share issue we did, preferred share issue, was not something

in addition to what would have been. It was replacing another borrowing, or another issue. Another one would have been in the market had we not picked it up. The department very strenuously argues that there is no impact on our provincial taxes. We then get to the point where what we have to understand about our system, as I said, I believe last evening, we don't blame taxpayers for taking advantage of the laws the way they are.

Sometimes I think it's possibly appropriate for government to do these kinds of things so people see how these things work, No. 1. No. 2, I think it would be totally inappropriate for us to not do that kind of thing and not save that kind of money, because last year our saving as a result of that was fairly significant - I'm told it was \$8 million. That's more than the total advertising costs of government. Now they voted against that. If they had been in office, they could have shut down every single ad for a job, shut down every ad dealing with health problems in the province, every single ad dealing with environmental issues or labour issues or any other issue in the province and they still would have been behind where we are as a result of us having done what we did.

That doesn't mean we support this particular present law, but we will take advantage of the laws of Canada as they exist for the taxpayers of Manitoba and I think taxpayers would generally agree with that.

MR. B. RANSOM: Mr. Chairman, what we have here is the situation where the First Minister and the Government continue to criticize individual people, well-to-do people, so to speak, on their terms, for taking advantage of tax loopholes and of limiting the amount of tax they pay and in fact, in some cases, eliminating any tax, and that's exactly what they're doing.

This government is setting up a vehicle by which people could avoid paying tax. Anybody else would describe that as hypocritical for a government to condemn on the one hand, and to participate in that practice on the other hand. They condemn it on the one hand and yet enter into a contract with an individual that provides for after-tax compensation and then you have a member of the front bench stand up and condemn, say he doesn't agree with the very thing that his government has entered into.

The Minister has taken advantage of something that's there, of a legal opportunity to borrow money for the province, and many people would say that it was simply smart business for them to do it. Perhaps. But it also happens to be in conflict with the public position that the government is taking.

Mr. Chairman, the Minister says there's nothing to stop people and suppliers providing purple unleaded gas now. Has the department agreed to allow distributors of purple gas - I shouldn't say the "distributors" because that may have a specific meaning - but the retailers in the towns, to colour fuel in their tank trucks, for instance, because until the demand develops to the point where it pays them to put in storage, then it's very difficult for them to provide it; but it could be mixed in the tank trucks and provided that way, and I understand that used to be the practice in the past, with gasoline before. Has that provision been made?

HON. V. SCHROEDER: I'm told that while it may be that at some time in the past, that kind of colouring took place, departmental officials can find no evidence of that having occurred.

There is, obviously, a problem with respect to control. Basically, what we're dealing with is not service stations carrying the unleaded gasoline at the pumps, but rather taking it to the farms to bulk storage and I would expect that the demand will build up and the problem will resolve itself, hopefully.

MR. CHAIRMAN: The Member for Lakeside.

MR. H. ENNS: Well, Mr. Chairman, just to continue on for a moment on the matter raised by the Member for Turtle Mountain.

Firstly, I do want to assure the Minister and his staff that that, in fact, was a practice for a number of years where little packets of dye were provided to the bulk dealers. I can recall individual 45 gallon drums of fuel being so coloured — (Interjection) — But the reason why it's more important right now, this Minister, this administration has made a conscientious decision to encourage the use of unleaded gas through their taxation changes brought about in this last Budget.

I'm advised by bulk dealers that there is a problem for them. They simply don't have the storage capacity for, as yet, a limited demand. Yet, surely, if the Minister and the administration wants to encourage the use of unleaded gas as demonstrably indicated by their Budget measures, then it seems to me the department ought to provide every possible help administratively till all that policy be successfully carried out.

I'm advised by individual bulk dealers that are in my constituency, a particular dealer in Stonewall that, I believe, and I would ask this question whether or not the department has received requests from individual — I call them bulk dealers; there might be a different terminology used — to do precisely that. In other words, they have made representation to me and I'm sure to other members of the farm community that they are quite prepared to accept under whatever directions and terms and conditions that would, of course, have to apply to do the mixing, the colouring themselves under supervision of the Revenue Branch, but enable that way to provide what I think will be a growing demand for that product.

I think, Mr. Chairman, it's important that the Department of Finance do two things in this instance. Firstly, not to frustrate the acknowledgement that agriculture has received over the years for some tax relief on their already extremely high energy costs and to take full advantage of moving agricultural and producing agricultural products with a tax exemption that's been allocated to them legislatively over the years and, also, as the Minister in his Budget, I think, tried to show some leadership in, with respect to the use of unleaded fuel in the Province of Manitoba.

I think both aims can be achieved. The Minister is simply directing his staff to meet with some of the people involved that are distributing farm fuels and let them spell out to staff how it can be done in the most efficient manner and, yet, recognizing that there obviously have to be terms and conditions under which the bulk dealer is given the opportunity to do so.

The method that's been suggested by the Member for Turtle Mountain is the one that most likely will be used. The bulk dealers deliver tank loads of fuel to the individual farmers. We're not, to a much lesser extent, dealing with the old 45 gallon barrel. Farm fuel requirements are such that it's usually in lots of 500-1,000 or several thousand gallons at a time, enough to take advantage of the tax savings that have been traditionally provided to the agricultural community but, yet, not enough at this point, particularly with some of our smaller bulk dealers to set up the separate storage facilities. That may come sometime in the future, but even that is not possible at this time. So the question of availability of purple unleaded gas is really at the heart of the matter.

Mr. Minister, I say that this is even aggravated further by some of the pricing practices in the oil companies of late that have pricing wars in the more heavily populated urban centres where clear gas can be purchased in some instances cheaper than the tax-exempt purple farm fuel gas. The Minister is well aware of those situations. I'm simply suggesting to him that without too much difficulty, in my judgment, a means could be found, and surely that's our role not to set up barriers or find reasons why something can't be done. Our job is to find reasons how to do things.

The Minister has said two things in his Budget. He says he wants more unleaded fuel to be used in the Province of Manitoba and has discriminatorily taxed that way in his Budget. I don't think while he was saying that that he meant to say but I'm going to somehow reduce or lessen the opportunities, the taxing privileges that the agricultural community has had for many years with respect to agricultural production and the longstanding exemption of some provincial taxation on the fuels and energies that they require for that.

I think it's a question of getting together with the Minister of Agriculture, the Minister of Finance and just recognizing those principles and then asking his department to carry out the wishes of your own actions, of your own Budget and of your continuing commitment to allow farmers to, at least, keep some cap on their energy costs by enabling them to, in the first instance, make use of the new equipment that's coming out which more and more is being tuned to the use of non-leaded fuel and, at the same time, continue passing on to a sector that needs every legitimate support that it can get in terms of keeping costs down on the farm. The old cost-price squeeze in agriculture is as loudly talked about today as it was ever since I first came into this Legislature by making a relatively simple administrative procedure available that enables the bulk dealer to colour the fuel to the customers' requirements.

HON. V. SCHROEDER: Well, that sounds pretty reasonable. While the member was talking and suggesting that people get together and discuss this, I became aware that's exactly what we're proposing to the farm organizations, so it's one of those situations where no sooner said than done. I've got a copy of a letter here from the Minister of Agriculture to Bob Douglas of the Keystone Agricultural Producers, where he just goes over the problem as outlined by the member in similar fashion.

He says, "This problem is one that involves the oil industry, the farmer and government. In order to attempt

to resolve the issue we would recommend a meeting of all three parties to explore both short-term and long-term solutions.

"It would be our recommendation that representatives from the Prairie Petroleum Marketing Association be invited to represent the oil industry if a meeting is desired. If you wish to proceed . . . "And he gave the contacts and so on.

In another part of the letter he states, "While there may be no easy answer to the problem, as demand increases, an answer will undoubtedly be found. Officials in my department have been in contact with officials in the Department of Finance and we are prepared to work with farm organizations and industry representatives in an effort to find an acceptable solution."

So there is that kind of thing under way. I would hope that we would be able to solve it. It's not something that technically I can say is solved at this moment, but it's being worked on.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: While I fully support my colleagues who brought the issue forward, I just want to further place on the record some of the situations. This particular individual was an automobile dealer who had ordered in a substantial number of lead-free motors in the half-ton trucks. When farmers started to find out that they couldn't avail themselves of lead-free purple fuel, then they were somewhat sitting on the lot and that did not do anything to enhance the truck sales in that community.

So there's another question in this regard and I ask the Minister for his policy dealing with purchases of fuel from Saskatchewan, because in representing a riding in the southwest corner of the province there has traditionally been trading back and forth, people in Manitoba buying fuel from their Saskatchewan bulk dealers, and vice versa. It was freedom of choice.

With the abolition of the fuel tax in Saskatchewan and the government in Manitoba continuing with taxation policies on fuels, there's been a restriction placed on people buying fuel in Saskatchewan in bulk amounts. What is the current policy on that? Has the Minister assured himself that it is constitutionally within his jurisdiction to do so, to prohibit the trade that could take place between the Provinces of Manitoba and Saskatchewan?

What is the current policy dealing with the purchase of colour-free gas, particularly coming out of Saskatchewan? Are they prohibited from doing that at this particular time, in bulk quantities?

HON. V. SCHROEDER: Mr. Chairman, as I understand it, there is no coloured fuel available along those borders in Saskatchewan. The only colouring that goes on at the refineries in Saskatchewan is paid for by the Manitoba Government and that is shipped directly into Manitoba. So any other fuel that would come in would be taxable at the border and would attract the same tax in Manitoba that any other fuel would attract in Manitoba.

