

# LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 14 July, 1986.

Time — 2:00 p.m.

**OPENING PRAYER by Madam Speaker.**

**MADAM SPEAKER, Hon. M. Phillips:** Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . .

## MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MADAM SPEAKER:** The Honourable Minister of Municipal Affairs.

**HON. J. BUCKLASCHUK:** Thank you, Madam Speaker. I am pleased to table the Actuarial Report on the Group Insurance Plan for Employees of the Participating Municipalities in Manitoba as at January 1, 1983.

**MADAM SPEAKER:** Notices of Motion . . . Introduction of Bills . . .

## ORAL QUESTIONS

### Brandon University - Perkins settlement

**MADAM SPEAKER:** The Honourable Member for Morris.

**MR. C. MANNES:** Madam Speaker, I direct my question either to the Acting Minister of Education or to the First Minister.

Two years ago when the Perkins' firing was being discussed within the Assembly, Madam Speaker, I asked whether any public funds, either from the University of Brandon allocation, from the Universities Grants Commission, or indeed through surplus of any department at the University of Brandon would be directed to any in-court or out-of-court resolution for the Dr. Perkins' suit. As you can recall, Madam Speaker, I was stonewalled at that time by both the First Minister and the then Minister of Education.

My question: Did the Board of Governors determine through conversation with either the Minister of Education or the Universities Grants Commission or the Attorney-General's Office that they had it within their power to withhold the details associated with the out-of-court settlement with Dr. Perkins, that they had it within their powers to withhold this information from the public?

**MADAM SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Madam Speaker, the question raises matters pertaining to a number of various departments and I'll accept that question as notice and check it out.

**MR. C. MANNES:** Well, Madam Speaker, if the First Minister is taking that question as notice, he may also

then want to take the second one as notice. Did the Board of Governors or representatives of the Board of Governors seek information from either, again, the Department of Education or the Universities Grants Commission or the Attorney-General's Office that they could strike an out-of-court settlement that would in part absolve Erroll Black, who is a lecturer in the Department of Economics and a well-known prominent NDP Brandon East member, from any specific liability or action that may be taken against him by Dr. Perkins?

**HON. H. PAWLEY:** The answer is no, Madam Speaker.

**MR. C. MANNES:** Madam Speaker, could the Minister then tell me how he would know the answer to the second question and not know the answer to the first question?

**HON. H. PAWLEY:** Madam Speaker, the Minister of Education responded to that last week.

**MR. C. MANNES:** A final supplementary then, Madam Speaker.

Did the University of Brandon Board of Governors communicate any of this settlement to the Department of Education or to the First Minister or any department of government before it was announced to the public, not the details but the fact that they had arrived at an out-of-court settlement with Dr. Perkins? Did anybody in government know about that before members of the public generally?

**HON. H. PAWLEY:** Madam Speaker, certainly not to myself; I will take the question as notice insofar as other members of government.

### Brandon University - cutback of programs

**MADAM SPEAKER:** The Honourable Member for Brandon-West.

**MR. J. McCRAE:** Madam Speaker, my question is directed to Acting Minister of Education or to the First Minister.

In view of concerns expressed by northern Native band leaders about funding for the Brandon University Northern Teachers Education Program, the Brandon University Indian Leadership Program, Projects for the Education of Northern Teachers and Inter-Universities North, can the First Minister tell the House how much, if any, of the accumulated surpluses used to finance the settlement between Dr. Perkins and the Board of Governors was taken from surpluses earmarked for those programs?

**HON. H. PAWLEY:** Madam Speaker, I'll take that question as notice on behalf of the Minister of Education, but it's my understanding that there were no such funds.

**MR. J. McCRAE:** Can the First Minister tell us whether the Minister of Education, or indeed the First Minister

has had further discussions with members of the Board of Governors over the weekend respecting making public the terms of the settlement?

**HON. H. PAWLEY:** Madam Speaker, I've had no discussion over the weekend with the Board of Governors or representatives of the Board of Governors. I believe I did indicate Friday, in the House — a copy of Hansard, indicating my preference that matters do be divulged to be forwarded to the board.

**MR. J. McCRAE:** Madam Speaker, I have a new question. I appreciate that sentiment on the part of the First Minister and I certainly agree with him.

I will direct my new question to the Minister of Education. Last week, Madam Speaker, the Minister said that the settlement of the lawsuit between Dr. Perkins and Mr. Erroll Black was not paid for out of public funds, and I ask the Minister how that answer squares with Dr. Perkins' assertion, as reported in the Winnipeg Free Press, that there is no coincidence . . .

**MADAM SPEAKER:** Order please. That question is out of order. Would you like to rephrase your question?

**MR. J. McCRAE:** Madam Speaker, I would be delighted to rephrase the question if you could tell me in what respect it's out of order.

**MADAM SPEAKER:** It is not up to a Minister to verify facts to the House. If the member has facts, it's his duty to ascertain the facts before bringing them to the House.

**MR. J. McCRAE:** Madam Speaker, in view of the assertion by Dr. Perkins that the suit between himself and Mr. Erroll Black, and the suit between himself and the Brandon University Students' Union, in view of his assertion that those two suits were dropped at virtually the same time as the settlement with Brandon University was no coincidence, can the Minister explain how that squares with his comments of last week that public funds were not used to finance the settlement with — or the dropping of the lawsuit against Mr. Black?

**MADAM SPEAKER:** The Honourable Minister of Education.

**HON. J. STORIE:** Madam Speaker, I can only assume that because Dr. Perkins has more interest in the welfare of Brandon University than does the member opposite.

## AIDS

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Madam Speaker. Madam Speaker, my question is for the Minister of Health, and flows from the recently-tabled Annual Report of the Manitoba Health Services Commission.

Madam Speaker, it is indicated in the Health Services Commission Report that approximately 70 Manitobans have been identified as AIDS antibody positive in terms of the screening process, and that as of the date of

the report some four Manitobans have contracted AIDS. Those numbers have since increased since the March 31, 1986, tabling of this report.

Can the Minister indicate whether the screening process that is being used on a voluntary basis at the request of physicians to determine the presence of AIDS antibody, or the AIDS Syndrome in terms of Manitobans, is the one and the same process that the Manitoba Red Cross is using to screen their blood donors?

**MADAM SPEAKER:** The Honourable Minister of Health.

**HON. L. DESJARDINS:** Yes, I believe it is.

**MR. D. ORCHARD:** Madam Speaker, I have a new question for the Minister of Health. Last year, in the introduction of Estimates of the Department of Health, it was brought to our attention that the department had developed a new identification number system called the PHIN system, the Personal Health Insurance Number. That system, as explained by the Minister of Health last year, assured all Manitobans of confidentiality in the use of that number for the development of health information on individual Manitobans.

Can the Minister indicate, given the assurance of confidentiality in the PHIN number system, whether the PHIN number system is currently being used in any identification of either Manitobans with AIDS or Manitobans detected as carrying the AIDS antibody?

**HON. L. DESJARDINS:** Madam Speaker, I'll have to take that question as notice.

## Housing staff - active NDP constituency work

**MADAM SPEAKER:** The Honourable Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you, Madam Speaker. My question is to the Minister responsible for Business Development and Tourism.

Can the Minister tell the House if any of the employees of her department, other than her executive assistant, are actively engaged in NDP constituency work?

**MADAM SPEAKER:** Order please. Is the member asking the Minister about a subject within her ministerial responsibility?

**MRS. S. CARSTAIRS:** Madam Speaker, I would think her employees would be within her ministerial responsibility.

**MADAM SPEAKER:** The Honourable Minister of Housing.

**HON. M. HEMPHILL:** Madam Speaker, I think that I have the normal complement of staff and that those people who are involved in the political arena matters are the normal staff that a Minister has.

**MRS. S. CARSTAIRS:** Can the Minister explain why Mario Sousa, listed by her office as an employee with

Monday, 14 July, 1986

a title "Ethnic Liaison Officer" would be in attendance at an executive meeting of the NDP provincial constituency of Logan on May 27, 1986?

**HON. M. HEMPHILL:** Madam Speaker, I would hate to think that anybody that was hired by any department in the Civil Service was precluded from involving themselves in the democratic process on their own time.

### Document, Tabling of

**MRS. S. CARSTAIRS:** Madam Speaker, in light of your announcement and statement last week, I'd like to table the following document.

Madam Speaker, can the Minister explain why Mr. Sousa was introduced as "a liaison between the department and the community," and why he would participate in discussions of Logan's contribution to the next Provincial Council Meeting of the NDP, and why he would be listed in the Minutes as a good source of information for the preparation of September's presentation from the Logan constituency to the Provincial Council?

**HON. M. HEMPHILL:** Madam Speaker, it's very difficult to absorb all of the points that the member was raising without seeing the document which I would like to see and study so I understand all the points that she's making. But I think in terms of . . .

**MADAM SPEAKER:** Order please. Is the honourable member asking the Minister of Housing about an employee in her department?

**MRS. S. CARSTAIRS:** Yes I am, Madam Speaker.

**HON. M. HEMPHILL:** Madam Speaker, I think that it would take me a little bit of time to read through the Minutes that she's referring to and I would want to do that so that I understand fully the point that she's making.

In general, I think I'd like to make the point that Mr. Sousa has been hired by the Department of Housing and that his job is a very important job. It is a position that has not been filled before and that is, Madam Speaker, to get information about housing programs out to the ethnic community who often are in the greatest need and do not know what is available. They don't know there is Co-op Housing; they don't know there is Sweat Equity and we can't use the traditional forms of communication to get that information to them; so he has a very important role and one that I and this government need not apologize for.

**MRS. S. CARSTAIRS:** With a new question to the Premier, Madam Speaker, will the Premier tell this House how many other ethnic liaison officers have been appointed by Ministers of his government and how many of them are engaged in active constituency work on behalf of his political party?

**MADAM SPEAKER:** The first part of the question is in order; the second part is not in order. Did the honourable member want to rephrase her question?

**MRS. S. CARSTAIRS:** Well, yes, Madam Speaker. Will the Premier tell the House how many other ethnic liaison officers that we have in the Province of Manitoba?

**MADAM SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Madam Speaker, if we were going to get into the subject matter of whether or not civil servants should be participating in political activity, then for an entire year prior to the last election, the Conservative member who now sits in this Chamber, who had every right to do so, would not have been active in the Civil Service for a full year prior to the election, working properly within the democratic process to unseat this government, the candidate defeated by the Member for Ellice, the Conservative candidate Seech, would need some help, would not have been involved as a civil servant and a candidate, a Conservative candidate, for a full year before the last provincial election.

Madam Speaker, the Member for River Heights should be aware that legislation was changed back in 1983-74 in order to provide to the public service of the Province of Manitoba democratic rights which we're proud to have been able to provide the civil servants of this province.

**MRS. S. CARSTAIRS:** No one's denying the right of civil servants; we're denying them the right on government time. Will the Premier rid his government of this partisan, political activity on behalf of civil servants in Minister's departments and make a clear distinction between public service and narrow NDP interests?

**HON. H. PAWLEY:** Madam Speaker, I would like to check out first the premise that the gentleman in question was working on government time.

I gather it was in the evening, so it could hardly have been on government time.

### Election irregularities - Logan constituency

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Madam Speaker. My question is for the First Minister.

Could the First Minister indicate whether the office of Mr. Willis has been asked to investigate allegations of election irregularities in the constituency of Logan?

**HON. H. PAWLEY:** Mr. Willis, I believe, reports to the Legislature, Madam Speaker. He doesn't report to me directly.

**MADAM SPEAKER:** Order please. There is some uncertainty as to considering that the chief electoral officer is responsible to the Speaker and the Speaker cannot be asked questions, whether it might be best to refer any questions of that sort to the Legislative Management Commission. Although I'm sure that I would consider it to be in order if the honourable member asked the First Minister the question, and the

First Minister answered that he was going to refer it to the Legislative Management Commission.

It is not within the administrative responsibility of the government, per se.

### Beef Stabilization Plan

**MADAM SPEAKER:** The Honourable Member for Ste. Rose.

**MR. G. CUMMINGS:** Thank you, Madam Speaker. My question is for the Acting Minister of Agriculture.

Given that the Beef Commission presented all the information to the cattlemen this spring that showed all the Commission payments and premiums based on historical information, and now the plan is being changed in the middle of the quarter in a manner that was not foreseen by anyone who was making decisions at that point; given that we have misled the cattlemen of this province, will the Minister now reopen the discussion with the Manitoba cattlemen regarding Manitoba's entrance into the Tripartite Program?

**MADAM SPEAKER:** The Honourable Minister of Highways and Transportation.

**HON. J. PLOHMAN:** Well, Madam Speaker, I think the Minister of Agriculture has indicated quite clearly in this House that he was prepared to review that membership at any time that the benefits under the Tripartite Program equalled those of the provincial program. That is not the case, according to the information that he has at the present time. If that should change, obviously, the Minister of Agriculture would be prepared to review it.

**MR. G. CUMMINGS:** The information that was brought to the House last week clearly was, once again, misleading the cattlemen of this province because their net take home after their deductions . . .

**MADAM SPEAKER:** Order, order please. The honourable member cannot accuse a Minister of misleading the House.

**MR. G. CUMMINGS:** The information that was brought to this House was not complete inasmuch as the reductions of the premiums would virtually equal the same price as live cattle are on the market today. Information is also not available that the Manitoba . . .

**MADAM SPEAKER:** Order, order please. The honourable member cannot: (a) impugn the accuracy of information brought to the House by a Minister; and secondly, question period is not a time for delivering information, it's time for seeking information.

**Mr. G. CUMMINGS:** May I ask a new question, Madam Speaker?

**MADAM SPEAKER:** Certainly.

**MR. G. CUMMINGS:** Why was the Manitoba Cattlemen's Association not allowed to present the

Tripartite information to the cattlemen's meetings that were held across the province this spring?

**HON. J. PLOHMAN:** Well, Madam Speaker, the member is seeming to indicate that the Minister of Agriculture is not interested in a National Tripartite Stabilization Program. He has been the first to call for such a program over the years and it is simply because the Federal Government has not brought in a program that at least equals the benefits under the provincial program that, up to this point and time, he's — working with the cattlemen in this province — had to resist any overtures to join that program. However, if there are changes made, the Minister of Agriculture has on many occasions indicated and demonstrated that he is willing to undertake the widest possible consultation and input from all interested groups. And after having reviewed the information and the changing situations, if that indeed is the case, then he would be able to make a determination at that point, whether there should be a change in the policy that is in place at this time.

**MR. G. CUMMINGS:** A supplementary question, Madam Speaker, to the Acting Minister.

Because of the new information that now is coming forward and because of the fact that the letter that went out to the cattlemen of this province did not arrive in most households until the 10th, will have to be answered by the 25th of this month, will the Minister consider postponing the deadline that these cattlemen are faced with, making one of the most important management decisions of their lives, they've got two weeks to do it. Will the Minister reconsider?

**HON. J. PLOHMAN:** Well, Madam Speaker, if there are changed circumstances and it is not possible to have the decisions made and the information back within that period of time, I'm sure the Minister of Agriculture will extend that period of time. I will raise this matter with him.

### Airports - federal cutbacks

**MADAM SPEAKER:** The Honourable Member for Thompson.

**MR. S. ASHTON:** Thank you, Madam Speaker. A question for the Minister of Highways and Transportation.

I'd like to ask the Minister if the Manitoba Government was informed or consulted about federal cutbacks in funding to airports, which will result in layoffs, reduced runway maintenance and reduced emergency services and training in those airports.

**HON. J. PLOHMAN:** Well, Madam Speaker, it's rather ironic that the members opposite would be raising questions about reductions in spending in Highways, but the Member for Brandon West, for example, has never even raised the question of cutbacks of the airport safety in Brandon. He seems to be avoiding any issues, Madam Speaker.

**MADAM SPEAKER:** Order please, order please. May I remind the honourable member that he is not to cast

Monday, 14 July, 1986

aspersions and, secondly, answers should deal with the matter raised and not provoke debate.

The Honourable Minister of Highways and Transportation.

**HON. J. PLOHMAN:** Madam Speaker, in answer to the question that the Member for Thompson raised, there was no consultation with the Provincial Government on the \$17 million in cutbacks on airports across this country, and major other reductions in Transport Canada's budget that came out during the spring Budget.

We are going to be reviewing the impact that these cuts will have with our own staff in airports such as Thompson where there have been major reductions, as well as in Brandon, to determine what kind of impact it will have on safety. I have already asked for a meeting with the new Federal Transport Minister, John Crosbie, and will be making representation on this issue, as well as a number of others when we have that meeting set up.

**MR. S. ASHTON:** As a supplementary, Madam Speaker.

I'd like to ask the Minister what action the Minister intends to take in the case of the Thompson Airport, where a combination of cuts in hours of operation and a ban on overtime for snow removal could seriously affect the ability of the air ambulance to use that airport in the winter?

**HON. J. PLOHMAN:** Madam Speaker, that is one of the specific questions that we will be raising with the Federal Minister, and it is one of the areas that I'm having the Department of Transportation here in Manitoba assess to determine other ways that we can provide for safe service of the air ambulance at the Thompson Airport and other airports that would be affected by this action. It's certainly of grave concern to us, Madam Speaker, because airport safety is one of the areas the former Minister of Transport federally has said is a primary concern. Yet we are seeing his cuts falling and affecting the safety at our airports here in this province. It's not the case in Quebec where there are rather large increases in the airports in the Federal Prime Minister's riding.

### Highway construction and repair cutbacks

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Madam Speaker, my question is to the Minister of Highways and Transportation.

Given his desire for consultation with the Federal Government and his desire to promote safety in the Province of Manitoba, and given the fact that more people are killed on the highways every day than are killed at airports through accidents, can the Minister indicate whether he has instructed his department to undertake a study as to the implications to the driving safety of Manitoba motorists and tourists in this province caused by the \$12 million cutback to his Highway Program, which has allowed his highways to become a sea of potholes, unsafe for the driving public?

**HON. J. PLOHMAN:** Madam Speaker, it's another case where the Member for Pembina and the Opposition Conservatives here are trying to protect their federal counterparts in Ottawa, instead of standing up for Manitoba. Instead of arguing against us, they defend the cutbacks of the Federal Conservatives in Ottawa, Madam Speaker, and they defend the inequities that we see where we see the Montreal Gazette reporting \$74.9 million into small regional airports in Quebec and cutbacks here in Manitoba. That's the kind of equity that they defend.

Madam Speaker, let me just say that the New Democratic Government over the first four years, since 1981, has put more money into Highways than any government in the history of this province.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MADAM SPEAKER:** Order please.

The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Madam Speaker.

Madam Speaker, a new question to the Minister of Highways and Transportation, my preamble being simply that my concern in posing questions about highway cutbacks is entirely the safety of the Manitoba driving public and those people using the highways. Can the Minister indicate, in having his departmental budget cut back by \$12 million for highway construction: No. 1, whether he consulted with the Federal Minister of Transportation; and No. 2, whether he has instructed his department to determine how many more people will die and be injured on Manitoba highways because of their lack of maintenance, their lack of reconstruction and their terrible and deplorable driving condition?

**HON. J. PLOHMAN:** Madam Speaker, there has been no reduction in highway maintenance in this province. We have expanded highway maintenance every year under this government and, as I've indicated earlier, there's more money going into highway construction over the period of our government, over the last four years, than in the history of any government in the Province of Manitoba.

Insofar as the Federal Government, I have consistently consulted with the Federal Minister to attempt to have him participate and have the federal level participate in highway funding in this province, in the same way that they do in other areas in Quebec and in the Maritime provinces, Madam Speaker, and they have consistently refused to do that.

I will continue to make representation to see that the Federal Government recognizes its responsibility for interprovincial routes and the additional impact on provincial highways because of rail-line abandonment. We hope that the Federal Minister and the Federal Conservatives will have some lobbying done by their provincial counterparts as well here in this province to protect the rights of Manitoba and stand up for the interests of Manitoba.

### Beef Stabilization Plan

**MADAM SPEAKER:** The Honourable Member for Roblin-Russell.

**MR. L. DERKACH:** Thank you, Madam Speaker, my question is for the Acting Minister of Agriculture.

In view of the fact that in the spring round of meetings that the Minister of Agriculture had with farmers, he did not indicate to them any vast changes in the beef stabilization plan, and in view of the fact that the recent alternatives that have been provided for the farmers have been surprising, will the Minister assure the farmers who choose the higher premium alternative plan that the support level for slaughtered beef will remain constant for at least six months to provide some stability to the industry which has been taken away?

**MADAM SPEAKER:** The Honourable Minister of Highways and Transportation.

**HON. J. PLOHMAN:** Madam Speaker, I will take the specifics of that question as notice. But I can indicate to this House that the Minister has consulted, I think, widely during the time he has had discussions on the stabilization plan. The producers that are involved in that plan, which are the vast majority in this province, are quite aware of the various implications with regard to the unfunded liability of that plan at the present time and are prepared to get involved in ensuring that plan does remain the best stabilization plan in Canada.

**MR. L. DERKACH:** Then can the Acting Minister of Agriculture explain to the House and to the farmers of Manitoba why this particular letter of July 3 has caught so many cattle producers by surprise, if in fact there was such communication going on with the cattle producers?

**HON. J. PLOHMAN:** Madam Speaker, I said I have taken the specific matters relating to the letter, I have taken that question as notice, and will discuss it with the Minister of Agriculture.

### Depo-Provera - hearings

**MADAM SPEAKER:** The Honourable Member for Kildonan.

**MR. M. DOLIN:** Madam Speaker, my question is to the Minister responsible for the Status of Women.

Given that the drug, depo-provera, appears to have been cancer-producing in laboratory animals, and also the fact that Women's Health Clinic in Winnipeg has been one of the leading proponents of review of the use of this drug; also given the fact that I understand that the Honourable Jake Epp, Federal Minister of Health and Welfare, is planning to hold some form of national review, will the women's groups in Manitoba have the opportunity to meet publicly around the use or potential use of this drug?

**MADAM SPEAKER:** The Honourable Minister responsible for the Status of Women.

**HON. J. WASYLICIA-LEIS:** Thank you, Madam Speaker.

I'd like to thank the member for that question, because it is a very important issue. I've had a number of calls from women's organizations on this issue, the

most recent of which was from the Manitoba Coalition on Depo-Provera, who have written to me asking me to urge the Federal Government to include consumer representation on the hearings that are beginning across this country. I will be doing so, just as the Minister of Community Services and the Minister of Health did many months ago.

I think it is important to indicate that members on this side of the House share the concerns of those women's groups, that the Federal Government is not ensuring that a consumer panel is part of these hearings and that the experiences of women, the very people who have used the drugs, are not being included in these hearings across the country. I hope members opposite will join us in urging the Federal Government to reverse this policy and to ensure that their definition of open government is really a true and meaningful one.

**MR. M. DOLIN:** A supplementary, Madam Speaker, to the same Minister. Are these hearings the Minister refers to public hearings, or is the Minister requesting consumer input? Are they to be public around Canada?

**MADAM SPEAKER:** The Honourable Minister responsible for the Status of Women.

The Honourable Member for Lakeside on a point of order.

**MR. H. ENNS:** From time to time, Madam Speaker, you remind us about the Ministers having to answer questions within their area of jurisdiction. My understanding the question of drug regulations, of whatever description, is entirely a matter for the Federal Government to consider and, while we enjoy listening to the Minister's responses, I believe on perusal of the question, you'll find the question is out of order.

**MADAM SPEAKER:** I remember a question a week or two ago directed to that particular Minister and it was made clear that because the question was dealing with her relationship with women's groups, and with representing their interests, at that time it was in order and the first question I took as being in order because it fell within that particular wide category.

The second question, if the Minister is responsible for setting up the meetings, then I think she could answer the question. If the meetings are meetings that others are setting up, I think the question should be clarified.

The Honourable Member for Kildonan.

**MR. M. DOLIN:** I would like to repeat the question. It's been some time since it was asked, the Minister may have forgotten what the question was. I would like to ask, the meetings that are being held regarding the drug depo-provera, will they be public or private, and will women in this province have the opportunity publicly to state their opinions regarding the use of this drug?

**HON. J. WASYLICIA-LEIS:** This issue certainly does fall in my area of responsibility as the Minister responsible for the Status of Women. Given that women's organizations in this province are asking this government, and indeed Members opposite, to help

Monday, 14 July, 1986

ensure that these closed meetings, by invitation only, are opened up to consumers and to the very women who have experienced problems with the drug.

**MR. M. DOLIN:** A new question to the Minister of Health on the same subject. Has the Minister of Health been in contact with his federal counterpart to see whether or not these private, invitation-only meetings, as described, will be made public to allow input of the women of Manitoba?

**MADAM SPEAKER:** The Honourable Minister of Health.

**HON. L. DESJARDINS:** Madam Speaker, yes. I did communicate with the Federal Minister of Health and requested that the public meetings be held, but I did not get a satisfactory answer.

### **Manitoba Lotteries Commission - appearance before Committee of House**

**MADAM SPEAKER:** The Honourable Member for Charleswood.

**MR. J. ERNST:** Thank you, Madam Speaker, through you to the Minister responsible for the Manitoba Lotteries Foundation.

Is the Minister now able to table the Review Committee Report of the Lottery umbrella system before the House, in light of the fact that the Winnipeg Free Press appears to have a copy of that report now?

**HON. J. WASYLYCIA-LEIS:** Thank you, Madam Speaker.

It's interesting that I am getting a question from the Member from Charleswood based on information from a Free Press article that isn't correct, and no doubt is a result of the questions asked last week by the Member for Charleswood. I will repeat what I said to the member last week and thereby clarify the inaccurate statement in the Free Press which said that I would only release this report when a legislative committee begins debating the Foundation's estimates. If the member will recall, in response to his question on July the 8th, I clearly indicated that I would be releasing the report after I had fully consulted with the umbrella groups who are impacted by this report, and after I had given a copy of this report to my colleagues in government, to the Cabinet, so they could consider the recommendations being made and, at that point, make a decision about releasing this report.

**MR. J. ERNST:** Madam Speaker, through you, then, can the Minister advise the House if she has indeed given copies of that to the umbrella groups? Has she received their replies? Has she given copies of the report to all of her Cabinet, and government members colleagues, in light of the fact that the Winnipeg Free Press now has their copy of the report?

**HON. J. WASYLYCIA-LEIS:** Madam Speaker, it's a matter of curiosity to members of this House how that report was leaked. It sounds like the Member for Charleswood has more information about it than members on this side. I want to inform the Member

for Charleswood that I have given copies of this report to every single umbrella group. I have met now with the Manitoba Sports Federation, the Manitoba Arts Council, the Manitoba Intercultural Council, the Manitoba Community Services Council. I will be meeting with the United Way, the Manitoba Heritage Foundation, the Manitoba Medical Research Group and, once I have completed meeting with all of those groups, which is the courteous, intelligent way to proceed, I will then be sharing my recommendations, based on those consultations, with my Cabinet colleagues and it will be up to my Cabinet colleagues to determine the release of this report.

**MR. J. ERNST:** Madam Speaker, a new question to the same Minister. Would the Minister now consider bringing the Report of the Manitoba Lotteries Foundation before a Standing Committee of the House so that it can be dealt with in a proper manner? Madam Speaker, in the past, it's been brought before Estimates Committee under the Minister's Salary. It has not been brought forward before a Standing Committee of the House; it has not had the proper consideration by all members of the House; it does not have the staff members there; it has not had that information that should now be available. Will she now bring it before a committee of the House?

**MADAM SPEAKER:** The Honourable Minister responsible for Lotteries.

**HON. J. WASYLYCIA-LEIS:** Madam Speaker, as I indicated earlier, there will be ample opportunity for questions during the Estimates process on the Manitoba Lotteries Foundation. The member should also feel free, as I've said before, to ask me questions now or at any point about this report so that we wouldn't be continuing the kind of inaccuracies that are put forward in the Free Press. The members perhaps should be reminded that this umbrella report was initiated many years ago after the system was put in place by the Minister of Health because this government believes in open government, in consultation, and in improving the system based on public input and public participation.

**MADAM SPEAKER:** The time for Oral Questions has expired.

### **ORDERS OF THE DAY HOUSE BUSINESS**

**MADAM SPEAKER:** The Honourable Government House Leader.

**HON. J. COWAN:** Thank you, Madam Speaker. I would just like to remind members that the Standing Committee on Public Utilities and Natural Resources will be meeting tomorrow at 10:00 a.m. to consider the Report of the Manitoba Telephone System. This is a continuation of the meeting that was held last Thursday. Then, Madam Speaker, I'd like to move, seconded by the Member for Ellice, that Madam 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 Burrows in the Chair for the Department of Finance; and the Honourable Member for Kildonan in the Chair for the Department of Business Development and Tourism.

## **CONCURRENT COMMITTEES OF SUPPLY SUPPLY — BUSINESS DEVELOPMENT AND TOURISM**

**MR. CHAIRMAN, M. Dolin:** Committee, come to order. We are considering the Estimates of the Department of Business Development and Tourism. Prior to entering into the specifics of the Estimates, we will begin with a Ministerial Statement.

The Honourable Minister of Business Development and Tourism.

**HON. M. HEMPHILL:** Thank you, Mr. Chairman.

I think at this point it's not my intention to make an extremely long presentation or to give a great deal of statistics or information in my opening statement. I think that I simply want to say overall that I think the business sector in the Province of Manitoba is doing exceptionally well, and that all of the indicators we have tell us that is so.

It doesn't matter whether you're looking at the amount of public and private sector investment in the province, which is one of the highest in the country and almost two-and-a-half times the national level, or whether you're talking about the fact that we have had a larger number of business starts than any other province. Our businesses are up 19 percent; our bankruptcies are down. While bankruptcies are never a good statistic that you can give, the fact that ours are lower than the national rate at the same time as we have a 19 percent increase in business starts is an indication, I think, that things are very healthy.

Our capital investment in the province is projected to be 8.9 percent, almost double the national average of 4.6 percent. Manufacturing growth rate, much of it in small business, is expected to grow by 7 percent, exceeding the national average. Our new business formation is 36 per thousand, compared to the national rate of 30.7.

All of those factors say that we've got a fairly healthy business economy. We all know how important the small business sector is as an economic tool to our province, both to our small communities and to our province. The employees can account for more than 93 percent of all business establishments. They employ 30 percent of the workforce or 150,000 people. I think the service sector, which is one of the sectors of the future where the growth is going to be, is made up largely of small businesses, and that's becoming increasingly important and is now accounting for more than 60 percent of the total provincial output and employment, and the numbers continue to grow.

It looks to me as though we can say that while we wanted to work very closely with them and continue to make sure that we're helping and supporting small business and the business community in Manitoba with

a number of projects and programs and policies that are designed to help them, and that we have a cooperative program worked out with them, where we're developing the new programs together with the business community, not developing them ourselves and laying them on them.

A good example is the Manufacturing Program that we're just bringing on board, where I've had meetings with the manufacturing sector that were very helpful and are going to help us make some changes and adaptation to the program, so that it will be better from their point of view and give them more help. So we want to work very, very closely in everything we do with the business community and have been working very hard to provide consultation resources, support, put on workshops, put on management training programs, give counselling, and support in that arena to the businesses in the Province of Manitoba.

I feel we're going to separate these; I think I'll leave my opening comments on Tourism for the point that we get to Tourism. So just in closing, Mr. Chairman, I would just say that I think that the Government of Manitoba recognizes how important small business is to our province and our economy and, recognizing that, they have taken some clear steps to give support and help to them in a number of areas — and we'll be getting into them when we go into the specific Estimates — and that we believe that all of the factors and indicators, wherever they come from, whatever the study is, or wherever the information comes from, indicates that Manitoba is one of the booming provinces and that our potential for growth and development is one of the highest in the country. As Minister of Business Development and Tourism, that pleases me a great deal.

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

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

I want to thank the Minister for the supplementary information she provided me with. I think it's going to assist us in going through the Estimates much quicker; we'll be able to zero in on specific items.