MR. J. DOWNEY: I appreciate that if it's going to be used for non-agricultural purpose, but if it's going to

be used for agricultural purpose, which does not have provincial taxation on it, what would be the reason for restricting that particular fuel? Is it because of the ability to police? Is that the reason? Because that has caused a considerable amount of difficulty for people who traditionally - there are farmers who live right on the border or very close to it - have bought from Saskatchewan bulk dealers and currently are not allowed to do so because of the Manitoba provincial tax inspectors and the warnings and the policies that have been presented to them.

I just would like the Minister to explain what his personal feeling is and his policy. I again ask the question as far as the free trade is concerned and the Constitution of our country, if in fact he is able to prohibit people buying clear fuel from Saskatchewan that is not taxed and used in the agricultural industry in Manitoba, which does not require the tax to be paid.

HON. V. SCHROEDER: Well, our act clearly states that any fuel that is uncoloured is taxed in Manitoba. Now, if people were to use that kind of fuel, it would be taxed; if they want to use coloured fuel that, of course, is not taxed.

Unfortunately the coloured fuel is not available in those border communities in Saskatchewan, but then it is the Province of Manitoba that has that differential between taxed and non-taxed. I don't know of any way out of that.

MR. J. DOWNEY: So really what the Minister is saying, if I understand him correctly, is that regardless of where they use it, whether they use it on the farm or if they use the clear fuel on the farm, they're expected to pay the provincial tax, even though the act says that they don't have to pay tax on farm fuel.

That, in a short term, probably does not do anything for the next point I want to make, in that in the short term of trying to avail the farmers with unleaded motors in their trucks using purple fuel or using fuel that isn't coloured, that the rebate system which I don't like - I don't like a lot of paperwork having to be made out and people sending in applications - but possibly in the short term the Department of Finance could consider a rebate system for farm trucks using unleaded clear fuel that possibly they could make application for the amount of fuel burned and the Department of Finance issue them funds.

I'm talking about on a short-term basis, so that it would accommodate these people that now have unleaded motors in their trucks and if that were possible, maybe the same consideration could have been given. Although I think it has worked its way out on the bulk purchases, people now have an understanding of what it is, although I again question the authority of the Department of Finance to stop the purchase of it. A farmer could buy a tank full and I think they would be subject to tax if they were to use it on the road, but I think there's reason to think that they should be allowed to get a rebate on it if it's purchased in Saskatchewan. It's just because the system can't handle it I guess that that was in place.

I'd like the Minister's response on the short-term rebate proposal that I've suggested.

HON. V. SCHROEDER: I'll pass that along to the Minister of Agriculture and officials. As the member

has indicated there are some difficulties with rebates. We were looking at that several months ago, six months ago at the height of the gasoline wars, as the Member for Lakeside indicated, when you were able to be taxed gas cheaper than untaxed gas and people were asking that some form of rebate be made.

Certainly some farm organizations indicated that they were not very thrilled with the idea of going back to the paper and so on, and the Department of Finance officials tended to agree that there were difficulties with that. But what the member is referring to now is a short-term solution to a problem which is peripheral to - maybe not peripheral - but it's not the largest portion of untaxed fuel used by any stretch of the imagination and it might be a short-term solution. Certainly I'll pass that along and see whether we can work something out.

MR. CHAIRMAN: The Member for Ste. Rose.

MR. A. ADAM: Mr. Chairman, just a question or two that I wanted to put to the Minister. We were speaking about fuel tax and tax exemptions on farm fuels. I know this has perhaps nothing to do with provincial policy, but we did talk about asking bulk dealers to have colouring where they would be able to colour fuel at the bulk plant. Now, I'm not sure whether that's an acceptable procedure with the bulk dealers, but I know that what I wanted to say is that it is not affected by provincial policy but the recent federal policy which removes some of the tax from farm fuels which, of course, was welcomed by the farm community - has created a headache, on the other hand, for the bulk dealers in that they are obligated to keep all kinds of records in that regard and anything that we do provincially in that direction, I hope that we do not impose more regulations and bookkeeping on the bulk dealers because they are already overburdened with having to keep records and so on. The recent policy change by the Federal Government has created some problems for the bulk dealers.

What I wanted to put on the record was we discussed the income tax reform and changes in the income tax laws at length yesterday that there were quite a number of exemptions and loopholes and legal exemptions. Just recently, there was an ad in the paper by one of the stock dealers or stockbrokers inviting people to write in and they would show them how to have an income of some \$43,000 per annum without having to pay any income tax. So we know that there are a lot of legal ways of avoiding taxes.

My real question was that from time to time, we do hear information of corporations being able to defer income taxes year after year after year, and I might mention, for instance, the oil industry. Information has come forward that some of the oil companies can go for years and years without paying any income tax because they can defer it under certain conditions. My question is, when this happens at the federal level, does that also defer the provincial portion of the tax and if it does, then what is the impact?

Now, a few years ago - I think four or five years ago - I think the figure of tax deferrals in Canada was around \$11 billion which would have probably wiped out the federal deficit. That figure now may be up to \$19 billion

in tax deferrals, which is done quite legally; those regulations are there. Of course, if it is, in fact, \$19 billion of tax deferral and if that money was in the Treasury, the federal deficit could be cut by more than 50 percent.

My real concern was, when there's a deferral at the federal level, does that also include a deferral at the provincial level and, if it does, what is the impact on Manitoba?

HON. V. SCHROEDER: Mr. Chairman, any deferral at the federal level does impact on the provincial level. I don't have the exact figures; I'll see whether we can come up with them. I suppose that's where one gets into philosophical arguments and so on about if we took that 11 billion or 19 billion and put it into the federal coffers and the extra would then go on to the provincial, that, of course, would mean that our books would look better and the corporate books would look worse and they would be out on the markets borrowing instead of us. Who knows what the effect would be?

I think that what we should keep in mind, though, is that that is happening and that we should understand that those kinds of things are making things more difficult for government. When the corporate sector, at the same time it is owing those kinds of deferred taxes to government, is attacking government for owing money, one tends to be a little bit skeptical of their arguments.

I wanted to indicate to the Member for Arthur that I've just been informed that at least several bulk dealers in Saskatchewan are licensed in Manitoba and, therefore, they do have the untaxed Manitoba fuel, the purple fuel. I don't know whether it ever entered into Manitoba; it could go directly from the refinery to them theoretically, but they are able to sell into Manitoba in that way and a possible solution to the problems of some of his constituents might be for other dealers who I would imagine would have the right to apply for the licence to - people are indicating yes. Other dealers might be interested in obtaining a Manitoba licence to sell fuel and that problem would be alleviated.

MR. A. ADAM: I thank the Minister for his response. I realize that that information is not available, but I appreciate that the Minister has undertaken to try and find the impact of tax deferrals on the province. I think it's important that we do have that information so that we can then make a rational judgment on what really the impact is on Manitoba, but until we have that information there's nothing much we can do. We know that it exists, but to what extent - that is the question. I think that would be information, it should be available to us and to the people of Manitoba so we know what impact these kinds of federal policies have on the province.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, no, I agree with the Member for Ste. Rose that we should have that information because I asked a similar question last night.

Really, what this does, this concentration on so-called deferred taxation or the 50 billion that the Auditor talks

about that's out there that isn't being collected, really misses the point, because if government wants to take money away from individuals or out of the corporate sector, they can. The real question is, what percentage of the gross national product should the government be spending and taxing away from individuals in the private sector? Those are the things that are really important and once you've decided what level you can live with and what level will balance off against the private sector functioning the way we want it to function or being crippled by excessive taxation, then you go ahead and design the system. In the meantime, to talk about the amount of money that's deferred in taxation or going through loopholes really misses the fundamental mark.

The first thing that a government should do is decide what kind of an economy they want to see function, whether they want to play a greater role and have the government taxing 40 percent or 50 percent and spending that kind of money that's generated by individuals and corporations, or whether they think it should be less than that.

A specific question again about gas tax situation. Are Saskatchewan-based construction operators working in Manitoba required to pay the Manitoba gas tax and, if so, what means of enforcement is in place?

HON. V. SCHROEDER: Any Saskatchewan-based organization coming into Manitoba with bulk fuel would be required to pay the tax on that fuel in Manitoba.

MR. B. RANSOM: The second part of the question was, what enforcement activity is in place? Are there in fact operators who are paying the tax now?

HON. V. SCHROEDER: Yes, we do have, sometimes referred to as the rat patrol, there are people out there doing the compliance work and indeed people are paying, where they're bringing in bulk fuel and I'm sure that, occasionally, there might be one who gets away with it, but we do our best.

INTRODUCTION OF GUESTS

MR. CHAIRMAN: Order please. Before proceeding, I would like to direct the attention of members to the gallery where we have standing a group of 16 students from History 205 in the Maples Collegiate. They are under the direction of Mr. H. Peters. The school is located in the Constituency of Kildonan.

On behalf of all members, I would like to welcome you here today.

SUPPLY - FINANCE cont'd

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: I'd like to make reference to a specific situation that the Minister may be familiar with. His staff will certainly be familiar with it. It's a situation where corporate capital tax was assessed against a company that was below the minimum level, below the exemption limits for taxation; but because one of the owners of that farm service corporation was also the owner of a farm corporation which is exempt from the

corporate capital tax, the government chose to combine the capital value of both of them and ended up taxing the corporation that was below the exemption limit.

I want to know how the Minister justifies putting an exempt corporation in with one that was below the exemption limit.

HON. V. SCHROEDER: Mr. Chairman, those provisions of the act dealing with related companies are the same for any set of companies that are related in the province, as I understand it, whether it's farm or non-farm corporations. It applies across the board and on occasion it does provide for some anomalies.

MR. B. RANSOM: Mr. Chairman, does that make sense, that a corporation that is exempt from taxation on its own should then be combined with another corporation to raise that other corporation up to the level where it's taxable?

HON. V. SCHROEDER: Mr. Chairman, that's the law that has been in place, as I understand it, since the corporate capital tax was introduced. That was in place when the member was in government.

On the face of it, it doesn't sound reasonable, but if you stop and think about it for a few minutes, maybe it's not that unreasonable in most circumstances. If you have an individual who chooses to split up corporations of which he is the owner or part-owner and thereby manages not to pay that particular tax, in either company, then you have a situation where that company or those sets of companies have an advantage over other companies which don't split up and pay the tax; and you then get into the question of is it fair to have people competing, one paying the tax and the other not paying.

MR. B. RANSOM: Perhaps I misunderstand it, Mr. Chairman, but are any farm corporations subject to corporate capital tax?

HON. V. SCHROEDER: Only family farm corporations are exempt, and if they would get into that kind of a relationship with another corporation, then they would not be exempt, as I understand it.

MR. B. RANSOM: I'll just say that I think that sort of situation is absolutely ridiculous and despite the bureaucratic niceties of it, it'll certainly be one of those things that we will want to change because the farm sector does not need to have that additional kind of burden imposed upon it.

Is sales tax applied to shipping costs, to mailing costs?

HON. V. SCHROEDER: Yes, Mr. Chairman, if it's part of the laid-down cost in Manitoba of something coming here from outside.

MR. B. RANSOM: And if it's in the province then are you saying that mailing costs are not subject to sales tax?

HON. V. SCHROEDER: That's right.

MR. B. RANSOM: With respect to the payroll tax, is that also . . . (inaudible) . . . working in Manitoba, but whose base is in Saskatchewan?

HON. V. SCHROEDER: Yes.

MR. B. RANSOM: And how does the government know, in fact, whether that tax is being paid?

HON. V. SCHROEDER: It's dealt with through our compliance staff. We keep an eye on permits being issued and so on and check to make sure that people are paying. And again, like any tax, there's occasionally someone who gets away without paying it for some period of time but hopefully we'll catch up with all of them.

MR. B. RANSOM: What's the situation with retail sales tax on construction equipment coming in from out of province and working in Manitoba?

HON. V. SCHROEDER: We charge . . . (inaudible) . . . 136 per month . . . inaudible . . . piece of equipment that is in here temporarily.

MR. B. RANSOM: An individual who buys a piece of equipment here to work for a short season, say for four months construction season, would be paying the entire sales tax. A person coming in from outside of the province would then only pay one-ninth of the entire sales tax.

Does that seem to be a sort of thing that allows Manitoba operators to be competitive against out-of-province operators?

HON. V. SCHROEDER: The individual, if he was in Ontario, would have paid 7 percent plus the amount that he has to pay here and in Saskatchewan it's 5 percent plus the amount that he has to pay here.

MR. B. RANSOM: Alberta?

HON. V. SCHROEDER: Alberta doesn't have a sales tax. Obviously there are advantages to coming from a rich province, but to suggest that we would move down to the same level, I don't know of anyone who has indicated to us that that's causing them a severe problem in terms of the competition with outsiders. It would be a severe raid on the Treasury.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. J. DOWNEY: Mr. Chairman, I want to get some information dealing with the current situation with the tax exemptions on the Mohawk Gasohol Plant at Minnedosa. Initially the province made an agreement with Mohawk to forego some of the road tax on gasohol produced in Manitoba.

I think, when I look back and see some of the things that have happened, both to encourage the use of non-renewable fuels and the fact that Mohawk have advanced quite a ways now with the mixture of ethanol - and I believe it's ethanol and methanol - they are now replacing lead, the lead that is used in the leaded fuels and is a tremendous reduction in the pollution factor that's being emitted into the air. I think it's a move forward. I think we should be proud and pleased we have the one plant in Western Canada.

What is the current status of the taxation policies of the government and is there any exemptions left as far as that agreement is concerned?

HON. V. SCHROEDER: Mr. Chairman, the spread is still there, unleaded gasoline is at 8 cents a litre; unleaded gasohol is now at 5.5 cents a litre. Actually we had arranged a schedule about two years ago pursuant to which there would have been less of a gap now than there still is. We chose to forgo the narrowing of the gap this year.

It's my understanding that there are some financial constraints out there. I would suggest to the member that it's the Department of Energy and Mines are the people who have been monitoring that operation.

As I understand it they're also considering going into another form of feedstock. They're in grain right now I believe and I think they're looking at - my recollection is trees - I don't have much information on it, but I remember a note coming from the Minister of Energy and Mines while we were going - (Interjection) - It's mostly corn now, as I understand it, but the change is that they're looking at, is into something that is less costly.

The Minister of Energy and Mines indicated when we were looking at tax changes that this was an area where he felt that it would be appropriate to leave the gap where it is now. We did narrow the gap a bit. I believe it started off at about 4 cents or 4.5 cents a litre.

MR. J. DOWNEY: I'm pleased the government saw fit to continue to leave a tax incentive there for them to continue to produce, because there have been some changes in the use of the ethanol that's produced, to replace the lead in fuel and I know it's going to be fairly receptive. I've been reading articles where the United States are continuing to advance the use of ethanol and methanol, a mixture to replace lead and it is environmentally more safe than the use of lead for the pollutants.

I would hope and if the Minister has any intentions of changing that taxation when he stands up again, ask him to indicate if he does, and if he doesn't, well that's fine.

There's another area that I'm interested in and it deals particularly with the petroleum - not necessarily the refined gases - but the production of oil in the southwestern area of the province was started and encouraged by bringing into line of the taxation policies of Manitoba with Saskatchewan and Alberta - that was in 1980 I guess, probably 1979 - taxation changes which encouraged a tremendous increase in the oil development in the southwest area of the province. I just noticed in today's press where there are Omega profits flowing from Manitoba oil finds and that came about because of taxation policies.

However after the election of the Devine Government in Saskatchewan, they wanted to get activity going and made some substantive changes in Saskatchewan which reduced the provincial taxation take on, I believe it was oil wells drilled, they had a honeymoon for at least one, possibly two years, they did not pay any provincial taxation and on deep wells, the more expensive wells to drill - and I think there's a honeymoon for something like five years that they don't have to pay any provincial taxation.

That has encouraged a lot of oil companies that were doing work in the southwest area of the province to

redirect their investment and their interest into Saskatchewan.

What is the Minister's position or feeling on a further reduction for new oil development in Manitoba? Has he looked at it or is he considering any changes that would re-encourage other companies to come back into the southwest region or the western region of the province to increase their drilling activity? As he and the Acting Minister of Energy and Mines yesterday indicated, the record sales of leased properties for oil development, by their own admission, is continuing to be productive for the province. Has he any intentions of bringing into line again our taxation policies with Saskatchewan to re-encourage other companies to come to the province?

HON. V. SCHROEDER: Just first, on the first Issue of gasohol, certainly we would like to see that industry thrive and grow. We have not made any decisions as to going either way with the exemptions, but before we would make any of those decisions we would talk to the company again. Both the Minister of Energy and I have met with company officials in the past, as I'm sure members did when they were in office.

With respect to taxation policies in the oil area. Basically, the lead Minister on that is the Minister of Energy and Mines. As I understand it, at this time it appears that the industry is moving in a rather satisfactory manner in Manitoba and I would not think that we would need to make any changes to encourage more activity based on what's happening there now. It may well be that some people have moved back to Saskatchewan. If we move a notch below Saskatchewan, we might get a few coming back. I'm not sure that would make up for the loss in revenue, but I think the member would probably get a more in-depth reply from the Minister of Energy and Mines who is certainly more up-to-date on all of the activities down there than I am.

MR. J. DOWNEY: I will plan to do it during the Estimates of the Department of Energy.

Is there a taxation charge on the pipeline that's been recently installed in southwest Manitoba? Is there a provincial pipeline tax that is imposed on the product that flows through it?

HON. V. SCHROEDER: No, but that's a thought.

MR. J. DOWNEY: Mr. Chairman, I was not aware. I'm not sure whether there is on the Interprovincial pipeline a federal tax on it or not, I'm not sure. I just wondered if there was.

Yes, I felt that, but seeing as the province is involved through their Crown corporation, I wonder if they would be treated the same as private owners. So the Minister is considering it?

HON. V. SCHROEDER: Yes, they would be treated in the same way as any other. We don't tax TCPL either to my knowledge.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: What's the net return now from the payroll tax when one considers payments going back

to municipalities or to anyone where there's a refund made?

HON. V. SCHROEDER: We're expecting approximately \$116 million in revenues from the Health and Education Levy. We'll try to get the costs if the member was wanting to know how much the collection has cost, I believe we have a staff of 40.

There are grants going to municipalities and school boards and so on for approximately \$13,600,000 which were initiated in, I think, 1983.

MR. B. RANSOM: How much of the payroll tax would come from publicly-supported institutions like hospitals and personal care homes and universities?

HON. V. SCHROEDER: We don't have that information readily available; we'll try to get back to the member on that. As I understand, though, the overall federal contribution is somewhere in the range of one-third if you look at their direct and indirect contributions including payments by the Crown and a variety of Crown corporations and the reductions from taxable income resulting.

MR. B. RANSOM: Well, I would like to have some estimate if possible to get as to the amount of money that came back in that tax that is, in effect, coming out of the other pocket of the taxpayers. It's a very substantial amount of the provincial Budget that goes to support outside institutions and, of course, their labour component is extremely high and so there's probably a pretty substantial amount of money there. So I would hope that the Minister could provide us with some estimate of that.