I am concerned with the department itself, first of all, the department that is supposed to be assisting business and counselling business, itself is one of the worst departments in the government. I would refer to the Auditor's Report, where he states that the Department of Business Development and Tourism, and the Department of Industry, Trade and Technology have not submitted satisfactory Expenditure Estimates data for both 1984-85 and 1985-86, and that necessitated much other work. I think it's ironic the department which is trying to assist business isn't able to run the department itself. In the Estimates we'll get into that area and we'll be discussing them. There are some very serious questions to be raised and we'll have an opportunity to look at some changes.

I think it's important within our industrial base that we have a very viable, a very healthy, and a very efficient business community, not just for the jobs it creates, but I think as individuals we need the business community to service us and if we don't have an adequate business community with adequate competition, then the public isn't well served.

The one concern I do have, though, is that the business development area should be more in the private sector and less in the public sector. An indication of this is say maybe MTS trying to get into retailing and other things that really are private sector investments and actually are hurting some small business people. I think the private sector has the imagination and will to develop new ideas and technology and will create new services and processes.

I am pleased with the unemployment figures as was read out in the House yesterday. One tempering figure is that we have to understand that 1,684 of those jobs are with the Census and that after the 18th of July, I think is their wrap-up day, we'll find those 1,684 people will now become unemployed so the statistics aren't as great for all of Canada — all provinces are the same — so we have to be concerned.

The Minister said that she was very concerned about private investment and talking very much about the manufacturing sector. In reality, the manufacturing sector, which really is the key to our provincial economy, along with processing and that, but manufacturing is down four percent. What we have to recognize is that the manufacturing sector is the sector that is in the most trouble, and if we don't do some things to change it, we're really going to be in bad shape; we'll be looking for more transfer of payments from Ottawa because of that.

An indication is like Tan Jay, because of government's unwillingness to get in on some labour laws and just some common-sense things, moved 400 to 500 jobs to Thunder Bay where they are better received. So I think that's an indication that the government has to take a look at some of the programs they've got.

I'm pleased; I noticed the MMN Program is now in place. And if Elijah is here, I hope Elijah is aware of the MMN Program for Native business people. I think this is the area that, when I spoke in the House on that one Resolution, we want to try and move the Native people in to be self-sufficient and helping them establish their own businesses is a good way to do it.

I think we have to be aware that 80 percent of all new firms fail in the first couple of years. I think that is an area that when our programs are being developed that some methods of assisting these new firms to get through the first couple of years. Maybe there could be a stand-down on sales taxes or different things, some incentives, to get them beyond those first two years where they can then make good business tries; and also keeping in mind that 80 percent of all new jobs are created by small business, so job creation has to be in the form of small jobs.

I would like to discuss in detail, when we get further on, the Small Business Development Program. I hope the Minister now has the program in place that we can discuss it. There are some areas with the new businesses that maybe we can work with the program to assist them.

I think the main thing that governments have to do is the climate and the attitude within a province to enhance business, to lure business, to get business to expand. After listening to the Minister, I'm really quite concerned when she thinks that the investment sector is really doing well.

In effect, if we took away the new housing starts, and I don't consider housing starts to be investment

in the sense of a business that is established; once you've built the house, that's all you're going to get out of it. I think there, if you take the housing starts away, really, from 1981 until last year, you have a net reduction in private sector investment, keeping in mind that the public sector investment has increased 50 percent in that period of time. It went from around 30 percent of the investment to 50 percent. The spinoffs from some of the large public sector has also been a reason why some of the private sector has expanded. We are not healthy in the private sector section and I think we have to be aware of that.

The Minister talks about meeting and talking with people. I don't know if she has met with the people from the CFIB, Canadian Federation of Independent Business, and I think that this business represents a large number of businesses in the country and they've done an awful lot of work. There's some excellent figures in here to show us where the problem areas are. I think this is what we have to do. We go with our strengths, but also understand where the problems are.

We have the highest minimum wage in Canada. I think this is a concern to young people who are trying to get a job, that the wage is so high that some businesses can't afford to hire them. When we go down as low as \$3.80 and \$3.75 in other areas, it's significantly different.

One of the other areas that they were looking at was with the payroll sector and Manitoba, of course, rates with one of the highest in the problems with payroll and, of course, there's only Quebec, I think, and Manitoba that are on the payroll tax.

When they did a list of what are the things would be a reduction, would be most beneficial to your business, the payroll tax came out No. 1. Manitoba was 34 percent, compared to 18.5 percent for Canada. So the payroll tax is a significant factor here.

Corporate income tax in here, of course, we're one of the highest ones, but not as much.

What is the small business restraint in business and have you imposed, due to the current business recession, a reduction in the number of employees? Manitoba has come out poorly in a lot of these statistics.

So if the Minister hasn't a copy of these, I'm sure that they would be glad to — did Mr. Botting not meet with your group, because he said he had met with the government and I'm sure . . .

**HON. M. HEMPHILL:** When you finish your opening speech . . .

**MR. E. CONNERY:** . . . you were the Minister at that point.

I think there's a good indication that there's a lot of things that, if the Minister is sincere about listening to what industry is saying, there's a lot of information.

The Chamber of Commerce, of course, is another excellent avenue . . .

**HON. M. HEMPHILL:** I met with them today.

**MR. E. CONNERY:** . . . for good, solid information. It's getting late in the season, with the programs being developed.

Within our climate that we're talking about, one of the areas that was badly challenged was the red tape

and government regulation. The former Minister did quite an exhaustive travelling and study of the red tape and I don't know if anything has come about to reduce it. So you can comment on that after.

Our labour laws, of course everybody knows we've got the most restrictive labour laws in the country. If you're looking at job creation and business development, we have to look at it in the sense of what it's doing to business. When you think it's creating jobs, as in the case of Tan-Jay, and they move to Thunder Bay because of labour laws, then I think you're wrong.

Workmen's Compensation is another area of concern where the businesses are really afraid that there's going to be a large increase in Workmen's Compensation costs and, when we look at what has happened there — I think we had a surplus of 36 million when your government took over to somewhere just under a 30 million deficit. So we're looking at way over 50 million that somehow has been frittered away in the last five years.

The payroll tax has been discussed and deficit reduction is definitely a concern of business, because they know if we don't bring the deficit under control we're going to have some severe problems down the road.

In the case of bankruptcies that the Minister stated, when we look at the NDP record of bankruptcies versus the previous four years that we were in, we had maybe one-third or one-half the number of bankruptcies that we experienced under NDP Government, and they said it wouldn't happen.

ManOil was going to make everybody free and easy. There'd be no farm losses, no bankruptcies, and all that ManOil is doing is adding to it.

Anyway, those are my opening remarks, Mr. Chairman, and from that we can go to the Estimates.

**MR. CHAIRMAN:** Thank you. If the staff would like to come forward please?

We will begin with Resolution 22. Item 1.(a) we will defer, and begin with Item 1.(b) Executive Support — the Member for Portage.

**MR. E. CONNERY:** Pardon me, I was interrupted.

**MR. CHAIRMAN:** Item 1.(b) Executive Support — pass?

**MR. E. CONNERY:** No, we'll discuss it.

**MR. CHAIRMAN:** Okay, the Member for Portage.

**MR. E. CONNERY:** I want to go to the chart. The overall department, one question I want to ask and it's right at the very top, the total amount was budgeted last year for \$823,600 and it came out as only 635,000.00. What is the reason for the humongous discrepancy between what was budgeted and what was actually spent?

**HON. M. HEMPHILL:** We're trying to find out where you are.

**MR. E. CONNERY:** Well, if you look at the Administration and you take last year's Estimates, when

we did last year's Estimates you had estimated to spend \$823,000.00.

**HON. M. HEMPHILL:** In Administration?

**MR. E. CONNERY:** Yes, the total for the (a), (b), (c), (d). I'm looking at last years Estimates Book. There are lots of good things when you go back.

**HON. M. HEMPHILL:** Mr. Chairman, it's my understanding that's the adjusted amount in the adjusted Estimates.

**MR. E. CONNERY:** What were the reasons for adjusting it?

**HON. M. HEMPHILL:** We'll gather that information and give it to you as soon as we have it, if you want to go on with the next . . .

**MR. E. CONNERY:** I would assume, in looking over IT and T and Business Development and Tourism that Finance and Administration is for both departments. You have a common Finance and Administration Department.

**HON. M. HEMPHILL:** That's correct.

**MR. E. CONNERY:** In my opening statement I discussed the report of the Auditor where he showed there were some serious downfalls or lack of information. What is being done in this department, because it affects both, it affects the two most important departments as far as job creation and business that we have, and yet we have a common problem.

**HON. M. HEMPHILL:** Mr. Chairman, there was a full review done of the matter and there was a committee of deputies that worked to address it, and it's my understanding that we have addressed the issues that were raised in cooperation with the Department of Finance to resolve the issues that were identified; and that there are currently actions under way to correct the identified shortcomings in the system, so I think we have met, we've reviewed and we've come up with an action plan that is in the process of being implemented to improve.

**MR. E. CONNERY:** What other areas come under the Executive Support? You have the deputy and how many . . . There are so many books and supplements to keep them all . . .

**HON. M. HEMPHILL:** I know.

**MR. E. CONNERY:** Page 9 or Page 10.  
What are the total staff. I've seen . . .

**MR. CHAIRMAN:** The member is looking for staff breakdown under . . .

**HON. M. HEMPHILL:** Could you just indicate what the exact question is that you want, what information is it you wanted?

Monday, 14 July, 1986

**MR. E. CONNERY:** I just wondered what staff were in there.

**HON. M. HEMPHILL:** Is it what staff are in there?

**MR. E. CONNERY:** And that's just supportive to the . . .

**HON. M. HEMPHILL:** Yes, the deputy and myself and the office staff that goes along with it.

**MR. CHAIRMAN:** Is the Member for Portage looking for the staff breakdown, their job titles?

**MR. E. CONNERY:** Yes, it's in here now, as far as the staff breakdowns. We have it in the book so it's not a large concern.

I think we can pass on that one.

**MR. CHAIRMAN:** 1.(b)(1)—pass; 1.(b)(2)—pass.  
No? — the Member for Portage; 1.(b)(2).

**MR. E. CONNERY:** When you were doing your overall strategic planning, the one thing that I . . .

**MR. CHAIRMAN:** Excuse me. We passed 1.(b)(2). You're on 1.(c)?

**MR. E. CONNERY:** No, we didn't pass. . . Oh, 1.(b)(2), yes.

**MR. CHAIRMAN:** 1.(c) — the Member for Portage.

**MR. E. CONNERY:** Once again, the budget a year ago was for \$175,400 and you only spent \$123,000.00. Not that I'm against the reductions, but what changes took place in there?

**HON. M. HEMPHILL:** Mr. Chairman, that was simply overall reductions. We delayed hiring people a little bit later and made overall reductions to reduce the amount. Actually we've done this in a number of areas and I think most people are doing it, where you can just slow down a bit of hiring, or cut back on some of the expenditures or when you're buying things; we're attempting to do that.

**MR. E. CONNERY:** In your Strategic Planning what areas does this encompass?

**HON. M. HEMPHILL:** Mr. Chairman, it includes the planning process; it includes research to make sure that we have information and analysis necessary for the Strategic Planning. It includes the development and presentation of alternative scenarios, a three- to five-year outlook, the exploration of specific topics or issues on request from the Executive Committee.

In terms of planning, we're developing a long-term planning program. In terms of achievements under this area we're looking at computer systems where we've upgraded the existing systems in software and additional systems in Small Enterprise Development Centre in Winnipeg. We're looking at maintaining the Systems Consultant in the Tourism area to make sure that our software is compatible, and we have had a

two-day Departmental Planning Conference in February and March and a Strategic Program overview document for the fall Cabinet Planning Conference has been prepared.

**MR. E. CONNERY:** Is the Jobs Fund involved with business development, money from the Jobs Fund being allocated?

**HON. M. HEMPHILL:** Yes, we have, I think, it's about eight staff years and about \$6.5 million in total that are actually for our department which are adding to the existing Estimates.

**MR. E. CONNERY:** \$6.5 million. Is this allocated, like you know that you're going to have this to spend in business?

**HON. M. HEMPHILL:** Yes, we know we're going to have this and where it's going to go. For instance, the Venture Capital Program is there; the Manufacturing Adaptation Program at \$1.2 million is there; Youth Entrepreneurship Program, which helps fund things like the Career Symposium and High School Student Symposium; the Employee Ownership Program, where employees and employers are looking at more of a sharing of productivity, of money between the employer and the employee we have a program under there; and a Limestone Coordinator whose job it is to try and relate programs that are going on in the community, business development in the community and Limestone and link the two together. So those are all of the things that are our programs and activities that are being funded under the Jobs Fund; it comes to \$6,599,000 and eight staff years.

**MR. E. CONNERY:** Why wouldn't those dollars be indicated in these Estimates?

**HON. M. HEMPHILL:** Mr. Chairman, because they're new initiatives and so . . . They're new initiatives under the Jobs Fund for long-term job creation.

**MR. E. CONNERY:** But is this money only going to be here for one time or are we going to be having it for some time to come?

**HON. M. HEMPHILL:** No, the program is a four- to five-year program. So we're undertaking a major program in these areas, a major commitment.

**MR. E. CONNERY:** So we're looking at \$6.5 million over the next, well, I guess the term of the government then — whatever that is — to have, but it's not going to show in the Estimates, it's just going to show in the Jobs Fund.

**HON. M. HEMPHILL:** Well, it's going to show in Jobs Fund. So I think that there are a number of departments where specific new initiative programs are coming through the Jobs Fund and when the Jobs Fund comes up I think we can go into any detail that you want about the business development initiatives that are there, or even now if you want, I don't object.

**MR. E. CONNERY:** Well, I would like to know where we're going with this Jobs Fund money and a better

breakdown. Mr. Chairman, I just can't conceive any business person reading this and saying, well you know, you people are doing a good job for us. Who would ever look and say, there's \$156,000 in the Estimates but on top of that we're going to spend \$6.5 million besides that when you show 156,000 in Estimates. Well okay, not in that sector but . . .

**MR. CHAIRMAN:** Well, if I could just clarify for the member. Resolution 144 deals with the entire Jobs Funds which would include this item. So what I would suggest to the member is perhaps the specifics on how that money is allocated, under what terms and to what departments is more appropriate under Resolution 144 than under Business Development and Tourism. Business Development and Tourism, the way the Estimates are laid out is what you have here. The Jobs Fund is under Resolution 144 which deals with Jobs Fund allocations to all departments, which I think from what the member is getting at in his question would be more appropriately addressed under 144.

**MR. E. CONNERY:** I can't disagree with you more wholeheartedly. We're discussing programs under Business Development and you're spending \$6.5 million in this area and I want to know what is being spent on what area.

**MR. CHAIRMAN:** I would suggest to the honourable member that Resolution No. 144 deals with the particulars of the Jobs Fund. I would also refer the member to Rule 64(3) which states that the Chairman of the Committee will decide order in the business. I am suggesting that questions of specifics under 144 in the resolutions is not in order at this point. If the Minister wishes she can answer that but if you're asking for specifics of 144 I would suggest that you wait until 144. Do you want to comment on that, Madam Minister?

**HON. M. HEMPHILL:** No.

**MR. CHAIRMAN:** I would also suggest that if you are going to reflect on the Chair, I would ask you to withdraw. But the fact is the Chair is attempting to run these meetings as impartially as possible to allow full clarification and investigation. The Estimates are set up in a manner to allow that. Now if you do not agree with the way the Estimates are set up, you should have brought that up with the Department of Finance where it would have been appropriate. But here we are dealing with Item 2(c) and I would appreciate you not reflecting on the Chair and sticking to the subject matter at hand.

The Minister wishes to make a response — the Minister.

**HON. M. HEMPHILL:** Mr. Chairman, I think that what he might be asking, and I'm not sure, just as a bit of an overview on what those programs are, and if he wants that, you know, for instance we could spend just a couple of minutes on the Manufacturing Adaptation Program, which is 1.2 million, and this is one of our top new initiatives and the reasons that we have chosen it are exactly the reasons he said in his opening statement. It's one of our major sectors and it is falling behind; it's not capturing its share of the market. We're

losing in the number of jobs, we're losing in our markets, and we have to improve the sectors and help the sectors that are there before we worry about going out and creating new ones. This is the key. So the Manufacturing Adaptation Program is designed to do that.