HON. V. SCHROEDER: Yes, we'll certainly try to do that. I think it would be interesting to see. I'm not sure that it is as large a proportion as the member might believe when you consider that we've already got a large number of public institutions that view the grant they receive as offsetting.

MR. B. RANSOM: I'm not sure that I can appreciate the last point that the Minister made. It may be, in fact, what I'm interested in when he says that the grant offsetting it, that's part of what I want to find out; how much of the tax is covered by offsetting grants?

Unless any of my colleagues have any questions on the taxation, it concludes the questions on that area.

MR. CHAIRMAN: The Member for Kirkfield Park.

MRS. G. HAMMOND: I just wanted to ask one question. Does the City of Winnipeg get a grant in lieu of taxes that covers the whole at 1.5 employment tax?

HON. V. SCHROEDER: Mr. Chairman, there's a grant for local government general support which is based on approximately, what is it, 1.55 percent of the previous year's payroll? It's in that vicinity, 1.55 percent of the previous year's payroll.

MR. CHAIRMAN: Item 4.(a)(1) to 4.(d)(2) were each read and passed.

Resolution No. 71: Resolved that there be granted to Her Majesty a sum not exceeding \$7,482,100 for Finance, Taxation Division, for the fiscal year ending the 31st day of March, 1986—pass.

Item 5. Federal-Provincial Relations and Research Division (a) Economic and Federal-Provincial Research Branch: (1) Salaries - the Member for Turtle Mountain.

MR. B. RANSOM: Could the Minister outline for us what position he's going to be taking with respect to equalization, negotiating the upcoming change in The Fiscal Arrangements Act?

HON. V. SCHROEDER: I have not had the position the province will take approved by Cabinet but I would expect that it would be similar to the position taken by previous governments and by ourselves in the past that there should be appropriate measurement overall of the various provinces' capacity to raise revenue; and it might be updated some from where it was five years ago. I believe there are 36 or 39 indicators. They may be . . . (inaudible) . . . but whatever way it is, it should be done on the basis that we would get the best measurement possible of the fiscal capacities of the various provinces.

We should have a standard that includes all 10 provinces and there should be equalization up to the average, as indicated in the Constitution of Canada and we believe that is a very very important component of keeping this country together.

We are a huge nation, geographically. We have many diverse interests; we have regions of the country that just simply have no connection with the other in trade or in many other ways; and we have government policies that can very dramatically impact on the different regions. Federal Government policies can affect agriculture positively or negatively. They can affect the cost of purchasing cars in Manitoba positively or negatively; they can protect manufacturing in Central Canada or they can put us in a position where manufacturing can be weakened in that area or anywhere else.

They can decide on where government will expand its programs and where it will pull back and you can go down all of those roads. If you look, for instance, at unemployment in the Ottawa region it's simply not a problem and it wasn't a problem. It never suffered the recession that other regions of the country did.

So some regions get benefits that others don't get from the way the rules are laid down and this is basically the glue that keeps Confederation together. It is very very important to us; I believe it's very important to most of the other provinces. Most of the other provinces support the principle of equalization strongly.

The only province that seems to be having some doubts about it is British Columbia which, as usual, believes in the survival of the strong and the elimination of the weak, as they are demonstrating right now with their attack on the education system and so on. We don't believe that is the kind of country that Canadians want to see developing so we believe that it's very important that we get equalization back into a position where it is more fair than what it is right now, because it's not fair now.

We believe that it's simply unacceptable that a province, whose need for equalization is growing, should

have reductions in equalization. Just several years ago, Moody's Vice-President, Freda Ackerman, when she was in Halifax was discussing equalization. That was at a time when equalization was high up there in terms of public profile and the Province of Manitoba was one of those who was in the forefront in arguing against the new formula that was unilaterally imposed by the Federal Government and she said in her speech and I'm quoting: "Despite the concerns expressed by provinces during negotiations with the Federal Government, equalization payments over the life of the present five-year agreement seem likely to stay above prevailing inflation rates."

That was several years ago. She of course now realizes that for Manitoba that was nowhere near being the case. For Manitoba in this current year, we're in the vicinity of 10 percent below inflation from '81-'82 over the same period. Had her prediction come true we would be, of course, over the \$500 million area, just at the level of inflation. Of course, for next year it gets worse because there's another 5 percent drop for Manitoba, that current figures to \$432 million which means that we're going to be below inflation again considerably. Well we start off being 10 percent below. With that drop we're going to be considerably below again, plus there will be some inflation next year which has to be added on, so we're probably going to be in the vicinity of 15 percent or 20 percent below inflation, so those kinds of predictions simply didn't come true.

The expectations that some people had didn't come true and we have to get back, we believe, to a system that will treat us fairly. We will be very strong on the point that it would be completely unfair to be looking at the new formula and starting the provinces off at the levels where they now are under the old formula, not recognizing that the old formula didn't deliver to provinces like Manitoba and the end result, what had been indicated in the first place.

MR. B. RANSOM: Out of all that, Mr. Chairman, is the Minister just simply saying that they're going to seek the 10-province average that includes all revenue sources?

HON. V. SCHROEDER: It would be certainly an excellent objective, yes.

MR. B. RANSOM: I believe the Federal Government publishes - publish may not be the right word - but prepares information concerning the revenue-raising capacity of each province and provides that to the province. Can the Minister indicate to me where Manitoba stands on that scale of revenue-raising capacity, and can he provide me with some of that information, either a summary sheet for a year or whatever the representative period of time?

HON. V. SCHROEDER: Well, Mr. Chairman, the Federal Government has on one occasion, I believe, attempted to provide some justification for what they did to Manitoba in a terribly unfair way. It is a justification that we do not accept as a justification, based on measurements that are not complete, that simply is one that we feel is inaccurate.

I would suggest to the member that probably the best independent backup to our arguments on

equalization is the recent book published by Thomas Courchene, where he deals to a considerable extent with equalization and argues, as we have, excepting of course that he's not a Manitoban, where he argues that the effect of the attempt to exclude Ontario from equalization during its downturn was to very unfairly discriminate against Manitoba. That is precisely the argument that we made throughout; that is our position.

We're looking for the best measurement possible, a true measure that would include all revenue sources. We believe that if we had something like that we would be satisfied.

MR. B. RANSOM: Does the Federal Government provide the provinces with estimates now of the revenue-raising capacity of the provinces, at least for the items that go into the equalization formula today?

HON. V. SCHROEDER: Mr. Chairman, I remember seeing a sheet where we had the listing of a variety of components. I believe it was from the Federal Government. I will check on it. It was I think about five or six months ago that I saw something like that, but I'll check on it.

MR. B. RANSOM: If I could just ask the Minister that when he answers his questions, if he would speak up a little bit, because the sound system seems to be dead here.

I would like to make reference to a publication of last October that the Department of Finance put out. In Table 8, there is shown a 10-province standard. I would like to know what the standard is. Is that a standard that has been developed by Manitoba? Is it one that has been developed nationally? What components go into it?

HON. V. SCHROEDER: Mr. Chairman, I guess the answer is, yes and no, in the sense that we are using the same indicators as are used currently on the five-province average. We are saying that what we need is a 10-province average. Those particular indicators in that form have not been used in the past, because there were several indicators added on as there are every time we have a new five-year arrangement.

I think we've had this discussion in the past. There was a suggestion that resource revenues were always capped. That, of course, isn't historically the case; they were not capped in the early '70s.

MR. B. RANSOM: Then I'll go back to my earlier question. Where does Manitoba stand relative to other provinces on this 10-province standard that the Minister refers to in his publication? Secondly, are the indicators of revenue-raising capacity published or prepared and distributed to the provinces dealing with all of the items used in this 10-province standard?

HON. V. SCHROEDER: The answer to the second question is, no. We don't know of any federal publication.

On the first question, it's our calculation that we're about \$200 million short of the average.

MR. B. RANSOM: I know that, Mr. Chairman, but that isn't my question. I want to know where Manitoba stands

relative to the other nine provinces, and the Minister is indicating to me that the Federal Government doesn't prepare a spread sheet showing the revenue-raising capacity of each province for these 30-odd revenue items. I wonder then how these figures have been prepared. How does Manitoba know what their revenue-raising capacity is, and how do they know that it's 200 million short of the national average if you don't have figures for the other provinces?

HON. V. SCHROEDER: Mr. Chairman, we know our numbers, and we know the overall across Canada, but we don't have the breakdown for the individual provinces. So it's not a difficult calculation to make.

MR. B. RANSOM: So the Minister is telling me then that he doesn't know what the figures would show for Saskatchewan, for instance, or Ontario or for Quebec. He simply knows the total for all of the provinces, and he knows Manitoba. Have they ever asked for the others? Is that not relevant to putting together an argument to justify Manitoba's request for equalization?

HON. V. SCHROEDER: Mr. Chairman, the consultations with respect to the next set of negotiations are starting later this month between officials, and those are the kinds of questions we'll be asking for the next set of negotiations.

But in terms of the overall, it will not change the fact that we're still the \$200 million below the national average. If you divide the whole thing up among all 25 million citizens of Canada and calculate out what our revenue-raising capacity is here based on an average taxation level, it will still remain the same. That doesn't mean we shouldn't look at what other individual provinces are receiving, and what effect this kind of thing would have. That is something that certainly we will do during the negotiations and, hopefully, we'll get the information. But that does not negate the fact that to the best of our knowledge these are the numbers that apply to us in terms of our position vis-a-vis the national average.

MR. B. RANSOM: Mr. Chairman, I never questioned that. I never questioned whether Manitoba was \$200 million short of a national average. I was simply trying to find out whether the government has information and whether he could make some of that information available to me. That's what I am interested in.

I didn't specifically want to enter into a debate about the sort of equalization formula that we should have, because I think this information has to be available before one can make the case because I think it is relevant where they all stand. If it turns out that there are only two provinces above the national standard and eight below it, the national average, then that puts quite a different picture on it than if there is five above and five below. I think there would be a much stronger case to be made then for a national average.

I think that this information is fundamental to putting together a case for Manitoba. I would hope that the province would ask for it, and I would hope that if they are able to get it, that they could make it available to us.

HON. V. SCHROEDER: I think that is a reasonable request. I was speaking louder not because I was trying

to get into an argument but because the member was having difficulty with his hearing equipment.

MR. CHAIRMAN: Item 5.(a)(1)—pass; 5.(a)(2)—pass; 5.(b)(1)—pass; 5.(b)(2)—pass.

Resolution No. 72: Resolved that there be granted to Her Majesty a sum not exceeding \$1,099,800 for Finance, Federal-Provincial Relations and Research Division, for the fiscal year ending the 31st day of March, 1986—pass.

Item 6. Administrative Policy/Insurance and Risk Management, (a) Salaries - the Member for Turtle Mountain.

MR. B. RANSOM: I only have one question in this area, Mr. Chairman. It says that they give advice to certain Crown corporations with respect to Risk Management.

I wonder if they have given any advice to MPCIC about entering into insurance schemes that end up with them covering things like the Pope Paul disaster and loss of citrus fruit crops because of frost and other international disasters that most people in Manitoba would think that we have no business to be insuring.

HON. V. SCHROEDER: No.

MR. B. RANSOM: Maybe you should.

MR. CHAIRMAN: 6.(a) to 6.(d) were each read and passed.

Resolution No. 73: Resolved that there be granted to Her Majesty a sum not exceeding \$539,700 for Finance, Administrative Policy/Insurance and Risk Management, for the fiscal year ending the 31st day of March, 1986—pass.

Item 7. Tax Credit Payments - the Member for Turtle Mountain.

MR. B. RANSOM: I understand that the government has looked at the possibility of making some changes in this area.

Does the Minister care to comment as to any possible adjustments that might be made here in the analyses that have been made?

HON. V. SCHROEDER: Mr. Chairman, there is not an extensive review under way. There is always an examination of the programs, but there are no anticipated changes at the moment.

MR. B. RANSOM: I believe I am correct in saying that I recall seeing the Minister either quoted or paraphrased in a newspaper some months ago about saying that this was one area that the government was looking at in the preparation of budget and I was wondering whether they have done any new up-to-date analysis of who is receiving these tax credits, the general distribution of them, and whether or not that information could be made available to members on this side.

HON. V. SCHROEDER: Yes, Mr. Chairman, there was some preliminary analysis done, and I am advised we can put something together to provide to the member.

As I am sure, when he talks to the public, there are always examples given of where there could be changes

made in programs. We were given some examples that we did hunt down. They seemed like reasonable proposals, and they were reasonable proposals, but there were also some difficulties with them, such as attempting to deal with people's credits on the basis of residence and so on; and we can have some problems with the ability to keep the system operating in such a way that people who are entitled to the credits get them and people who are not, don't.

MR. B. RANSOM: Is the Minister prepared to provide that analysis to us?

HON. V. SCHROEDER: Yes, Mr. Chairman.

MR. CHAIRMAN: Item 7.—pass.

Resolution No. 74: Resolved that there be granted to Her Majesty a sum not exceeding \$198,400,000 for Finance, Tax Credit Payments, for the fiscal year ending the 31st day of March, 1986—pass.

Item 8. Local Government General Support Grant - Mr. Minister.

HON. V. SCHROEDER: Mr. Chairman, I just want to say that there was a question asked earlier as to the proportion of payroll costs covered by the Local Government General Support Grant, and it is 1.55 percent of the previous year's payroll for any given municipality in the province.

MR. CHAIRMAN: Item 8.—pass.

Resolution No. 75: Resolved that there be granted to Her Majesty a sum not exceeding \$13,600,000 for Finance, Local Government General Support Grant, for the fiscal year ending the 31st day of March, 1986—pass.

Item No. 9. Public Debt (Statutory) - it's a statutory item - the Member for Turtle Mountain.

MR. B. RANSOM: Well, I think we have largely discussed this earlier on, Mr. Chairman. I just want to put on the record, though, that as we are at this item, we came to the conclusion last night that in addition to this \$263 million that shows here as the Debt Servicing cost, that one has to add the \$36 million that is being paid to Manitoba Properties now for the rental of government buildings.

So what unfortunately we now have is a line in the Estimates, and I would assume a line in Public Accounts, that does not really tell Manitobans anymore what the cost is of servicing their debt.

So I would certainly want to suggest to the Minister of Finance, although I realize that he may very well not be preparing the next set of Estimates, but if they don't call the election before the next set of Estimates is prepared, then I think there should at least be a footnote here saying that whatever cost it is that's going out for the rental of those properties be noted here as being part of the cost of servicing the debt. Because when one looks at it now, you think, gee, it's not bad; it's only gone from \$253 million to \$263 million; and actually it's not up 10, it's up 46. I point out once again that the debt-servicing cost when the NDP took over, was about \$114 million. It's now \$300 million some four years later. That's a growth of over 160 percent

while the provincial economy in real terms has been growing at about 5 percent. I think it should be evident to just about everyone that that kind of proportionate growth cannot continue for very long.

MR. CHAIRMAN: Any further comments on Item 9? Item 10. Hydro Rates Stabilization (Statutory) - another statutory item - the Member for Turtle Mountain.

MR. B. RANSOM: What are the projections for the next, say, four or five years, or are there projections in terms of what these payments might be? Is there any prospect that it would turn around, and that the government would actually get payments back from Manitoba Hydro?

HON. V. SCHROEDER: The existing stabilization is, of course, on existing loans. Any new loans, as I believe the previous government did as well, simply put into Canadian dollars if they weren't Canadian dollars, and charged the Canadian dollar interest rate that would have been applicable at that time, leaving us some room for the possibility of certainly on new issues to make a profit, assuming that the exchange rates don't go against us to a larger extent than we have a benefit in the reduction in interest rates.

But we don't currently see for loans that were incurred before this policy came into place any likelihood of a reversal over the next five-year period, so that we would be benefiting from that. Certainly we do benefit slightly from some of the existing loans that have been made over the last number of years since the policy was in place in instances where the exchange rate has not gone against us to the same extent as the interest rate was working for us.

MR. B. RANSOM: Are there projections of what the costs would be in future years?

HON. V. SCHROEDER: No, Mr. Chairman, not beyond the current year.

MR. CHAIRMAN: Item 1.(a) the Minister's Salary - the Member for Turtle Mountain.

MR. B. RANSOM: I just want to put a few brief comments on the record once again, Mr. Chairman, to register our extreme concern about the government's management of the fiscal affairs of this province and to point out once again that the government expenditure has been far exceeding the growth of the provincial economy; that the government's take in revenues, in increasing taxation has far exceeded the growth in the economy; and that, of course, the costs that Manitobans are paying to now carry that debt has increased at over 160 percent in four years. That trend is one that cannot be continued for an extensive period of time.

I know the Minister is fond of going back to a speech I made in 1982 and quoting part of it, where I warned the government that they would face a deficit of \$800 million to \$1 billion if they did not either get expenditures under control or have massive increases in revenue. I acknowledge that the government has made some effort to bring expenditures under control, because their expenditures in the last year or two have certainly not

been at the level that they were in the first year or two. If they had continued at that level, of course, we would have been looking at a deficit in the range of \$800 million to \$1 billion a year. I think even the Minister of Finance realizes that that cannot continue.

But it is obvious that the present situation cannot continue either. Either this province has to see some increased economic activity that generates more revenue, or else the government is going to have to reduce its expenditures to fit more closely with the revenue that the government has.

We don't need any further indication of that than the fact that the credit rating was just reduced again by one of the rating agencies. Despite whatever kind of favourable information, favourable interpretation of statistics that the government can place on what is happening, the inescapable fact is that the credit rating has been reduced because there is concern about the direction that fiscal management is going in this province. I think that the government has to face up to that to a greater extent than they have been now, especially since we are going to be embarking on at least a \$3 billion investment for Manitoba Hydro development where even the slightest change, the slightest increase in interest rates that the government has to pay on the money it borrows, can mean hundreds of millions of dollars.

I pointed out yesterday how a change as small as 15/100's of 1 percent compounded, assuming a basic rate of 12 percent over 12 years on \$3 billion represents an additional cost of over \$120 million. So any change in the credit worthiness of Manitoba is significant, very significant in the long run.

Just one other comment that I would like to make, Mr. Chairman, and I don't particularly like to make this kind of a comment because I don't like to comment very much on individuals. I prefer to comment on their actions. But I have been struck this time going through the Estimates how, after four years, that the Minister doesn't have an especially good grasp of some of the issues. He is quite capable of standing up and entering into rhetorical debate, but the Minister has not to me demonstrated a good grasp of an understanding of his department, and he has not demonstrated to us that he really understands the fiscal situation that the Province of Manitoba finds itself in.

I would think that the Province of Manitoba deserves to have someone in charge who has a full appreciation of what's happening in this province, and that individual would be more forthcoming in explaining to the people of Manitoba what is happening.

I have said many times that in the area of Finance especially, I think it's absolutely critical that the public be given accurate information and be given an opportunity to understand what is happening, because I think it's only through some public understanding of the facts about the fiscal situation of the province that any government will be able to act in a responsible fashion and expect to have some public understanding of that sort of responsible government.