And what its purpose is to largely help them move from the production levels that they have now, with new technology, into being able to increase their productivity by adapting the technology that they are using and adapting using marketing procedures to make sure that they have markets for the increased production.

When I said that I had met with them, I met with the manufacturing industry and had an excellent meeting with them. As a result of that meeting, we're going to be making changes in the program because they weren't asking for a lot more money, they weren't asking for a major change in the criteria, but they wanted us to be more flexible because they said sometimes the needs of small businesses aren't, for instance, for a big robotics machine, you know, which is very sophisticated and very expensive. Maybe there are small businesses that can increase their production quite considerably by going to a higher level machine that is not what would be called at the highly sophisticated level. They also indicated to me that we needed to do feasibility studies and that small businesses needed help doing studies to see whether or not they should go into new technology and what it would be supposed to do. The other thing they want us to look at and talk about is the training and retraining of staff when you're changing and moving into technology. So that's one example of a program that is coming under the Jobs Fund and that's one of the largest amounts of money at \$1.2 million.

The other large amount is \$4 million, Venture Capital. There we've got a \$35 million commitment by government overall for a five-year period. That's a major commitment to the Venture Capital Program. There is an area here in these Estimates where we can discuss Venture Capital at a later date and get into any details you want there.

The Youth Entrepreneurship Program is a very small program — there are a few small programs in there — and it really is our help and support to the Career Symposium that takes place out in Brandon; we give \$6,000. We help young Manitobans who are applying for the government Youth Business Start Program, which is under Employment Services, but we help students apply and do an evaluation. I think that last year's evaluation indicated a very low failure rate so it looks like that program is going well. That's a very small program.

Another program that gives \$50,000 is the Employee Ownership. What is happening there is that we worked with I think something like 38 businesses, or quite a large number of businesses were looked at, and the purpose of looking at them was to try and identify those businesses. Oh no, that's Threshold. Just a minute. I was just going to tell you all about the Threshold companies

**MR. E. CONNERY:** We're both learning together; don't feel bad.

**HON. M. HEMPHILL:** That's right. I was going to tell you everything you wanted to know about the Threshold companies, which I will tell you but another day.

This is a program where we are working on employer and employee equity, improving the benefits. What happens here is there is an agreement between the employees and the employers to work together to increase production where there is an equity gain and sharing for both the employer and the employee on the increase production.

We have an example of a committee of a business and a cast where the employees are tremendously satisfied because they now have a lot more participation in saying what is going to be produced and how, and in contributing ideas for improving production. They have increased their production tremendously and they are now benefiting from that increased production as are the employers. So that's a program that there are, for instance, about 26,000 firms in the U.S. that have developed an equity-sharing process. I think maybe it's one of the ways to go because if people are involved in participating in the job that they are doing, in ideas for increasing production, they're likely to do a lot better job, and that's showing in a couple of cases that we've been working with. It's a small program with a lot of potential.

Those, I think, other than the Limestone office in Norman, where I suggested that their job is to work and coordinate between the business development in the community and the business development that is coming about through Limestone, to coordinate activities between the two, those are the major activities of the \$6 million under the Jobs Fund.

**MR. E. CONNERY:** There still must be some others because your two major figures come to 5.2, so there still would be 1.3 million somewhere along. I wonder if it would be possible for maybe tomorrow to have the remaining . . .

**HON. M. HEMPHILL:** There's another one. Remote and Northern Communities is \$270,000.00. I forgot to mention that. That's simply where we work with the northern and the remote communities to help them identify and develop businesses. The Venture Capital at \$4,943,000 . . .

**MR. E. CONNERY:** That's okay.

**HON. M. HEMPHILL:** Okay, the 900,000 . . .

**MR. E. CONNERY:** So you're down to the \$4 million . . .

**HON. M. HEMPHILL:** Yes. The Limestone office is 35; Employee Ownership is 50. I think that pretty well comes . . .

**MR. E. CONNERY:** Why would this department be in the Remote Northern when we have the Communities Economic Development, or whatever the name of it is, mainly for northern firms?

**HON. M. HEMPHILL:** We largely provide consultant services to them. When they ask, we provide consultants.

**MR. E. CONNERY:** Then is your department working with the Communities Economic Development, or . . .

**HON. M. HEMPHILL:** Yes, we do work with them.

**MR. E. CONNERY:** Because my concern, as we will see later when we get into some other parts of the Estimates, is that there is a danger if you're not working in consultation with each other, you're going to have people getting money from two departments that really maybe shouldn't be happening. So I hope that there are fair communications with them.

**MR. CHAIRMAN:** 2.(c)(1)—pass?

**A MEMBER:** No.

**MR. CHAIRMAN:** No.  
The Member for Portage.

**MR. E. CONNERY:** Would this be the area that . . .

**HON. M. HEMPHILL:** The only point I wanted to make on the last one is that our people are working with communities, not individuals; so they're going in and helping communities.

**MR. E. CONNERY:** Would this be the area, when you're working with business . . .

**MR. G. ROCH:** A point of order, Mr. Chairman. We're on 1.(c)(1) now.

**MR. CHAIRMAN:** 1.(c)(1), sorry.

**MR. E. CONNERY:** Do you do a market analysis to determine where there is a market shortfall, where we could produce more? How do you go about deciding what thrust you're going to have in the business sector?

**HON. M. HEMPHILL:** Yes, I think we do a variety of things. We do a lot of consulting with people and we do gather information and have developed an overall strategy for the department over a number of years, identifying the sectors that we believe are the ones that we should be concentrating on.

As the Member for Portage la Prairie suggested, the manufacturing sector is one of the key sectors. This is the development plan for small business in the Province of Manitoba this year and for a number of years to come.

It shows the importance of manufacturing because we've identified manufacturing the industrial products and parts and equipment, manufacturing agricultural equipment and grain-handling equipment, manufacturing electronic products, manufacturing health care products and special needs products, as well as the service industry and technology transfer; so that one of the large areas that we have identified to move on is the manufacturing sector in all areas.

**MR. E. CONNERY:** Have you dropped some programs?

**HON. M. HEMPHILL:** Mr. Chairman, I don't think we've dropped any programs, but I'm informed that we've changed our emphasis on some of our programs. So that he'll be happy to know one of the changed emphasis is to work more closely with the private sector,

Monday, 14 July, 1986

recognizing — in fact, I think we have always recognized, I think, the importance of the private sector — but are working to develop a system where we're providing support and resources to them that they need.

We're working in three areas. Business development, regional community development and entrepreneurial development are the three areas that we have identified to work in with them.

I think I must say we know how important the private sector is, but we also know that there are places where the private sector would not go, or businesses that would not receive any money or support, or people in businesses and organizations that would not have the opportunity if there weren't public sector involvement, too, to encourage investment. The Venture Capital is a very good example where, by putting up \$5 million of the province's money, was able to release and get \$9 million of private sector money put up and create 1,000 jobs.

I think that there really is a role for both and that in these complex, difficult times there isn't any one group that can go it alone. The private sector could not meet all the needs of the business community, nor could government alone.

**MR. E. CONNERY:** Do you have any particular programs geared for rural Manitoba?

**HON. M. HEMPHILL:** Mr. Chairman, the Rural Community Development Program, the RDC programs, which I think are close to \$600,000 to \$700,000 in the total budget, and service the six or seven economic regions in the province, it's \$1.1 million, and provides resources directly into the rural communities.

**MR. E. CONNERY:** Do they participate in program development? When you're down at that stage, in Strategic Planning, would you call them in to see what returns the rural areas have?

**HON. M. HEMPHILL:** We have a very close relationship with the RDC organizations and the previous Minister had a number of meetings and called them in and met with them and talked with them while we were developing our programs. I think we see the community development, in whatever form it takes, whether it's the Tourist Association, or the RDC's, that the community development organizations are very important. We intend to continue working very closely with them.

**MR. E. CONNERY:** The Federal Government is coming out with a new program called — well, it used to be LEAD and now it's Community Access, or Community Futures. I know our local RDC is working with them also.

Is there going to be coordination between the Federal and Provincial Governments, that we don't have two groups running in the same area?

**HON. M. HEMPHILL:** Mr. Chairman, it's my understanding that the role we play there is that the RDC's make the initial decision, that they initiate, and that it's our job to give them help and support and to help them access to information or to the Federal Government program.

**MR. E. CONNERY:** Will we have an opportunity — where do we discuss the grant money under Business Development? In Tourism, there's another section.

**MR. CHAIRMAN:** No. 2 would seem to be appropriate.

**MR. E. CONNERY:** I just don't want to have it pass and . . .

**MR. CHAIRMAN:** No. 2., Business Development, right after this section — the next section.  
The Member for Portage.

**MR. E. CONNERY:** Are you involved with the Strategic Planning along with the Food Products Development Centre and the Tech Centre here in Winnipeg?

**HON. M. HEMPHILL:** Mr. Chairman, that's under IT and T.

**MR. E. CONNERY:** Yes, but a lot of small businesses still use it.

**HON. M. HEMPHILL:** Well, we work with them but the lead department is IT and T.

**MR. E. CONNERY:** I've got marked down here the Manitoba Marketing Network. What is the Manitoba Marketing Network?

**HON. M. HEMPHILL:** We'll take that under No. 2.

**MR. E. CONNERY:** Okay. Are there still two members — that may be under 2. also — seconded to the core area development?

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

**MR. E. CONNERY:** Where will core area development be discussed?

**HON. M. HEMPHILL:** Under No. 2.

**MR. E. CONNERY:** Okay. The Main Street Program will be also under 2. then?

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

**MR. CHAIRMAN:** 1.(c)(1)—pass; 1.(c)(2)—pass.  
1.(d) Communications - the Member for Portage.

**MR. E. CONNERY:** He has some questions first.

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

**MR. G. ROCH:** What exactly does the term "professional consultation" mean?

**HON. M. HEMPHILL:** I beg your pardon?

**MR. G. ROCH:** "Communications provides professional consultation and support services to the department." What does that mean exactly?

**HON. M. HEMPHILL:** It's getting professional advice to give us some help in designing brochures and

everything on the table in the back, I'm informed, whereas we brought in copies of all the brochures and materials and things that we put out, recognizing that you'd asked for that before under IT and T, and professional consultation just gives us advice on developing those.

**MR. G. ROCH:** When it comes to communication with the public, is that what that means? Is it all those brochures there?

**HON. M. HEMPHILL:** Yes, a lot of the brochures; some of the brochures are for the public and some of the brochures are for business and special target populations. The Small Business Report, for instance, goes out into the business community and wouldn't necessarily be to the public at large. Other brochures and information would be available to the public.

**MR. G. ROCH:** How many people are employed in this particular area?

**HON. M. HEMPHILL:** Two.

**MR. G. ROCH:** So this particular department, there would not be the same kind of communications personnel as we have in other areas of government?

**HON. M. HEMPHILL:** I think they're the same kind but there's less of them. You know, there's two Communications people who basically have a job to do to provide communications. Some of it is interdepartmental, intergovernment, some of it is within field and some of it is with the public, and it provides communications services to my department, to my office, too.

**MR. G. ROCH:** These would be strictly in the Business Development portion of your department. Does Tourism have separate people for that same function?

**HON. M. HEMPHILL:** Mr. Chairman, this is the overall Communications Department although, under Tourism, we have concentrated on marketing programs where the people, instead of broad communication, are doing specific marketing in the tourism area.

**MR. G. ROCH:** That's fine.

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

**MR. E. CONNERY:** You were budgeted for \$228,000 last year, and you only spent 91,000.00. Did you transfer staff?

**HON. M. HEMPHILL:** Mr. Chairman, that's where we originally had more of these people in Communications and, by design, chose to move them into the marketing area, because we have found that concentrating on specialty markets and on advertising for those markets is a good use of communication money. So that's been a transfer from Communications into marketing.

**MR. E. CONNERY:** Do you do a lot of co-op advertising?

**HON. M. HEMPHILL:** Under Tourism, we're doing a considerable amount of co-op advertising and plan to do more.

**MR. E. CONNERY:** The "Report on Small Business," which is relatively new, I think it's a very pretty brochure, but I have some concerns that it's more of a political brochure when I see three government M.P.'s or MLA's in here featured and, of course, the Minister herself with a high profile on the back page. It's very well done but, when we're dealing with government money and promoting business, I question the rationale of spending so much money on a book like this to publicize . . .

**HON. M. HEMPHILL:** 30,000.00.

**MR. E. CONNERY:** Then I gather you're still using a lot of consultants. How much of the Other Expenditures would be consultants?

**HON. M. HEMPHILL:** About 25,000, Mr. Chairman.

**MR. E. CONNERY:** And this is costing about 50,000.00. The rest of the money would go to the other brochures and so forth?

**HON. M. HEMPHILL:** I'm sorry, I thought the answer was coming on that. It was coming on the Core Area Initiative, and I was trying to figure out what the answer was. Could you repeat the question?

**MR. E. CONNERY:** What are the other monies spent on? Is it on just brochures? You've got 50,000 and 25,000, 75,000.00.

**HON. M. HEMPHILL:** It's in a number of areas. Some of it is just simply office supplies, equipment rental, conferences, telephone, sundry things like that, fee-for-service contract staff, computer-related charges, photography, the quarterly Development publication.

Just to mention the prettiness of the book that the member suggested, we're getting a lot of requests for that. I think it was probably quite appropriate that, in that, there be an introduction of the new Minister of Business and Tourism to the industry, which is the purpose of that article on the back page. That's basically what it's made up of.

**MR. E. CONNERY:** It's still the same Premier though, and the Member for Inkster is also highlighted in here. I haven't ran across a Conservative yet. Maybe one feature, we'll do that. I'd have to have a look after at all the brochures, but . . .

**HON. M. HEMPHILL:** That's why we brought them in.

**MR. E. CONNERY:** To me, how many of the brochures are totally read and how many just go into "File 13"? Have you done a review to see the cost effectiveness of it?

**HON. M. HEMPHILL:** Mr. Chairman, it's my understanding that we've done a complete review of the publications that we're putting out on the tourism

side, and we're in the process that we've undertaken a review of all the publications in business.

**MR. E. CONNERY:** I think the Minister can understand and I know what the Minister and the government is doing with the brochure, but you can also understand when we get up and get a little excited when we see government people involved. You know, you're going to catch flak from it and, as long as it's there, we're going to continue to give you flak. I think, as a straight brochure, it has some information. I question the cost for what benefit we are maybe getting, because people that are interested in programs will go searching. I think we're ready to consider the resolution.

**MR. CHAIRMAN:** Well, no, Item 1.(a) is deferred, so we'll just pass 1.(d) (1), 1.(d) . . .

**MR. E. CONNERY:** If we're on 1.(d)(2), I move, seconded by the Member for Springfield, that we reduce the amount of Other Expenditures by \$80,000, which was the amount that it was increased two years ago, as a cost-saving measure.

**MR. CHAIRMAN:** That has to be put in writing, please.

**MR. E. CONNERY:** Do we need the seconder on here? Is there a seconder required?

**MR. CHAIRMAN:** No, not in committee.

It has been moved by the Member for Portage that \$80,000 be deleted from Item 1.(d)(2) as a cost-saving measure as some brochures are used to a large extent for party promotion.

**MOTION presented and defeated.**

**MR. E. CONNERY:** We want to go now into the House and have a recorded vote.

**MR. CHAIRMAN:** It requires a request of two members. The Member for Portage, is there a seconder, a second member, okay.

The committee is recessed, and we will go into the House for the vote.

**(Recess)**

**MR. CHAIRMAN:** The committee will come to order. We are still now considering Item 1.(d)(2) — the Honourable Minister.

**HON. M. HEMPHILL:** Mr. Chairman, just to put on the record, I mentioned to the Member for Portage la Prairie as we were breaking up that, in terms of the general point he was making with the resolution, I quite agree that I don't want to spend unnecessary money on brochures or literature that is not useful or is not used, and have always taken a fairly hard line on that area where I've either changed them completely if they weren't working or I've wiped them out or eliminated them. All I'm doing is letting him know that my basic feelings are the same as his in general, not that particular brochure which I think is very useful. We will be reviewing, and I don't intend to continue spending

a lot of money if the brochures aren't doing the job they're supposed to do.