HON. V. SCHROEDER: A couple of points, first, it's nice to hear from the member opposite finally an acknowledgement that the province has been controlling its expenditures. He can say what he likes

about our first two years; the facts speak for themselves. In his single year as Finance Minister, he increased expenditures by more than we ever did in a single year, percentage-wise. So his attack on us attacking the Treasury rings fairly hollow.

The suggestion that somehow spending a lesser amount of an increase during the worst recession since the Depression is irresponsible when it's okay to spend a greater increase before the recession is something that does not go down very well, I do not believe.

He acknowledges that we require either more economic activity or something else. I don't remember whether he suggested more taxation or reductions in expenditures in order to bring the deficit down. That's obviously true. He acknowledges it, but he doesn't go the next step. He doesn't make the breakthrough that I was waiting for when his leader got up the other day at that fund-raising meeting and said he was going to tell the truth. That's what Manitobans wanted, the truth about our economy. He goes that far, but he doesn't come into the world of reality and say what it is that they would do different.

They have some peripheral stuff, some of the icing on the cake. The Health and Education Levy, they would take off, that's what he says. But they won't come in with any specifics; they won't do that. That's coming into the world of reality where they don't want to be.

The member suggests that I should have a greater grasp on the technical issues in the department. He's asked some fairly obscure questions about issues that if one wanted to delve deeply into one would never see the forest. He keeps looking at some small tree somewhere, hoping that it's dying, and expects that I am going to be spending my time in obtuse corners rather than dealing with the general broad brush of where we're heading.

I'm sorry, I am not prepared to be an administrator who is out there doing all the detailed work. We have administrators who are paid for by the public to do those things. Those people are there to do those things; I am here to provide general policy direction, along with Cabinet. I will not get involved in any kind of situation where I become a second-guesser for the administration on general policy details.

Last evening, I wanted to raise one issue that I couldn't get a hold - well, not raise an issue, but we were discussing the taxation system. That's an issue that the member did not raise in dealing with how to wind up getting out of our deficit situation that we all acknowledge is something we would like to do. We would like to move down in terms of our deficit.

We have been saying for a long time that we need tax reform so that people earning similar amounts of income are paying similar amounts of taxation. We want fairness in the system. We don't believe that the system is fair when we have thousands of Canadians earning above-average incomes, not paying income taxes.

We're not alone in saying this anymore. A few years ago, we were the only province talking in those terms, but during the federal election campaign we had a man who wanted to be Prime Minister saying, I will tax the rich handsomely. He came on board; Turner came on board.

You will recall just a couple of years ago, I suggested in this House when I delivered a Budget - it's a policy matter, not some administrative issue - that I didn't

want to introduce the Health and Education Levy, that I would have preferred the tax on total income as shown on the bottom of Page 1 of an income tax return. I was turned down by the Federal Government.

I recall the things that members opposite said at that time about that kind of tax. Now their compatriots in Saskatchewan have introduced it, slightly modified but not because of their choice.

I want to read a little bit out of the Saskatchewan Budget, because I think they make some points that we have been making some months and some years ahead of them. I'm quoting from the Saskatchewan Budget: "Provincial revenues from personal income taxes are collected on our behalf by the Federal Government through the national taxation system. Compared to the original estimate made by the Federal Government about one year ago, the income tax base for all provinces including Saskatchewan has fallen \$3.9 billion. These re-estimates have cost Saskatchewan \$130 million.

"This dramatic decline in revenues is another piece of evidence that the Canadian income tax system is in need of a major overhaul. There is a growing perception that the personal income tax is no longer fair. In particular, people with high incomes are able to take advantage of tax avoidance mechanisms, such as tax shelters and deductions from income which are not readily available to all taxpayers."

It goes on to refer to the number of Saskatchewan people not paying tax and so on. "As a result, the tax system now exhibits a number of serious flaws. The system is widely perceived to be unfair due to the loopholes created by successive, overlapping exemptions and concessions which allow some people to escape paying their fair share."

They go on further down: "A movement to replace the current income tax system would require the following modifications: the elimination of questionable tax shelters such as films, frontier oil drilling funds, apartment buildings and yachts; the reduction of the number of allowable deductions from income to a few essential categories; and measures to ensure that an element of progressivity is truly provided in the system."

I believe those comments are reasonable comments. The comments are quite similar to what we have been making for some time. In fact, the Member for Turtle Mountain was taking some time to suggest that we should have said some well-to-do Canadians, but notice what the Minister of Finance for Saskatchewan said: "In particular, people with high incomes are able to take advantage of tax avoidance . . . "It doesn't say some people. It doesn't say all people, any more than our Premier did, basically using the same terminology.

So if there is some attack on the wealthy, it is not an attack on the wealthy by the Government of Manitoba alone. Some of their Tory compatriots are in agreement with us. I am pleased to see that another government is talking in terms of tax reform and talking in terms of making sure that there is progressivity in the taxation system. But that is something that has been totally avoided by this opposition in terms of looking at how we can deal with with our current difficulties.

MR. B. RANSOM: The Minister of Finance has that remarkable knack to spend about 90 percent of his

time talking about things that are largely irrelevant to the question that is being put.

Mr. Chairman, what this Minister of Finance can't seem to accept is the fact that under his management, the debt of this province that people had incurred over the entire history of the province for a direct government programming has gone from \$1.34 billion, they have increased it by over \$1.8 billion in only four years. They took over a deficit at \$251 million, which they said was approaching unmanageable, and in one year they incurred a deficit that was larger than all the four years of the Lyon administration.

During the four years of the Lyon administration, the capacity of Manitobans to service their debt was increased. They were better able to handle the debt and the deficit when we left government than when they took over.

What we have from this government - and it's not nonsense, Mr. Chairman - if this Minister of Finance is ever prepared to deal with facts, which he seldom is prepared to do, then he will find that is fact; that as a proportion of the gross provincial product and as a proportion of the income that the government has, they were more able to service the debt when we left office than when we took over. And over our four years in government, we spent no more, we had no larger increase in spending than there was an increase in the growth of the economy.

What we have under this government is spending that has grown over four times as fast, in real terms, as the growth of the provincial economy. That's under this gang of incompetents that were going to turn around the provincial economy.

They talk about recession. How long is the recession going to last? The rest of the country is recovering from recession. We are now finding that Manitoba is slipping into the situation where for several months now Manitoba is going against the national trend. We are worse off in employment than we were a year ago, whereas the rest of the country is improving. That's the kind of legacy that people are getting from this government.

We have a situation now where the bond rating agencies are reducing our credit rating. One of them has reduced our credit rating; another is looking at it. It would not surprise me at all if you see the same thing happen again as they undertake a \$3 billion development and we get our credit rating knocked down because of the fiscal mismanagement of this government.

What this province needs is a change in government so that we can get back to having a government that is not anti-business. For years, under the this administration, they kept saying we are the friends of small business, and they co-opted them into attending conferences and saying nice things about the government, that the government listened and everything else. Well, after three or four years, they are coming to realize that this is an anti-business government because of the taxes that they have put on, because of the labour legislation they have put on, because of the reaction that they get from the bad-tempered Minister of Finance when he goes out to talk to them and someone says something that he doesn't agree with, he gets mad.

He says it's absolute garbage when the president of the Chamber of Commerce says that there are

companies that are thinking of leaving Manitoba because of the anti-business attitude of this government. They are only friends of small business when they can get something from them, when they can get them to say nice things about the government. When they don't agree with it, then the Minister of Finance says it's absolute garbage. That's what this government thinks of business.

This is where the province is going; this is why Manitobans are paying another \$310 million of increased taxes this year; because the private sector is not able to perform under this government. They have been popping up economic activity in this province by borrowing money; that's why we have got another \$1.8 billion of debt; that's why next year Manitobans are going to have to pay over \$200 million more just to service the debt.

This Minister of Finance has the gall to stand up in the House and be critical of British Columbia and say that British Columbia has an attitude towards government that says only the fit should survive and that the weak should disappear.

What B.C. doesn't like is that kind of snotty approach from another government. They are getting sick and tired of the Government of Manitoba condemning them for their kind of government at the same time as they are contributing payments to equalization. They don't appreciate the fact that the Government of Manitoba is the recipient of hundreds of millions of dollars of equalization while the government of B.C. is not. Their approach is that they will govern their province and Manitoba can govern theirs; but if Manitoba is going to be receiving equalization, then they shouldn't be condemning another government.

I agree that one province should be governing themselves and they don't need to be commenting and attacking another government. That's the way it used to be in Canada; we didn't used to have people going from one province to another to campaign until Ed Schreyer started to go across the country and campaign in other provinces. There used to be some civility between governments of provinces. It didn't matter what political stripe they were. But that day ended with the Schreyer Government and with Dave Barrett and it's being carried on under this government.

Mr. Chairman, this Minister talks about fairness. He talks about fairness in taxation, and then his government turns around and acts in a hypocritical fashion by participating in schemes that allow people to avoid paying tax; exactly the kind of thing that they're going to go out on the hustings and attack well-to-do Canadians, well-to-do Manitobans for, for avoiding taxes.

This government comes in, enters into a scam to set up a corporation that they can sell the government's buildings to, buildings that the people of Manitoba already own, they are going to sell it to that corporation and they are going to be able to borrow money that some taxpayers somewhere else are going to have to pay because they are participating in exactly the kind of thing that they condemn. They are going to go out on the hustings and try and sell that kind of hypocrisy. Well, it's not going to sell because we'll be there to tell them that what this government says and what they do are two different things.