**MR. E. CONNERY:** I would imagine this is the sector we get into the grants to businesses.

**MR. CHAIRMAN:** We're still on 1.(d)(2). If you want to pass it, we'll move on.

1.(d)(2)—pass.

We're now on Item 2, Resolution 23, Business Development — the Member for Portage.

**MR. E. CONNERY:** I guess everything else to do with business comes into this sector.

**MR. CHAIRMAN:** Sure looks that way. The Member for Portage.

**MR. E. CONNERY:** Going over the Estimates, like I said earlier, it made it a lot quicker. I had a chance to view a lot of different things. Of course, when you don't know what they are, you have lots of suspicions. When you have them, you can . . .

**HON. M. HEMPHILL:** Now you have less, don't you?

**MR. E. CONNERY:** Well, it's going to save a lot of time.

One area, this was under the Interest Relief Program. We've got a significant amount of write-offs. Are there a lot more accounts that are in jeopardy, and what can the maximum loss to us be? The program, I believe, is now terminated, but we would still have some collections.

**HON. M. HEMPHILL:** Mr. Chairman, it's my understanding that there aren't any more businesses in jeopardy, that the program is completed.

**MR. E. CONNERY:** There's no more money to be collected?

**HON. M. HEMPHILL:** The amount that was identified is in the process of being collected, but we don't expect there to be any more than that which has been identified.

**MR. E. CONNERY:** One of the concerns in looking through the No. 4 category where they have sold the business but haven't been able to collect the money, I find that hard to understand.

**HON. M. HEMPHILL:** Mr. Chairman, I guess the assumption is that wrapping up the business means that they've got money and that may not necessarily be so, or there may be money there and we may have to go to court to get it.

There's one point that I wanted to make about the Interest Relief Program, and that is we found that, out of over 600 businesses that were helped that were identified as being — I mean, the criteria was that they had to be in financial distress to be able to get the grant. By providing counselling and support and being able to identify those businesses that were in distress, I think we were able to give a lot of help. In fact, only

10 percent of them, I think, in the end were completely lost, and the others were helped. So those are really fairly realistic figures, considering they were all in serious financial stress and only that percentage were lost completely.

**MR. E. CONNERY:** Looking down the amounts on the loan left that were not repaid, there are an awful lot of even figures like \$3,000 or \$6,000.00. Were some of these never any amounts collected on?

**HON. M. HEMPHILL:** Mr. Chairman, there were some loans where there was no money collected on. There were some loans where there was partial money collected.

**MR. E. CONNERY:** I'm not opposed to the program. I think that it had some merit. But what concerns me is, if they didn't make a payment, then why did they get the loan in the first place? To me, there were some investigations that should have said, these people aren't even going to pay anything. I can see them going a year or six months and running behind on their payments but then not to have paid anything, and there's a significant number of them that just never paid anything by what I can see.

**HON. M. HEMPHILL:** Mr. Chairman, I think there was investigation made. What I said before is that they had to be in serious financial stress in order to qualify for the program. It means that's a group where the grants that are going out are for people who are high risk, and the fact that a number of them were saved, I suppose, is another way of looking at it. The ones that were given counselling and help and that came through is maybe a better achievement or a more important achievement than the ones that went under.

I have been informed that there is a two-year grace period before the payment is required, so it would depend on when their loans . . .

**MR. E. CONNERY:** That makes more sense.

I don't have any more on that particular program. I'd like to go to the Grants sector, and we might get it in before the 4:30 p.m. mark. I don't know.

This is now No. 11, Small Business Incentive Payments, the Annual Report. You have IT and T, and you have Business Development. Can companies work with both of them, or are they identified as being Small Business or IT and T?

**HON. M. HEMPHILL:** Mr. Chairman, under certain circumstances, they're allowed to. Usually the purposes are different, but they're getting money from each department.

**MR. E. CONNERY:** I have a couple of concerns and, being a nice wet weekend, I had lots of time to read. One company, Miconex, got an IT and T grant of \$1,500 and a B.D. grant of \$1,500 for the same year, 1985.

**HON. M. HEMPHILL:** Mr. Chairman, the information I have is that the money was for a conference, and that both departments participated in funding the conference. It was the same conference. It was \$3,000,

half of it coming from each department. That we do reasonably frequently, interdepartmentally, when the conferences overlap or are in different jurisdictions or departments, we share the support of a conference.

**MR. E. CONNERY:** If the business is of an IT and T nature, they're large. I have some difficulty seeing where two departments would be sharing. It should either be IT and T, or Business Development.

**HON. M. HEMPHILL:** Mr. Chairman, we're both involved with the same people.

**MR. CHAIRMAN:** The time being 4:30 p.m., it is time for Private Members' Hour. I will interrupt the proceedings and we will resume at 8:00 p.m.

### SUPPLY — FINANCE

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

There has been leave of the House granted that the discussion be divided into two parts, the first part being the discussion of the specifics under Budget No. 9 and 10 to be considered under Resolution No. 67 with the staff of the department present. Then when this is completed, we will move to the Minister's Salary proper in the second part, where the members of the departmental staff will be excused.

We are now considering the first aspect of the discussion of Resolution No. 67 with the staff present.

The Member for Morris.

**MR. C. MANNESS:** Thank you, Mr. Chairman.

Through you to the Minister, Mr. Chairman, the other day the Minister of Finance had indicated that his staff would attempt to secure an answer to the question posed by the Member for Kirkfield Park with regard to an income tax item change on form, in particular. I would ask the Minister whether or not his staff has a response, in writing, to that question of hers.

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

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

No, that response isn't ready yet. I imagine it will be within a matter of days. It's being prepared.

**MR. C. MANNESS:** Mr. Chairman, I'd like to refer to Page 54 of the Supplementary Information provided by the Minister, and spend a few minutes going through some of the detail associated with arriving at a figure of "Public Debt (Statutory)" of \$322.3 million, the number that's published within our Estimates. I would hope that the Minister would follow maybe patiently through this exercise, so I can gain a greater insight into how that number that I have just given you is determined.

Mr. Chairman, right today we have a direct debt in this province, I'm shown within the Supplementary Information. It says, \$6.5 billion. It says this on Page 31, Mr. Chairman, of the Supplementary Information, "services \$6.5 billion of Province of Manitoba Direct Debt, acting as a transfer agent for 28 series."

Now my question, Mr. Chairman, is this: is the total amount of debt that we're paying interest on now \$6.5

billion? Secondly, is all that debt outstanding in 28 bond series, 28 different loans?

**HON. E. KOSTYRA:** Just a couple of comments, and then we'll see if we can provide more detail on the last comment.

First of all, I just want to introduce the staff that are here. On my immediate left is Neil Benditt, who is the Assistant Deputy Minister of the Treasury Division; next to him is Gloria Kilosky, Director of Debt Servicing; and Barry Thornson, immediately next to Charles Curtis, who is Director of Debt Management.

In terms of the total debt, it is \$6.5 billion as outlined. In terms of whether or not that's contained in 28 issues, it is not all contained in 28 issues, as a number of other issues are not serviced by the division directly.

The full listing is on Page 3-5 of the Public Accounts, Volume 1, and this is going back to the March 31, 1985 year. The ones that aren't part of that 28 series are the ones payable in Swiss francs, European units of account and payable in Japanese yen, and payable in U.S. dollars.

**MR. C. MANNESS:** Mr. Chairman, then that begs the question, the 28 series that this document makes reference to on Page 31 then deals specifically with Canadian issues, I take it. I'm referring again to Page 31 on the Supplementary Information provided to me by the Minister.

**HON. E. KOSTYRA:** It's basically Canadian and certain U.S. issues. I would just emphasize what is stated here. It says, ". . . acting as transfer agent for 28 series." That does not mean that they're not involved with the other series that surround the rest of the 6.5 billion that aren't covered by that 28 series. They only act as transfer agent for 28 series.

**MR. C. MANNESS:** Well just as a point of information, Mr. Chairman, can the Minister tell me specifically how many issues, how many different arrangements have we entered into by way of contract? How many different issues do we now have on the books in all our borrowings? Is there some general answer to that question that can be given?

**HON. E. KOSTYRA:** We don't have a firm total. We just simply have to tally up everything that's listed in the Public Accounts. If the member wants that, we could provide it, but that's how we would get that information.

**MR. C. MANNESS:** Mr. Chairman, if it's all in Public Accounts, which I'm sure it is, then I can find that for myself.

I would ask the Minister for a specific clarification as to this 6.5 billion of Province of Manitoba direct debt — (Interjection) — in answer to the Minister of Finance, I too wish it were in millions. I changed it to 6.5 billion.

At one time, Mr. Chairman, I didn't think it included the amount that was guaranteed but then I see, with a further breakout under Page 54, it also includes reference to amounts of interest received from some of the self-sustaining Crown corporations. So I just

would ask for a little clearer definition of the term "direct debt."

I understood it to be previously the debt assumed with the provincial operations, the deficits accumulated in support of the operations of the Province of Manitoba not including those areas of government such as Telephone and Hydro, where indeed we paid interest in the form of our monthly rental agreements, or indeed in our monthly billings with respect to those organizations. So I would ask the Minister for a very precise definition of the \$6.5 billion of direct debt.

**HON. E. KOSTYRA:** If the member looks at — if he's got the Budget there — Appendix A-8 of the Budget. That is a listing of the direct debt payable, showing how it's payable in different dollars and then the purpose of the debt.

All of the debt that's made in the name of the province, which does not necessarily mean just for the purposes of the Government of Manitoba, but also includes all of the Crown agencies, is what is referred to as a direct debt of the province. The only debt that is not listed here is the debt of the Manitoba Properties Inc.

**MR. C. MANNESS:** So, Mr. Chairman, in this context, with respect to No. 9, Public Debt (Statutory), reciting the Minister's words, this includes both all direct debt, in other words, for general government purposes, plus the guaranteed debt. All of it, excepting that which has been directed toward the operations of Manitoba Properties Inc., is now direct debt, and that's where the \$6.5 million comes. — (Interjection) — I'm wrong again, according to Mr. Curtis, so I'll let the Minister explain again.

**HON. E. KOSTYRA:** First of all, I want to correct some incorrect information that I gave the member previously.

The Manitoba Properties Inc. is included, if you look at A-8, is included in the "Other." It's not part of the debt shown as General Government Programs. If we go back to the argument we had previously in the debate, without the existence of Manitoba Properties, it would have shown in there, but it's still shown as Guaranteed Debt.

There really isn't any way to break this out other than going through manually. If you look at the purpose of the debt, \$2.9 million is General Government Programs, which is all part of the direct debt payable, and also portions of the rest also comes under Direct Debt Payable, and other portions come under the Guaranteed Debt, which totals out on \$1.9 million, if you see the previous figure.

If the member wants that detail of which fall into which category, we can provide that manually. We have that information with respect to the previous fiscal year, but it wouldn't relate to these figures, because that information is available here in another document.

**MR. C. MANNESS:** Mr. Chairman, I should have better prepared myself in reviewing A-8 because now that I look at it, I see a lot of the questions that I had posed are clarified in some detail.

The only thing missing is the rationale, for instance, and I'm using A-8, and taking the Manitoba Hydro-

Monday, 14 July, 1986

Electric Board debt at \$2.678 billion, and somehow, under some method, it's been apportioned between Guaranteed and Direct Debt.

I don't need to see the manual breakouts of that, but I am curious about whether there's any hard rationale as to how it's separated and whether it's consistent amongst the number of Crown corporations, or arms of government that have debt associated, for which they're responsible.

Hopefully, then, the Minister can tell whether there is a standard rationale or what is the reason that some portion is brought out on a guaranteed basis?

**HON. E. KOSTYRA:** Mr. Chairman, I understand that generally, since 1976, all of the issues that have been raised have been direct debt issues by the province, where the province is guaranteeing that.

The other alternative, the other way, would be for issues to be issued by the corporation directly. I'm told that since 1976, the market has not been attracted to that and thereby is the reason why they've been issued generally in the Province of Manitoba's name.

As I indicated, since 1976, they've basically been all issued as a direct debt of the province.

**MR. C. MANNESS:** Assuming, Mr. Chairman, then, that this trend will continue, the portion that will be documented on the books and accounted for under the area of Guaranteed Debt, will continue to diminish and that, indeed, when we deal with Estimates, when we begin to look at Direct Debt, that will then amount to a higher percentage over time of the total debt of the province?

**HON. E. KOSTYRA:** Yes, unless conditions change.

**MR. C. MANNESS:** Mr. Chairman, then, moving back to the main argument, if we have \$6.5 billion of debt and the interest on that debt is \$636.6 million, roughly, last year for 1985-86, can the Minister then say that last year, on average, through all the loans, all the series that we had, that we paid close to a 10 percent rate of interest? Is that a fair statement or is it too rudimentary?

**HON. E. KOSTYRA:** The overall average cost of interest for 12 months ending March 31, 1986, based on the debt that was outstanding as of March 31, 1985, based on Canadian dollar proceeds would be 11.314.

**MR. C. MANNESS:** Yes, I understand the Minister. You'd have to look at 1985 debt and then the interest payable on the year afterward to come up with those two figures.

That begs the question, Mr. Chairman, then obviously this \$803 million that's estimated as interest costs, associated with the public debt, that will be the amount that's owing on a debt of \$6.5 billion, which was our direct debt as of March 31, 1986. Roughly then, what will that rate of interest be once we have gone throughout the fiscal year, and because most of these loans, virtually all of these issues, are locked into some rate of interest, we must be able today to tell what the effective rate of interest will be over the \$6.5 billion.

**HON. E. KOSTYRA:** The projections are not firm, but would be something less than that, on the basis of the

more recent borrowings at a lower rate and the refinancing at lower rates than what the original loans would be, so it's thought that could be somewhere around the range of 10.75.

**MR. C. MANNESS:** Can the Minister tell me what the direct debt will be when we consider these Estimates a year from now? What will the direct debt be as of March 31, 1987?

**HON. E. KOSTYRA:** It will be approximately \$1.2 billion higher.

**MR. C. MANNESS:** So, Mr. Chairman, the Minister is then telling us that our total direct debt, net of sinking funds, on March 31, 1986 will be . . .

**A MEMBER:** No, no.

**MR. C. MANNESS:** Not net of sinking fund. Would the Minister care to give me then a figure, net of sinking fund?

**HON. E. KOSTYRA:** There would be less, approximately \$175 million to \$200 million, the results of the sinking fund, so it would be net, that figure.

**MR. C. MANNESS:** Mr. Chairman, I just want to get this straight. Then it's close to \$1 billion, net of sinking fund. So what the Minister is saying then, that a year from now — not a year from now, but March 31, 1987, when we look at the budget or the information provided therein — we will come across figures of total direct debt of roughly \$7.5 billion. Of course, there should be no change in guarantee, except it maybe should reduce somewhat because of sinking funds, but that the total net direct and guaranteed debt of the province will amount to a figure close to \$8.3 billion.

The Minister, for the record, Mr. Chairman, nods that I may be correct. I would then ask the Minister how it is that he will be able, his department and his government will be able, to keep Standard and Poor's from reducing our credit rating from a AA-minus to an A-plus?

**HON. E. KOSTYRA:** The member asks how we can keep it. I can't respond that we will be able to keep it that way. That will be a decision that agency makes. What we will provide to them is information in terms of the detail that they're looking for, which would indicate that we are in a period of growth and of confidence in our province; and that we are working to manage the financial affairs of the province in a prudent and responsible fashion.

Whether or not they decide to do that is a decision they will make, not the Government of Manitoba.

**MR. C. MANNESS:** Mr. Chairman, the Minister, and I'm sure the government, took some solace from the fact that members of the media took it upon themselves I believe to contact Moody's, who also put before us a credit rating, and have found out from that rating agency that, indeed, from their perspective, that they would stay with their A-1 rating. Would the Minister care to tell me how Moody's A-1 rating corresponds to Standard and Poor's AA-minus rating?