We have a government that is prepared to enter into contracts with employees of a Crown corporation where

they pay after-tax compensation. Do you think that the public is going to appreciate that? That they will understand the First Minister, a Minister of Finance and members of a government who talk about tax fairness and tax loopholes? Do you think they will understand that the government has entered into a contract that pays someone \$150,000 to \$200,000 and they are going to pay part of that in after-tax compensation? At the same time — (Interjection) — oh, it's the board of directors that approved it now? The First Minister stood in this House last week and said that a Minister had to approve it.

We saw this little game of pass the hot potato back and forth. I asked the First Minister who was going to be responsible for approving these kinds of contracts. Could boards of Crown corporations enter into any type of compensation agreement they wanted? The First Minister said no, it had to be approved by a Minister. I said what Minister was responsible? He indicated the Minister of Small Business Development. The Minister of Small Business Development stood in his seat and immediately passed off the buck to the Minister of Energy and Mines. Now the Minister of Finance is trying to tell us, and the Minister of Small Business Development, that they are not responsible for it, that it's the board of directors of Manfor who are responsible for it.

Well, who is in charge of this government? Who is running these boards of directors? Is anyone in charge of this government? Is it any wonder that we are running up the kinds of deficits we do?

The corporation was losing \$24 million the year before last. If the Minister ever tables the annual report for last year we'll probably find that it's losing another 12 million or 13 million in that period of time, and he's going to tell us now that they're not even taking control, that the Board of Directors is in charge of what's happening. Is it any wonder that the credit rating of the province is being knocked down and that the debt of the province is going to where it is.

The Minister of Finance sits through his Estimates and virtually can't answer a single question without having to go to his staff to get it, and he says, well, these are obscure pieces of information that the critic wants to have. They happen to be some pretty fundamental pieces of information, but we've got a Minister of Finance who, last year and since, doesn't want to project more than a year ahead.

Maybe if the Minister of Finance would look at some of this so-called obscure information, he'd be able to plan a little more than a year ahead and maybe we wouldn't be in a situation where we're running half-billion dollar deficits a year and where the taxpayers next year will be paying over \$200 million just to service the debt on the deficits that this Minister has run up.

Maybe if he looked at some of this information and began to look more than a year ahead, as any individual would, or as any corporation would have to do, maybe they'd be in a better position today and maybe their credit rating wouldn't be knocked down again.

Mr. Chairman, I can only hope that this Minister would respond for the sake of Manitoba in a more responsible fashion, but I don't expect it, I don't expect it from him. I expect that he'll get back up now and he'll press the bafflegab button again and he'll probably go again till 1:30.

He didn't want to answer the questions when we were asking for specific information, but when it comes to bafflegab and rhetoric, then he's able to do that. I fully expect that we'll now get it for another half hour.

HON. V. SCHROEDER: Mr. Chairman, if the man continued on for a few more minutes, I think the arrogance would be all the way over to this side of the Chamber, it sort of just got to the middle.

You know, the suggestion that we on this side will deal only with the issues raised by people on that side is a demonstration of the arrogance of the Member for Turtle Mountain. It is such absolute palpable garbage that we should be on this side not pointing out the failures of the opposition any more than that they have the right to discuss what they see as the failure of the government.

I do not stand up and say the man spent 85 percent of his time discussing irrelevancies, although he did. I don't get up and say, hey, where are you on tax reform? Although I'm tempted to.

HON. A. ANSTETT: Where is he on equalization?

HON. V. SCHROEDER: He says, "You're the government." That reminds me of the Member for Kirkfield Park saying, "We don't have to decide on whether we support a liquor tax increase or not, you're the government." Well, you people are elected as representatives of the people of your constituencies, I think you have a responsibility in the same way we do to say what you would do. You are the alternative; you would have been the alternative.

One of the examples, the Member for Turtle Mountain finds a prospectus that indicates that our interest and capital repayments are different from the interest payments shown in our Estimates. Well, if you read the thing, it's pretty clear what happened. There was no issue there if you had read the page, there wouldn't have had to be a question. Those kinds of questions, I do not apologize for two seconds for not having all the answers at my fingertips.

The member says we should listen with respect, I presume, to opinions that suggest that people would leave the province because of this government, and that's something to chuckle about.

Mr. Chairman, that group when they were in power had people leaving by the tens of thousands and they've been coming back. During their term in office we had a decrease in the population in this province. We have had an increase in the population since we have taken office of 34,900 people. Just saying that number quickly means very little, but that population increase in the past three years is greater than the total Progressive Conservative votes cast in the five ridings in which they had more than 6,000 votes - Charleswood, Fort Garry, Kirkfield Park, Pembina, Tuxedo - more than all the votes for the PCs in those constituencies. That's as many people we have more in the province today and they're telling us to be concerned about population. Who are they to talk?

It is also greater than the PC votes in 19 ridings in this province - Ellice, Elmwood, Logan, St. Boniface, St. Johns, Burrows, Inkster, Concordia, Fort Rouge, Osborne, Radisson, Seven Oaks, Churchill, Rupertsland,

The Pas, Flin Flon, Interlake, Brandon East, Lac du Bonnet - and they would tell us that there's a problem with our government when we have a population increase of 35,000 people while their group was busy depopulating the province, and they have the gall to come into this House and suggest that we should be afraid because some group says that there may be somebody leaving the province. What utter and absolute nonsense.

The member stands up — (Interjection) — Mr. Chairman, that's the fog horn trying to get the Tories out of the fog.

MR. G. FILMON: When Finance Ministers get together, that will be quoted I am sure.

A MEMBER: You'd better believe it.

HON. A. ANSTETT: That cost him his leadership . . .

HON. V. SCHROEDER: The member stands up and fairly pompously, in that arrogant fashion of his, suggests - and that fashion probably did, that style probably did cost him the leadership - gets up and suggests that if they were in office they would have a lower deficit, after a debate during which time after time he was suggesting ways of government spending more money.

There was a number of instances during the Finance Estimates where he was suggesting that we should be putting out more money, interest payments. He felt that we should be changing a policy that was in effect when they were in office. When they were in office they had the same policy in effect, the only difference is that we are now paying bills quicker than they were - that's no criticism of their government, what's happened is simply technology has carried us forward to the extent where we can do things a little more efficiently - that's one small example. There were a number of other items where he suggested more spending.

He's got in his local newspaper the issue of the Boissevan Land Titles Office, which he says they would reopen, and they would reopen it at a cost to the Manitoba taxpayers, at a net cost to the Manitoba taxpayers — (Interjection) — Well, Mr. Chairman, the member is sitting there and calculating interesting ways — (Interjection) — but we can make \$140,000 in another place, and we can provide the service in a better fashion. About 85 percent of the activity in that Land Titles Office was by mail, so it wasn't a service to the local community as the man would have you — (Interjection) — That's right, that's true. Following his logic we would have an income taxation office in every village, because each one of them is profitable, but as he knows the more you have the less overall profit you will make - he knows that.

HON. A. ANSTETT: That's nonsense. You can go a long way on logic, not on arrogance.

HON. V. SCHROEDER: Mr. Chairman, the member is referring to our activity in Boissevain as vote getting, the Jobs Funds activity in Boissevain as vote getting.

Mr. Chairman, that is the motivation that used to lead that group, it appears, that's the way they would look

at things. That's why there was very little highway activity I suppose in eastern Manitoba, north of Highway No. 1.

I would make a prediction that we probably will not win Turtle Mountain, nor were we expecting to before we started with the Jobs Fund, nor did we expect that that would increase our support there to any significant extent. It's not the basis on which we do general government programs in this province. We do them on the basis that we believe . . .

HON. A. ANSTETT: We'll win Springfield, there's no doubt about that. — (Interjection) — Your own members in Springfield will guarantee that, Harry.

A MEMBER: You don't know what you're talking about. Don't comfort yourself.

HON. V. SCHROEDER: Well, if the Leader of the Opposition wants candidates of that quality running for him, if he's proud of them, so be it. I'm pleased not to be associated with a party that runs those kinds of people.

MR. B. RANSOM: So are we; we're glad you're not associated with us.

HON. V. SCHROEDER: Well, Mr. Chairman, that's pretty bright, isn't it, Sonny?

You should hear what they're saying on the street about you. We've been on the street every day for the last couple of weeks and that 2 or 3 percent of the people who know who you are, have very little nice to say about you and your doctrine.

Just one other item and that has to do with . . .

MR. H. ENNS: We've got to bear down on some of the hidden financial matters now, just for a moment. Just hit us with a hidden financial analysis of your department.

HON. V. SCHROEDER: It sounds like a good idea. We sometimes get the Member for Turtle Mountain getting off into his flights of fantasy as he did in one of his statements today - I don't remember whether it was the first or the second - calculated out \$120 million cost over a period of years on loans knowing full well, knowing as he sits there that the last time we did a hydro-electric project we had lower credit rating from the very agency that has lowered our rating now; knowing that full well, knowing full well that the only kind of calculation that he is onto, what he is making is the assumption that all of the borrowing would then be in the market where there's a possibility of a one-eighth of 1 percent difference, all of it, every single penny of it, when he knows that very little of our borrowing over the last number of years has been in that particular market.

But do facts stand in his way to adding up some doom and gloom to the province? Oh, no, they never have, they never have, and on this particular occasion they again don't. I ask again for the opposition, not only the Member for Turtle Mountain, but also the Member for Lakeside and others who remember the 1970s . . .

MR. H. ENNS: Silver lining on every cloud, and that is the next election.

HON. V. SCHROEDER: . . . to admit that they're being a little bit - a little bit - hypocritical when they're making these big crocodile tears over this issue, when never in the 1970s did they suggest that the two-fold increase, the half-notch increase in '74, the half-notch in '75 was going to help them in terms of financing when they came into office, never once, and I'm not sure that it did. I'm not sure that it did.

It's pretty clear that some people haven't learned. We financed the Roblin Floodway with a lower credit rating; we financed CFI, Mr. Kasser's retirement, with a lower credit rating. As I indicated yesterday, when you look at those credit ratings, be a little bit careful. Investors don't completely accept everything that Moody's say as gospel. I quoted yesterday from a report back from 1975, saying that the Provincial Government was a very pragmatic government, and took a business-like approach, and fixed up several major economic development projects that had gone awry. That's what Moody's said in 1975. Which projects were they referring to? The projects where the previous government had been planning on giving away half of Northern Manitoba and flooding the other half. Those were the projects that Moody's said had been fixed up.

MR. H. ENNS: You flooded it all - Cross Lake, Lake Winnipeg regulations - you still flooded South Indian Lake and you still have diversions. So you flooded all of Northern Manitoba. It could have been maybe a few feet less, but you flooded it all.

HON. A. ANSTETT: Quite a few feet less.

MR. H. ENNS: And you blew \$500 million, according to Tritschler, in doing that.

HON. V. SCHROEDER: Well, there we are; there are differences of opinion. So you disagree with the rating agency.

MR. H. ENNS: And pumped up the hydro rates 160 percent.

HON. V. SCHROEDER: So that's the point. See that's the point, Harry. You disagree with the rating agency because the rating agency clearly said something that is quite different from what you are arguing. That's why nobody denies that one would want a stronger rating, nobody denies that. Nobody denies that we would prefer to have a AA rather than an A-plus, but the magnitude of the effect is minimal compared to, for instance, the \$22 million loss in equalization payments this year from where we were last year, minimal compared to that. Yet we have not heard members of the opposition get up at all and say, this will have a terrible impact on Manitoba. This \$22 million could have had tremendous positive impact on the agricultural community. Just think of what we could have done with \$22 million to bring possibly more food processing industry in.

Just think of what the \$22 million we now have to borrow for this year means for next year. That's \$2.2

million in interest costs for next year. That's something that the Member for Sturgeon Creek seems to think doesn't mean anything. That \$2.2 million cost for next year will have to be borne by the taxpayers of Manitoba because the Federal Government did not provide us even with the same amount of payment as that terrible Trudeau Government did last year.

MR. H. ENNS: That terrible Trudeau Government you kept in office for an extra 10 years.

HON. V. SCHROEDER: Well, the member says we kept them in office. My recollection of the history of that is quite different from your recollection of it. I recall on numerous occasions where your Tory friends in Ottawa supported the Liberals and wouldn't go along with the NDP in non-confidence motions to get rid of the Trudeau Liberals. They wouldn't do it between '72 and '74.

At any rate, I just want to emphasize that in this portion of the debate I have as much right to bring up a topic as the Member for Turtle Mountain does, and when I'm talking about topics he hasn't referred to, I make no apologies to this committee for doing so. I believe he has the right to raise issues I haven't raised; I believe I have the right to raise issues he hasn't raised. And to suggest that somehow when I move off his issues, the issues he feels he's strong on, that somehow I'm into some other mode that is trying to obfuscate, is pure nonsense.

MR. B. RANSOM: Mr. Chairman, the Minister is really quite remarkable in how he can go through his entire set of Estimates, having to get virtually all of the answers from his staff, but yet when it comes to some little piece of obscure kind of political information that he thinks might be available, he has it right there, he's got it right on his desk, he's able to snap it up like that. Is it any wonder that we've got 132 more image polishers, and information people, and research people, and political research people around here?

He can snap off that kind of information right away, but then he says that when anyone seeks information from the Finance Estimates, they're seeking some obscure information that the Minister couldn't be expected to have, and the Minister can raise whatever he wants. But, Mr. Chairman, there is supposed to be some sort of rule of relevance when we deal with Estimates.

If the Minister wants to stand up and raise issues, that's fine, but at the beginning of his Estimates when you think this Minister might stand up and address some issues of principle and policy, all he does is stand up and put a little bit of administrative detail on the record. If he wanted to do that, wanted to make statements, fine, but when he's being questioned about some specific issue, then it's usually been the practice of the House and it's usually followed by other Ministers of the Government that they try and deal with those. If they then want to talk about something else, they have every right to do that. We have no difficulty with that whatsoever.

Mr. Chairman, the Minister launched off into a tirade about the population, how people were leaving Manitoba during our administration, how they're coming back now. They have never acknowledged the fact that

during our administration when the oil industry was booming in the west, that people were going there because there were more opportunities. No question. We never said that there weren't opportunities outside, but the fact of the matter was that during that four years there were jobs created here for almost everyone who came into the job market. I believe that over that four years of time, if I recall correctly, that there were perhaps 1,000 or 2,000 more unemployed at the end of that four years than when we took over. There were X number of people came into the job force and there were 2,000 less jobs than that created.

That has not been the case under this government, far from it. When this government took over there were 29,000 unemployed people in this province; today there is 46,000. The Minister of Employment Services tabled and distributed information today - not tabled it but had it distributed earlier - showing 46,000 unemployed people in Manitoba today; 17,000 more than when they took over. There are over three times the people on Social Welfare in Manitoba today than when this government took over.

Those are facts, Mr. Chairman. The situation is worse in Manitoba today, unfortunately, than when this government took over, and we acknowledge that times have been difficult across the country. We don't deny that, but don't try and tell us that because people are coming back to Manitoba today that it's because things are better in Manitoba; it's not, because what a lot of them are coming back to here is welfare and unemployment. They're coming home because it's better to be at home if you're going to be unemployed, than it is to be away in some place, basically among strangers. The opportunities have disappeared somewhere else so they're coming home, not because there's opportunities here, but because this is home. So why don't the members acknowledge that, but they don't.

Mr. Chairman, the Minister would seem to have the public believe, that the opposition hasn't taken a position with respect to equalization, that we didn't stand up and say, oh, my, what we could have done, what the government could have done with another \$22 million. The Minister knows full well that members on this side supported the government in trying to get a change in The Fiscal Arrangements Act passed by the previous Liberal administration.

The Minister of Finance says, we were dragged kicking and screaming into it. The fact of the matter is that what he doesn't like to acknowledge is that for months the Minister of Finance was distorting the facts, was trying to tell the public that Manitoba had lost \$700 million or \$800 million, and that was patently untrue. They had not lost \$700 million or \$800 million, the information that was published by the Department of Finance in Quebec shows that far from it, that Manitoba under the new formula had received \$234 million more than they would have under the old formula. — (Interjection) — Well, that's the way it is. The Minister of Municipal Affairs says to hell with this nonsense. Well, those happen to be the facts and the government has never produced any facts of its own to refute what the Department of Finance in Quebec has made available. It was when the Minister finally decided to concentrate on what was fact that we were then able to support his request, and it was fact that Manitoba

was going to end up with \$72 million less than they would have had before, and that's when we went to bat.

HON. A. ANSTETT: But you didn't agree with that.

MR. B. RANSOM: We never disagreed with it. We never disagreed with that at all. Never ever disagreed with it, and that's when we went to bat, that's when we helped and the government was able to get \$50 million this year and they'll have \$65 million next year.

Mr. Chairman, I'd like also to make reference - the Minister of Finance seems to think that I have been distorting the facts when I talk about a possible increased cost of \$120 and some million if the interest rate that the government has to pay goes up even 15/100ths of a percent. I told him what the assumptions were. I said the assumption was 12 percent — (Interjection) — Well, the reason I used that is because it happens to be close to what the government pays. — (Interjection) — Well, I do have basis of facts.

Mr. Chairman, I have before me the Annual Report of McKenzie Seeds Ltd. for the year ending October 31, 1984; it's the audited financial statement and it gives an indication here of the cost of government borrowing, what it costs the government to finance the money that it has tied up in shares in McKenzie Seeds. If I can just find the right page here. The Auditor says, "The annual borrowing cost to the government for the investment of \$5 million in preferred shares at the average 20-year long-term borrowing rate by the province of 13.54 percent for the year ended October 31, 1984."

So when the Provincial Auditor sets out that kind of figure of 13.54 percent, then I don't think that I'm out of line to make an assumption, which I state is an assumption, of 12 percent, because that's 1.54 percent below what the Provincial Auditor outlined . . .

HON. V. SCHROEDER: How about the 15 basis points?

MR. B. RANSOM: Well, okay, 15 basis points. I'm using it, Mr. Chairman, to demonstrate what a small change in the interest rate can cause.

The Minister talks about the credit rating in 1975, as compared to today. To me that further demonstrates the Minister's lack of appreciation of what's happened here.

What's important is, what was the credit rating two days ago? Sure we were able to borrow money in 1975, and sure they'll still be able to borrow money now, but the fact is that a week ago the credit rating was better than it is today, and that means that the people of Manitoba are going to have to pay more money. We don't know how much more money, but it's going to be some, and the Minister says as much as an eighth of 1 percent, that 12/100ths. Perhaps my assumption of 15/100ths is out.

Mr. Chairman, the prospect is there; when the credit rating is reduced, the people will pay more money to borrow.

MR. CHAIRMAN: The hour is 1:30 p.m., the time for adjournment.

Committee rise. Call in the Speaker.

IN SESSION

The Committee of Supply has adopted certain resolutions, directs me to report same, and asks leave to sit again.

MR. SPEAKER: The Honourable Member for River East.

MR. P. EYLER: Mr. Speaker, I move, seconded by the Honourable Member for Ste. Rose, that the report of the committee be received.

MOTION presented and carried.

MR. SPEAKER: The hour of adjournment having arrived, this House is accordingly adjourned and will stand adjourned until 2:00 p.m. on Monday.