**HON. E. KOSTYRA:** Yes, that would be equivalent to one half-notch lower than the present Standard and Poor's rate.

**MR. C. MANNESS:** So, in effect, Mr. Chairman, what we have now is Standard and Poor's, who have in fact a higher rating than Moody's, and if they were to bring it down to an A-plus, that would be at a level similar to what Moody's is at now, is that correct?

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

**MR. C. MANNESS:** So, Mr. Chairman, in effect then, Standard and Poor's, up to this point in time have had the highest credit rating of any of the rating agencies with respect to this province, and given that they are considering reducing, or at least have put us on a credit watch, that should they reduce that level of rating, we then would have the two major American rating agencies at a similar level.

I think that argument has to be correct but, secondly, I would ask the Minister how the Canadian Bond Rating Service, which I believe also does a rating, where they have placed Manitoba on their scale of rating.

**HON. E. KOSTYRA:** It's a AA-low as they rate it, and that's the same as the Standard and Poor's is at this point in time.

**MR. C. MANNESS:** Mr. Chairman, I would ask the Minister again how he contemplates, or what his strategy may be, in order that this government will be able to convince Standard and Poor's not to reduce their rating.

The Minister, I don't think, was totally forthright in his answers in the House the other day. I would ask him whether or not he can disclose to us at this point in time what further information it is that he may provide to Standard and Poor's to prevent them, or at least to convince them, that it is not in their best interest to reduce the bond rating of the Province of Manitoba.

**HON. E. KOSTYRA:** Well, I believe I was forthcoming on that in terms of my response, and I'll repeat maybe with a bit more elaboration. We will provide and have provided them with information in terms of the overall economic progress in this province, and will continue to provide that information and stress it, and provide whatever information they are interested in, in terms of the debt of the province, and stress again there, in terms of the relative debt of Manitoba either on a per capital basis or on other basis rate to other provinces, indicates that we are not out of line with the Canadian averages.

We're also indicating to them, as we have to members of the House, and as we stated in the Budget Address, that we still remain committed to dealing with the current budgetary requirements and capital budgetary requirements over the next number of years in the mid-term. In saying that, I would just want to clarify for the member, because I've heard him use those terms back to me, and he interprets "mid-term" in terms of the mandate of this government over the next four or five years, my interpretation of "mid-term" goes beyond that one analysis of mid-term or that one perception of mid-term.

**MR. C. MANNESS:** The political definition of mid-term may be a little bit different than a market definition of mid-term, Mr. Chairman. I'm sure the Minister would concur with that.

For the record, Mr. Chairman, I've secured today Canadian Government Issues rated by Moody, Standard and Poor's and the Canadian Bond Rating Service. I'd like to read some of this into the record as to how other governments and Crown corporations stack up vis-a-vis Canada. Of course, this won't come as new information to the Minister, or certainly the Deputy or members of his staff.

I found some parts of this somewhat interesting, Mr. Chairman. For instance, the Government of Canada has with Moody's a large "A", a double small "a", and I don't know how they rate that; I guess that's AAA, as Standard and Poor's also gives the nation AAA. So I guess, in the minds of some, if a nation with a \$200 billion-plus deficit, and growing rapidly, or accumulated deficit, can still achieve a AAA rating, then maybe that's, in the minds of some, an area to which we can go, given the fact that over 25 percent of the federal revenues are directed to servicing the debt.

Crown corporations, Mr. Chairman, I notice that Canadian National Railway, the Export Development Corporation, Eldorado Nuclear Limited and the Farm Credit Corporation all have AAA ratings under Standard and Poor's.

When we move into the provincial and the provincial guaranteed areas, it would come as no surprise that Alberta, which is rated only by Moody's, has AAA. All Alberta Government telephones and municipal finance corporations also have AAA ratings. British Columbia has a AA-1 rating with Moody's and AA with Standard and Poor's.

Then we come to Manitoba. Manitoba has an A-1 rating with Moody's as we've discussed; so does Manitoba Hydro have that rating, and AA-minus with Standard and Poor's, and, as the Minister has indicated, AA low with the Canadian Bond Rating Service.

Then we move into New Brunswick, and here, Mr. Chairman, is my concern, because once you hit New Brunswick, Newfoundland and Nova Scotia, you're talking about ratings, the highest of which is A-plus, and that's by Standard and Poor's, given to the Province of New Brunswick and New Brunswick Electric. Those are almost the highest ratings given of any of the bond rating services to the Provinces of New Brunswick, Newfoundland and Nova Scotia. Prince Edward Island has no rating other than a BBB under the Canadian Bond Rating Service.

As a matter of fact, Mr. Chairman, if you go to Newfoundland, they've got a BBB-1 with Moody's and an A-minus with Standard and Poor's; the same with Nova Scotia, A-minus.

We move back to Ontario. We see where Moody's has Ontario a AAA; Standard and Poor's a AA-plus; one notch above ours at present.

Quebec is in a situation similar to ours — that being A-1 with Moody's and Standard and Poor's being at AA-minus but their last ratings have been confirmed as recently as March, 1985; Saskatchewan — Moodie's has them at AA and Standard and Poor's AA-plus.

Mr. Chairman, I won't bother going into the municipalities because they are listed here also, other than to say that for those that have had a rating done

upon them — and there aren't that many other than by the Canadian Bond Rating Service — that most of them fall into the areas of, well, basically they're all high; they're all AAA's or A-1's. No doubt there are the larger municipalities who have been to the market on several occasions and shown that they are reliable borrowers.

So, Mr. Chairman, I just wanted to read that into the record because, quite frankly, it's my point of view that if we begin to draw, particularly in light of the fact that our provincial debt is going to increase by a billion, net of sinking funds, a year from now or less than a year from now, there doesn't seem to be any indication from the Minister or from the First Minister that this rate of increase of deficit is slowing down.

Mr. Chairman, all of us realize that it can't be stopped in the period of one Budget. As a matter of fact, as we watch our federal counterparts try to wrestle with the problem we realize how difficult it is to stop it, period. Well, our Federal Government, I think, attempted to reduce it some four or five billion over the period of a year and yet, Mr. Chairman, we have no indication that our deficit on a yearly basis, and therefore the accumulated debt, is level, let alone beginning to increase at a decreasing rate. That's the concern we have, because it's galloping, Mr. Chairman, and it's moving more quickly.

As I've said on this occasion, and as I've said in the past, there's been no statement made by the Minister of Finance nor by the First Minister that they realize the seriousness of the situation and, secondly, that they're prepared to at least arrest it and hold it level. When I say "it," I'm talking about the accumulating deficit. Hold it at a level where it's at least being held in a constant fashion and diminishing. We're up to, as I say, Mr. Chairman, \$8.3 billion net of sinking funds. That'll be our total debt as of the end of this fiscal year.

I then would like to ask the Minister, and I refer him to Page A-7 of the Budget, and it shows, Mr. Chairman, the year 1987 where 220 million, for instance, of debt will come due. I would ask him how much debt is going to come due in 1986 and how the government will handle it, the net portion of it. Will it all be refinanced?

**HON. E. KOSTYRA:** Yes, as the staff gets the detail for that specific question, let me just make a couple of comments in terms of the other matters that the member put on the record.

First of all, I found it interesting his comment about the credit rating of the country and the reference to the debt of the country and then making reference to the credit rating of Manitoba. And if you would look at that relative position another way, then one should argue against the Federal Government reducing its deficit and putting some of that onto the backs of provinces. It's not only Manitoba that said that, because it would be obvious from that information that the member put forward to the committee that the Federal Government, if one accepts the rating agencies' analysis and rating of Canada as against the province, then obviously the ability of Canada to deal with that is much better than the Province of Manitoba, and yet we're seeing the reverse situation take place where provinces like Manitoba have to absorb more of that than we think is fair.

One other comment that I think bears mentioning in dealing with this issue, and I don't dispute in any way the issues that the member put on the record in terms of the various ratings because that is basically correct information outside of the fact that CN is now down to a AA. They've been downgraded by both rating agencies within the last short period of time. I think the member mentioned that they were AAA. They are now AA and that was made by both rating agencies. So a large organization like that is downgraded.

But I'd just like to point out to the member, and I know it's a document he doesn't care to use as a resource, but in the document that was put forward with respect to the Bill C-96, the document entitled "Setting our Priorities Straight," on Page 13 of that document there's a table that is not taken from a Manitoba source but it's taken from the Newfoundland Green Paper on the health care system.

What it is is a table that shows the fiscal capacities of the provinces across Canada, taking the national average at 100 percent. Manitoba is considerably below the national average in terms of fiscal capacity by some 19 percent. We show as 81 percent, and we are in the sixth position there with Newfoundland, Prince Edward Island, Nova Scotia, all those provinces that the member made mention of below us; some close to us, but others, as an example, Nova Scotia is within nine percentage points of Manitoba, and Quebec is also just under Manitoba at 79 percent. But other provinces that are ahead, and some that he used as an example there, the province of Saskatchewan as an example is 105 percent over the national average in terms of its fiscal capacity. Alberta is 200 percent, no big surprise, and British Columbia is 104 percent, and Ontario is just slightly under the national average. So the point is in Manitoba is that we don't have, even though we are, I think, slowly making gains, but given our relative position in this country we still have a long way to go before we're in to a similar situation to the major resource-based provinces to the west of us. And I think that point bears thought when we deal with such issues as credit ratings, such issues as size of deficit, such issues as expenditures and such issues as revenue. I think you have to deal with those factors.

I'm not quite sure of the member's question; maybe I'll just review it. But the 220, most of it is payable in Canadian funds and just about all of it, other than a very small portion, is a self-sustaining debt.

**MR. C. MANNES:** Mr. Chairman, early on in these Estimates the Member for Pembina went through a discourse as to how he could see, in reviewing Chart A-7, whereby the Province of Manitoba and whoever is in government at the time of, well, let's say the beginning of 1990, let's say the period 1990 to 1993-94, would have some horrendous debt come due, many of those issues would come due at that time.

I would ask the Minister whether the department, indeed the government, is putting into place any contingency plans at this time to deal with the maturation of those debts because they just stand out. Of course, there's one way, Mr. Chairman, the government could prevent them from standing them out and, of course, it's just to push more debt a little further down the road and then they won't stand out, they'll all be high.

So I would question the Minister whether there's any contingency plans in place dealing with the magnitude of the debt that is to be retired or refinanced during that period 1990 to 1994?

**HON. E. KOSTYRA:** Well, as we've said previously, we certainly want to work in terms of reducing the growth in any general purpose debt in terms of the self-sustaining debt, as that is dealing with areas that are sustaining, dealing with the actual growth of assets of those Crowns where that self-sustaining debt is provided to. Then there is no concern with respect to that debt, but it's certainly our intention in terms of the general purpose debt to work, as we have stated, to bring that down.

**MR. C. MANNES:** Well, Mr. Chairman, it's hardly a sufficient answer from my viewpoint. I'm just curious whether or not it was a major concern to the Minister. Other than in global terms, he doesn't seem to indicate any great concern in that time period, and that was the essence of the remarks made, I know, by my colleague the other day. He was hoping that the Minister may come a step forward and stand up and indicate that he saw it as a difficult time in the immediate term and something that indeed his very government, his very department today would have to begin to address, because we're really only three or four years from that period of time. Unless, in my view, plans are made today to address that problem, I see some massive degrees of refinancing.

Well, Mr. Chairman, in 1993 alone, as of today, \$511 million are to be repaid or refinanced. Put that on top of the capital requirements of the province for that year and you could easily be in a level, if we're using funds similar to what we are today, of an accumulated total of 1.5 billion, 2 billion that'll have to be refinanced. So I just wanted to determine whether the Minister and his staff were taking it in such a serious fashion that they thought that some steps had to be taken today to arrest and to minimize that problem as it comes forward then.

I would ask the Minister, Mr. Chairman, referring back again to Page 54 on his information provided, I notice that the government pays interest on trust and special funds. I know there's a whole myriad of them, Mr. Chairman, but I'd like specifically for the Minister to tell me or indicate two or three of the major trust funds that our province ends up paying interest on, which in themselves do not provide levels of interest that would offset the level of funding required to support them.

**HON. E. KOSTYRA:** The details of that are the areas that are covered on Page 57 of the Public Accounts, Volume I, but the Manitoba Public Insurance — there's a list of around maybe 20-25 on that page. It includes the Manitoba Public Insurance Corporation which is, I guess, the highest, and then it goes on into Manitoba Telephone System. Hydro is next in line, but considerably lower in terms of magnitude.

Well, just to give you an example, the Public Insurance Corporation was 370 million, the balance of March 31, 1985, Public Accounts. The Telephone System was approximately 49 million. Then it goes all the way down to include areas such as Cooperation Promotion Board,

Employee Charitable Deductions, Manitoba Beef Commission, Manitoba Centennial Corporation, on and on.

**MR. C. MANNES:** Well, Mr. Chairman, the Minister then says that these are surplus funds of these corporations. He seems to indicate that these are surplus funds certainly at the year-end as of March 31, whatever the year-end is, and that they are lodged as working capital for the use of the Province of Manitoba. Of course, then we pay interest on those levels. Are they just lodged with us until they're needed by those various corporations?

**HON. E. KOSTYRA:** No, in no way is the working capital for the Province of Manitoba just, in essence, deposited on a short-term basis with the province in terms of us investing that money on short-term notes. We do the investing for all of the related Crowns, but that money in no way is used by the province directly, other than some departments have trust account set-ups like Public Trustee, a few other examples of smaller ones like that.

**MR. C. MANNES:** Mr. Chairman, moving down on Page 54, I have no difficulty with it. I'm now talking under the heading, "Amounts of Interest and Other Charges to be received." This is that which the province is receiving and which are being used as an offset against interest that the province pays. I have no difficulty with the first two items.

The third though, the Manitoba Housing Renewal Corporation, there's to be a significant increase in the amount of interest received from that corporation. Can the Minister explain why roughly a 33 percent increase? I wouldn't imagine that corporation could loan that much additional money in the space of one year that it would have that major impact, particularly when you have interest rates that are generally reducing. So could the Minister explain why there's roughly a 33 percent increase in forecasted interest revenue associated with the Manitoba Housing and Renewal Corporation?

**HON. E. KOSTYRA:** I'm told it's in relation to the increased activity with respect to that corporation's rental housing increase over the last year-and-a-half in terms of activity, but I don't have any other detail than that at this point.

**MR. C. MANNES:** Mr. Chairman, I don't want to belabour it, particularly if the Minister doesn't have information readily at his disposal, but I'm somewhat troubled by this. Probably we can pursue it in that department, in the Department of Housing. But when you have a 33 percent increase in revenues associated with interest and when you realize there's quite a lag effect here, even if that corporation were to issue a large number of new funds for the purposes of housing, that effect would still be diluted. So I still want to know, and again I'll ask the Minister, whether there are to be major increases in interest associated with those in our community who are paying monthly installments in support of their commitments under this housing program, or is there another reason?

**HON. E. KOSTYRA:** Mr. Chairman, if you look at A-6, what is being planned for Loan Act '86 (2), there's

an amount there of 70.8 million. If you would simply say that would cost 10 percent, you would see an increased interest charge of \$7 million, so if you add that on to the already level of authority and interest charge — and that's not the specific figures that we're dealing with here — but that shows you the magnitude, so it's related to their activity in terms of . . . Well, in this case 70 million additional authority under The Loan Act.

**MR. C. MANNESS:** Mr. Chairman, I thank the Minister for pointing out that figure. Certainly if all that authority is taken up, I could see then how it could have some major impact on the interest component.

A final item with respect to our sinking fund investments, Mr. Chairman, and again I know this is spelled out in the Public Accounts, but basically where does the Province of Manitoba have most of its funds invested? I guess I'm trying to determine the soundness of the investment and I know it's spelled out in detail in the Public Accounts, but I'm wondering if, from memory and for the record, if the Minister could tell us where most of this last year 55 million, this year forecast at 79.6 million, is invested?

**HON. E. KOSTYRA:** For the detail, it's on Page 3-15 of Public Accounts. Basically it's our own Canadian or other provinces in Canada, just to give some idea of the magnitude — Government of Canada bonds, the costs that are associated with that are 52.4 million for the year March 31, 1985; Province of Manitoba debentures is \$124 million; the Province of Saskatchewan 14 million; Manitoba Telephone System, 16 million; Hydro, 86 million. Those are some examples that make up that total.

**MR. C. MANNESS:** Mr. Chairman, there's one item there the Minister read, it was a small number, but I guess it begs a question. Some \$18 million or so was reinvested back into the Manitoba Telephone System. Now it seems odd to me that we would borrow on behalf of the Telephone System on one hand; and then secondly, when we have these funds under the sinking fund system that are to be invested, are then in turn invested right within the Telephone System again. I would ask for the rationale or the logic behind borrowing on behalf of a Crown corporation on one hand, but then taking some of the sinking funds and investing them into that same corporation on the other hand?

**HON. E. KOSTYRA:** In an attempt to answer the question, by just going back to the policy regarding sinking funds. They're maintained for a couple of reasons. One is to assist in the retirement of individual issues of security, so that such a retirement will not impact severely, if at all, on the annual operations of the government. Investors like to be assured that at maturity of the retirement of securities issues can be easily managed, notwithstanding the condition of capital markets at the time; also to assist in providing a market for securities issued by or guaranteed by the government. So from time to time, we purchase back some of those on the basis of the value on those investments back to the government.

**MR. C. MANNESS:** Mr. Chairman, I'd like to move into the final area, Hydro Rate Stabilization, and I can't help

but notice that cost has jumped to 36.3 million from 19.2 million. In the note within Page 54 of Supplementary Information provided by the Minister, it says, "Hydro Rates Stabilization is in place to provide for stabilizing Manitoba Hydro's cost of foreign currency borrowing."

Mr. Chairman, I would ask the Minister where the major fluctuation in foreign currency has taken place, such that now the cost of stabilizing Hydro rates, under the act that is in place, would jump roughly \$17 million or almost 100 percent.

**HON. E. KOSTYRA:** As the member indicated, the estimates are \$17.1 million higher than last year. They're made up of two anticipated increases and one decrease. The anticipated weakness of the U.S. dollar against all currencies except Canada has increased the estimated cost and interest payments by \$13.1 million, U.S. The amortization costs of foreign exchange fluctuations for the year, 1986-87, plus the final year's cost of maturities is estimated at 28.3 million, which is an increase of 13.8. The total of those two figures would be about 26.9. The decreases related to costs, relating to interest payments on matured debt plus estimated refinancing and recoveries on new financing have reduced estimated expenditures by 10.1, and thereby you get to the 17.1 net increase in estimates.

**MR. C. MANNESS:** Mr. Chairman, I would like the Minister to repeat. I caught the first 13.1 million, but the 13.8, could he give me the explanation of that again please?

**HON. E. KOSTYRA:** That increase is related to the amortization costs of foreign exchange fluctuations for the year 1986-87, plus the final year's cost of maturities, which are estimated to be 28.3 million, which is an increase of 13.8 million.

**MR. C. MANNESS:** I would ask the Minister then whether that same rationale is reflected directly in the public debt figure to be 322 million versus 263 million. Are those same factors in place causing the other figure to increase?

**HON. E. KOSTYRA:** Yes, they're the same assumptions.

**MR. C. MANNESS:** Then obviously a much smaller proportion of the public debt is invested in, I take it, foreign currencies, as compared to Hydro debt. Is that correct?

**HON. E. KOSTYRA:** Most of the older Hydro issues are predominantly U.S. issues, so that is why it has a more significant impact.

**MR. C. MANNESS:** Mr. Chairman, I'd like to refer the Minister back to Page A-7 of the Budget, and ask him whether or not most of the issues that have been taken by government over the last 10, 15 years have been 20-year term issues.

**HON. E. KOSTYRA:** If I understand the question, basically in the last 10 years they've been 10-year issues rather than 20-year issues.

**MR. C. MANNES:** Mr. Chairman, I would then ask the Minister, in retrospect, what were the major causes for the very high levels of debt repay-back in the years 1990 through 1994? To what years of government can they be attributed for the most part?

**HON. E. KOSTYRA:** Very simply, it reflects the magnitude of the borrowing in the 10 years previous. There is also some rollover of debt, but predominantly it would be the increased borrowing that took place during — well if you use the period 1990-1995, it would be the increased borrowing that took place between the years 1980 and 1985.

**MR. C. MANNES:** So Mr. Chairman, then if I were to say, and as I look down that graph and I see four years, 1997 to the year 2000, it would be unfair of me to assume that, because those low levels ranging between 22 million and 127 million is not as a result of the prudent management of the Lyon administration 20 years before, 1977-1981.

**HON. E. KOSTYRA:** I'm informed that most of the borrowing from 1977-1981 was 10-year issues.

**MR. C. MANNES:** Mr. Chairman, I don't really know what's going on here, but we seems to be joined by a lot of people interested in Finance all of a sudden. I know it's something to do with the stimulation that was commented upon by the Minister of Education who, I'm glad to see, is more interested in this than he is in the first part of question period.

Mr. Chairman, I think my colleague, the Member for Ste. Rose, has a question specific to the Manitoba Agricultural Credit Corporation.

### IN SESSION

**MR. DEPUTY SPEAKER, C. Santos:** The Member for Kildonan is going to make a report to the committee of the House.

**MR. M. DOLIN:** Thank you, Mr. Deputy Speaker.

Mr. Deputy Speaker, in the section of the Committee of Supply meeting in Room 255 to consider the Estimates of the Department of Business Development and Tourism, an amendment was moved that Communications, Other Expenditures, the budget line Item 1.(d)(2), that we delete \$80,000 from 1.(d)(2) as a cost-saving measure as some brochures are used to a large extent for party promotion.

A voice vote was subsequently defeated. Members then requested that a formal vote be taken on the motion.

**MR. DEPUTY SPEAKER:** Members of the committee, you have heard the request for a formal vote. Call in the members.

In the section of the Committee of Supply meeting in Legislative Room 255 to consider the Estimates of the Department of Business Development and Tourism, it was moved by the Member for Portage la Prairie that the sum of \$80,000 be deleted from Item No. 1.(d)(2) on the Estimates of the Department of Business Development and Tourism as a cost-saving measure

as some brochures are used to a large extent for party promotion.

A voice vote was taken, and subsequently defeated. Members then requested that a formal vote be taken on the motion.

**A COUNTED VOTE** was taken, the result being as follows:

Yeas, 19; Nays, 27.

**MR. DEPUTY SPEAKER:** I declare the motion lost.

### SUPPLY - FINANCE (Cont'd)

**MR. CHAIRMAN, C. Santos:** We will resume our consideration of the Estimates of the Department of Finance.

**MR. CHAIRMAN:** The Member for Ste. Rose.

**MR. G. CUMMINGS:** Mr. Chairman, my question, if the Minister would consider going to (b)(4), with the Manitoba Agricultural Credit Corporation, the monies that will be coming in from that portfolio, I would be interested to know how those funds are handled. If there is a shortfall from the Credit Corporation, and the indications would be that there will be a lot of arrears and have been arrears, does that come from the Credit Corporation's own funds or does that decrease the returns to the Department of Finance at that point?

**HON. E. KOSTYRA:** Any charges like that would be charged to the Department's appropriation, it would not be accounted for here.

**MR. G. CUMMINGS:** I'm sorry, it just didn't register, the Minister's answer. Is he saying that if the corporation is short because of arrears, that this amount still would stay constant, however, and that their new appropriation would make up the difference in the arrears? Is that right?

**HON. E. KOSTYRA:** Anything like that is charged to the department and shows up through the departmental appropriations.

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

**MR. C. MANNES:** Mr. Chairman, just two more short questions, and again I'd refer to the Minister to Page A-8 of the Budget, where today's debt in the Canadian dollar equivalent is 7.3 billion, that is direct and guaranteed, basis as of March 31, 1986. If one looks at A-8, and you can't help but notice that if we had to meet those loan requirements today, because of the foreign exchange fluctuation, then indeed we would have to come up with roughly, \$8.4 billion, another billion dollars of Canadian funds to satisfy that indebtedness. I believe in the Minister's explanation, when he was talking about fluctuation in general — and I didn't hear him, quite frankly, Mr. Chairman, at least I didn't understand what he had to say — but there is a component built into that which takes into account these fluctuations. That, in effect, they're

Monday, 14 July, 1986

measured in some degree and they are accounted for in the actual cash appropriations. In other words, the \$322 million of debt, of statutory debt that we are allocating, and I believe that is correct.

**HON. E. KOSTYRA:** Yes, the answer is yes. I think, if the member will recall, he asked some of those same questions in detail in Public Accounts and that information was provided to him there. But I will determine if that is the case.

**MR. C. MANNES:** Mr. Chairman, what has been the experience of our currency vis-a-vis European currencies over the last four months, or since this has been published? I am well aware of how our currency compares to the American. I've heard the Minister say that the American is weakening relative to other world trading currencies. Has that continued to occur over the last four months and, if so, has the forecast or the estimations made taken that into account? Have they been underestimated? And really, are we in a situation worse than it has been stated or forecast some four or five months ago?

**HON. E. KOSTYRA:** There is no major concern at this point. There has been a weakening of the U.S., but a strengthening of the European currency, so on balance there is no significant change contemplated at this point in time.

**MR. C. MANNES:** Mr. Chairman, that is the end of the specific questions we have at this time. If staff would like to leave, then we could begin and do the Minister's Salary.

**MR. CHAIRMAN:** There being no more technical and specific questions on the first part of our consideration of this item, the departmental staff are excused.

We are now on the second part, which is the Minister's Salary proper, item 1(a). What is the pleasure of the committee?

The Member for Kirkfield Park.

**MRS. G. HAMMOND:** Mr. Chairman, I have a question to the Minister and it's a constituency concern that I'm sorry I was not here at the time that it came under the Estimates. It is about a sales tax refund on a vehicle that a constituent of mine sold on August 11, 1985, and at least they bought a new one on August 11, 1985, and sold the other trailer on April 1, 1986, which fell outside of the six months that was allowed. He had written the department and I have the letter here indicating that because of the terrible weather conditions, as everyone remembers last year, a Mr. Stephen Paulhus, 150 Valley View Drive, he wasn't able to sell his trailer and get a decent price for it.

But he really felt that although he was outside the guidelines and this letter from the department indicated that the act does not permit them to consider any claim that fall outside the time limit, I was wondering if the Minister would consider a change to the act that would allow this type of instance which I'm sure would happen in many cases when you have a terrible year such as last year, and that most of the six months time falls within the winter, that they would they allow for people

to get a refund. It may not seem like a lot of money to some people, but I think that generally when our citizens are entering into these transactions, I'm sure that he genuinely tried to sell that trailer during the six-month period, but wasn't able to get a sale that would give him the kind of money that he needed from it. I wonder if the Minister would take a look, and if there is any ministerial discretion allowed in this area that would give Mr. Paulhus a refund.

**HON. E. KOSTYRA:** As it appears, we would still be debating this item after supper this evening. I'll provide an answer for the member this evening.

**MR. C. MANNES:** Can you call it 4:30 p.m., Mr. Chairman?

**MR. CHAIRMAN:** 1.(a) — the Member for Ste. Rose.

**MR. G. CUMMINGS:** Regarding sales tax on agricultural input, does the department still follow "when in doubt, charge" policy when there is some question about whether or not an item is taxable for sales tax?

**HON. E. KOSTYRA:** I'm not aware of any policy that says "when in doubt, charge."

**MR. G. CUMMINGS:** It may be unwritten in the halls of this Legislature, but it certainly seems to be the practice in the country, Mr. Chairman. I would wonder, regarding a statement that the Minister made earlier in the House in reply to a question regarding sales tax on agricultural items, there has been a long-standing situation where materials, such as implement sheds, have been very difficult to determine whether, if there is in fact, sales tax should accrue against them or otherwise. Is there any thought on the part of the department — or the Minister, pardon me — to review this area because there seems to still be a considerable amount of disagreement and dissention out in the rural areas about what items sales tax should accrue against?

**HON. E. KOSTYRA:** Yes, Mr. Chairman, I'd be pleased to review that specific item. There was some questioning last week in regard to this general area, and I indicated at that time that I would provide a detailed response. I believe I have or it's in the process of going to the Member for Virden. The specific letter also encloses some background dealing with how the department does deal with the broad range of products that are used on the farm. If the member would like, I could get him a copy of that or he could see if the Member for Virden has that.

In terms of a specific area, I will review that and respond to him.

**MR. CHAIRMAN:** The hour being 4:30 p.m., I am interrupting the proceedings of this committee for Private Members' Hour. We shall return at 8:00 p.m.

Call in the Speaker.

## PRIVATE MEMBERS' BUSINESS RES. NO. 17 - FEDERAL TRANSPORTATION REGULATIONS

**MADAM SPEAKER:** On the proposed resolution, the Honourable Member for Kildonan.

**MR. M. DOLIN:** Thank you, Madam Speaker.

I would move, seconded by the Honourable Member for Elmwood, the following, that

WHEREAS regulations have been put in place to promote the public interest; and

WHEREAS standard-setting and regulations to protect the interest of service providers and consumers is an obligatory role for the elected representatives of the people; and

WHEREAS regulations should be revised from time to time to ensure they best promote the public interest; and

WHEREAS indiscriminate airline deregulation has caused bankruptcies, job losses, a decline in air safety and a loss of services to smaller centres in the United States and threatens to do the same in Canada; and

WHEREAS the indiscriminate deregulation of the Canadian trucking and rail transport sectors could have disastrous effects on competition, employment, safety, rates and services for industries and consumers; and

WHEREAS full and complete deregulation would result in undue carrier exploitation of small and captive communities and shippers; and

WHEREAS the Canadian Trucking Association and transport employees advise that full deregulation of the extra provincial motor carrier industry will encourage the potential control of the Canadian trucking industry by U.S. carriers; and

WHEREAS nine of the fifteen national trucking companies are located in Manitoba; and

WHEREAS social, economic and market access considerations demand that Canada exercise complete sovereignty over transportation within its domain; and

WHEREAS the economic and employment climate would be enhanced by a policy of service for Canadians by Canadians; and

WHEREAS transportation employs over 30,000 Manitobans; and

WHEREAS the economic and social impact of deregulation on transportation employees and their families is of great concern to this Assembly; and

WHEREAS the Nielsen Task Force on Transportation stated that the Federal Government's "Freedom to Move" proposals for deregulation were acceptable for the "mature" parts of Canada, but were inadequate for the less populated and developing areas — which is typical of the Manitoba environment; and

WHEREAS deregulation will result in cost transferences from the Federal Government to other jurisdictions and transport users.

THEREFORE BE IT RESOLVED that this Assembly request the Federal Government to focus on the responsible updating and streamlining of regulations in full consultation with and prior agreement of the provinces and the public; and

BE IT FURTHER RESOLVED that changes not be effected until such time as the full impacts on the various sectors are determined and appropriate safeguards put in place to ensure the provision of enhanced services and market access; also that the relative position of Canadian transport employees and Canadian carriers is improved and that their safety is not jeopardized; and

BE IT FURTHER RESOLVED that the Federal Government be requested to ensure that the new regulations eliminate the unjust service, fare and rate discrimination confronting small and captive shippers and communities; and

BE IT FURTHER RESOLVED that the Federal Government be urged to provide full compensation for costs transferred to, or imposed upon, other jurisdictions as a result of regulatory changes; and

BE IT FURTHER RESOLVED that the Clerk be directed to send a copy of this resolution to the Federal Minister of Transport.

**MADAM SPEAKER:** The Honourable Member for Kildonan.

**MR. M. DOLIN:** Thank you, Madam Speaker.

It gives me great pleasure to rise — (Interjection) — on this . . .

**MADAM SPEAKER:** There is not unanimous consent to dispense with the reading of the resolution, so I will continue.

**MOTION presented.**

**MADAM SPEAKER:** The Honourable Member for Kildonan.

**MR. M. DOLIN:** Thank you, Madam Speaker.

I have a suspicion that my speech will be somewhat shorter than the resolution. However, I think the resolution is presented in significant detail, because of the importance of the issue. We are being faced with a policy being proposed by the Federal Government of deregulation in a number of areas. A lot of this seems to be copy-cat legislation based on the experience in the United States of America.

We can look, however, at the example proposed by the experience in the United States of America on what effects deregulation actually has compared to what is being promoted by the Federal Government. The impact of transport deregulation in the United States exposes the hollow premises of the benefits of deregulation that are supposed to come to Canadians.

Take a look, for example, at the trucking industry, which is a major industry. As pointed out in the WHEREASES of the resolution, that 9 of the 15 major trucking companies in Canada are based in Manitoba. The American trucking industry was deregulated in 1980. At least 100,000 truckers have lost their jobs in the United States. Hundreds of thousands of other truckers have seen their wages and benefits and working conditions cut and rolled back.

By 1983, 11,000 new carriers had entered the market, setting off rate wars that chopped truckers' incomes for the small private operator by approximately 30 percent on the average. Competition declined as mergers and bankruptcy gave the 10 biggest companies a substantial increase in their market share. Medium and small-sized cities — and Manitoba is reasonably unique in having one very large city where most of the trucking companies are based and smaller cities. What happened in the United States is medium- and small-sized cities lost their services and trucking terminals

as companies competed only on the most profitable routes. That's what happened in trucking.

What happened in the rail area, and deregulation is also being proposed in the rail sector, is the Staggers Act in the United States deregulated American railways in 1980. Since then, 150,000 rail jobs have disappeared. Corporate concentration has increased and, where there were 13 large carriers in the United States in 1978, there are only seven firms operating today. Rail-line abandonment which is a major issue in the Prairies has accelerated. Between 1978 and 1983, more track was sloughed off than in the past 15 years.

Airline deregulation, we've heard a great deal about airline deregulation. It has been implemented in the States, and it was proposed and implementation was begun under the previous Liberal Government under the direction of Mr. Axworthy.

What's happened in the United States? Forty thousand airline workers have lost their jobs, while those remaining have significant labour relations problems, particularly being threatened with rollbacks on wages and worsened working conditions. Smaller centres have lost service completely or witnessed higher fares for inferior service. Bankruptcies abound and while the top five airlines now control two-thirds of the U.S. domestic market, similar to rail and what is happening in trucking, there is an intense concentration of corporate power in a quasi-monopolistic type of situation.

The bus industry in the United States was deregulated in 1982. Since then, bus service has declined rapidly. Since deregulation, 20 percent fewer communities receive service than did before 1982, before the matter of deregulation was legislated. Bus fares have risen dramatically on many routes, hitting the poor and elderly particularly hard. Thousands of workers' jobs disappeared. The workers remaining, once again, were faced with threats of concessions, with reduction in working conditions, etc.

Another area which is not specifically dealt with in the resolution but has been dealt with by the Minister of Labour here in a number of hearings, and that is the deregulation of the telephone industry. Canadians are fortunate in being able to learn by the U.S. experience. The telephone system has been deregulated. AT and T was broken up. Deregulation of long-distance service has happened, and AT and T has now been broken up into seven regional companies. Even such right-wing people, although not as right-wing as some of the people I can think of off-hand, such as Barry Goldwater have commented: "We're going to be sorry we tampered with a system that was working well. I wish this had never happened."

The reasons for these misgivings are obvious south of the 49th parallel. For example, deregulation in the United States has meant local rate increases averaging 30 percent to 50 percent. I might add that, in most states, these have been less and rolled back by various public utilities boards where the requested increases have been 100 percent to 200 percent. Access charges are required to connect local networks.

The national flat rate monthly phone charge is giving way to local measured cost, a charge for the length and duration of each local call, a matter which severely threatens those people who depend on the phones such as the handicapped, the infirm, the shut-ins, the elderly, who have a telephone as a necessity of life

basically, to protect life and limb, are now finding themselves being burdened with costs based on the amount of time they use the call rather than a monthly flat rate as charged in the Prairies by the three Prairie provinces who all own the phone companies: Alberta, Saskatchewan and Manitoba.

It's interesting also to note that the average U.S. phone bill, and deregulation was supposed to get rid of paper, averages six pages long. That's interesting if you compare it with your own phone bill. Complaints about service to the federal Communications Commission have increased about 400 percent.

One of the other items that's interesting is there has been a push with the financial institutions to provide some deregulation of the banking system. I have some question of whether or not this is a realistic push or it's a matter of the banking industry itself seems to be promoting what we, in this resolution, would be promoting is a more significant review of regulations with a cooperative program between industry, the consumer and governments to ensure that regulations are efficient and effective.

I would quote from the Chairman of the Bank of Montreal, Mr. W.D. Mulholland, who points out: "It is apparent that even the best designed regulatory system won't work if the machinery is not kept in good working order. We may not have given our regulators, who often are faced with difficult and complex choices under the pressure of time, the attention and support their function merits."

The significant industry, I think, that we are dealing with particularly here, and I'm sure the Minister of Transport will deal with it in much greater detail, is the trucking industry. John Kennedy, who is the President of the Kingsway Group which is one of the larger trucking operations here in Manitoba points out: "By pursuing an ill-timed regulation reform patterned after the American experience, the Canadian Government will create more losers than winners," John Kennedy contended. "While the Canadian transportation industry can learn from the U.S. experience, the transportation marketplace in the two countries is very different. It is important that we, and I include the Federal Government" — this is John Kennedy speaking — "recognize the fundamental differences between the two countries before deciding which aspects of U.S. transportation reform are feasible here" from Mr. Kennedy. Kennedy offered the government some advice on deregulation. Rules he said should be gradually relaxed before the border is open to foreign competition and prices should remain public. Strict safety and fitness laws should be developed: "Or deregulation will convert our highways into a tangled mess of fly-by-night operators driving unsafe equipment."

I would also like to point out to members opposite and members on my side of the House that Jack Fraser in this fascinating document, which is the Annual Report of Federal Industries, the 1985 Annual Report which is probably the major conglomerate firm operating out of Winnipeg, which operates a number of steel fabricating transportation and a number of other major programs. They do an excellent job, Mr. Fraser particularly, and should be congratulated. In their annual report looking at the matter of deregulation and also free trade which Mr. Fraser sees very distinct linkages in the trucking industry between free trade and

deregulation. I do not have time at this point to deal with those linkages but I will talk about some of the things Mr. Fraser points out very clearly. I quote: "There is no question as to the kind of deregulation that has taken place in the United States would seriously damage our company, speaking of federal industries, which is Canadian Motorways, I believe — I think the name may have changed — and our industry. Rapid deregulation would probably bankrupt many smaller companies which are already weak and have not recovered from the last recession. Larger companies might well survive but profit margins would be eroded. There are several giant American trucking companies with substantial financial resources that are well experienced in operating in a deregulated environment. If deregulation happened too quickly in Canada these companies could establish a dominant position in the Canadian market without great difficulty."

There is an interesting story I might tell about another trucking company in town — they're called Imperial Roadways. Imperial Roadways is my understanding is now being sued by a corporation called Rodeways of California, R-O-D-E-W-A-Y-S, which is the fourth largest trucking company in the United States. They are being sued because Rodeways of California is now operating in Ontario and has entered a suit about the use of the term Rodeways in the type of the company. Rodeways of California as the fourth largest trucker in the United States has more annual cashflow than all of the Canadian trucking companies combined, and it is only the fourth largest in the United States. What they appear to me to be doing is trying to break by forcing Imperial Roadways, a small Winnipeg company, which is large by our standards, they are trying to break them in the courts by forcing them to spend money on a case which seems to have no validity. It's a matter of big money trying to drive out small operators.

I would like to quote Mr. Fraser a little further from the annual report. "Although deregulation can be an emotional issue because of its implied greater freedom of action, getting the government off our backs, its probable impact must be considered objectively to make a realistic assessment of its worth. So far in North America, deregulation has benefited users in dense markets but the results are less clear in peripheral markets." He then points out the philosophy of federal industries, recognizing that free enterprise as they call it, private enterprise as I would call it, is their primary goal. We recognize that a degree of regulation is necessary, that enforcing regulations is the right and proper function of government. We believe that the best regulations emerge from a consensus process between government and industry and I would also add between Canada and the provinces. I think one of the things that we must be reminded of is that regulation was put into alter market forces where natural courses of the market, our laissez-faire capitalism, will produce results that are contrary to the public good, or contrary to acceptable economic and social and national objectives. For example, anti-trust things, unsafe working conditions legislation, child labour laws. The current regulatory system exists because in a market place and private enterprise failed to serve the public interest, it's very simple. The fact is that's why we have regulations, that's why we all agree that certain things must be regulated. Deregulation is a buzz word to

capture the support of those who believe the government governs best which governs least. The reality that we must be dealing with is regulatory reform, cooperation between industry, government, consumers, small communities and all those affected by regulation and who be affected, as the U.S. experience shows us, extremely negatively by blanket deregulation. Our national character and our national pride is also at stake if what is happening in the trucking industry and what is further being threatened in the trucking industry and other industries could happen here in Canada and we find U.S. takeovers.

The necessity is cooperation between governments, industry and labour. It's interesting to me that I have heard from members of the Opposition earlier the matter of government governs best which governs least, which now seems to be a program being promoted by the Federal Conservative government. It strikes me as being somewhat illogical if one runs for public office on the program of governing least is governing best, one would seem to think that the first thing you would do when you got elected would be to resign because you do not believe in government. What you have here is a policy of anarchism, not a policy of conservatism. I think what you have from Mr. Jack Fraser, Mr. Mulholland from the Bank of Montreal, from the trucking industry, from the airline industry, from the bus industry is very simply is they're asking for cooperation, review of regulations and let's do regulating right, not deregulate. Thank you very much, Madam Speaker.

**MADAM SPEAKER:** The Honourable Member for Fort Garry.

**MR. C. BIRT:** Thank you, Madam Speaker.

I'm pleased to rise to enter into this debate and I note that the previous speaker has outlined in great detail what he believes are the potential problems of the change in the economic order that may be facing Canada as it relates to the transportation of goods and people. In fact this, I believe, resolution was prepared before the recent Federal Act dealing with the change in transportation was tabled in the House of Commons in Ottawa and I think in some respects perhaps the resolution is now not perhaps as accurate as it was initially intended to be before the legislation was filed.

But I would like to deal with some of the merits of the resolution as indicated by the member when he prepared this and the first one is that whereas regulation have been put into place to promote the public interest, and as far as the trucking industry is concerned over the past 20-30 years the guiding principle has been to ensure that there is a carrier available to provide services to the public. But this also means and has also meant over a period of time that there will be one or two or a very limited number of carriers available to provide that service. In fact there were strong and often insurmountable barriers erected to prevent the people, new truckers, new competitors from entering into the provision of service to the public, and in fact the whole series of granting licences in this country for interprovincial and outside the province transportation was almost to guarantee a licence, and indeed certain consequences flowed with the transferring of the licence that was given to that carrier.

Monday, 14 July, 1986

The next whereas clause states that you have to protect the interest of the service providers and the consumers in an obligatory role. Now the old system of providing licences, especially as it relates to trucking, did not protect the consumer. It protected the supplier of services. Now in the beginning when Canada was in its infancy there was probably a strong argument for developing that type of regulatory services, but not in the latter half of the 20th Century. As the resolution points out, a fair number of the national trucking companies are located here in the Province of Manitoba and they have located here over the last decade or so and are, most of them are quite large, quite competitive, can handle almost any challenge. And in fact I would think the industry is in a mature state and can handle any change presented to it.

I do not share the concerns raised in the fourth whereas clause that seems to be the premise upon which this resolution is based in that the United States has gone on a complete deregulation and chaos, large cost, poor service has resulted. Just referring to it, it says, whereas indiscriminate airline deregulation has caused bankruptcies, job losses, a decline in air safety, and a loss of services to smaller centres in the United States, and threatens to do the same in Canada.

The method of regulating industries and the method of deregulating in the United States is totally different than in Canada. We have never followed their principles and the deregulation process, at least as contemplated by the Federal Government by their pieces of legislation, and I might add, by the Provincial Government, does not square, that you can compare one with the other. I think you can look at it as a reference, but you certainly can't take it as the gospel as far as Canada is concerned.

I would like to read, in response to that particular WHEREAS clause, the latest editorial found on July 12, 1986, of the Financial Post. You will note, if anyone is aware of this publication, it is not exactly a consumer advocacy newspaper. In fact, it tends to be a reflection of the corporate sector in Canada.

It states part-way down the editorial — it says: "This new Act involved quite a radical reform. After a long spell in the wilderness, the consumer is about to take his rightful place in the centre of transportation policy."

Now, it's rather interesting that I find the government, who has always been or claimed to be a champion of the consumer and the little guy, would not want to support the change in policy that would bring about change to the consumers in this province and this country.

Reading on: "The pace of change has been forced upon us by deregulation in the U.S., brought in the beginning of the 1980's. Since then, the number of trucking companies there has almost doubled to 30,000, forcing costs to shippers down by almost 40 percent. That, in turn, has helped revitalize the moribund railroads, promoting innovation and enormous gains in the labour productivity. Most spectacular, and the most immediate impact to the consumers, has been the triumph of airline deregulation; \$99 coast-to-coast fares are typical of an industry in which 88 percent of the passengers now fly at a discount."

It goes on: "This is more than just an economic proposition. It is a fundamental social transformation. Air travel has changed from a luxury for the rich to a

staple for the masses. College students travel home for Thanksgiving. Travellers jump on a flight to a part of a country they haven't yet seen. On every count, the Cassandras opposed to deregulation have proved wrong. The number of air carriers have not decreased; it has increased to 526 this year from 237 in 1979. The big airlines have not taken over. They have been eclipsed. Of the dozen major airlines, half are new arrivals. More, not fewer, airplanes are flying to more, not fewer, destinations. Flight frequency is up 9 percent overall and 34 percent between smaller centres."

Clearly, a contradiction to the facts and figures quoted by the member in presenting this resolution.

It goes on to say: "And what about the fears about safety? There were 35 percent fewer accidents in '80-84 than in '75-79, and 74 percent fewer fatalities, continuing unbroken the trend of the past three decades to better airline safety. The point is that deregulation of prices does not mean deregulation of safety. Competition may induce companies to share previously close to minimum standards, and if so, raise the standards and spare no effort to enforce them."

In other words, the experience seems to be one of improved safety, one of better access, one of better savings to the consumers. In other words, it's a step towards the consumer and the consumer rights within the United States. That is the central theme, as I understand the legislation that was introduced by the Federal Government.

Now, various people may argue and quibble about specific details in it, and I don't pretend to master all the details in that particular legislation but, as I understand it, this province, over the last three or four years, with the United States, with Saskatchewan and Alberta, and perhaps British Columbia, has moved to, in effect, a bit of an open market or a deregulated market by using the concept of ease of entry for designated commodities.

This, of course, has had some impact on some local consumers but, in effect, it's an attempt by a provincial board to deal with the changing realities and the changing economic circumstances within North America.

I believe that the province has also been involved in a memorandum of understanding with the Federal Government in trying to deal with what is ultimately the bill that was filed by the Federal Government. Again, it may not have been totally in what the Provincial Government wanted, but they were consulted and involved in the whole process of bringing about this change.

It seems to me that if change is coming, and if change will benefit a greater segment of our society, then why should we close our eyes to that change? Why should we not recognize the fact that indeed there is a possibility that perhaps more employment will be created, perhaps greater safety standards will be imposed and, yes, there may be savings to the consumers.

In fact, I can recall, being in the Attorney-General's Department and being an adviser to the Motor Transport Board for five years, where you would have the armlock of a railway on a small town, especially in Northern Manitoba, and the charges that they would be imposing on the consumers, whether it be the mining company or the people who live there. As soon as a road was

put in and alternate transportation such as bus and truck, the cost dramatically dropped. The same can apply to where you would have one carrier servicing a certain geographic spot and, suddenly, if you open it up to two or three carriers, suddenly there was an economic gain and a good service provided to that community.

As I understand the principles involved in the federal regulation, and even what the Provincial Government is attempting to do in its own limited way, is to ensure that the consumer is better served, that the competition is there for all, and that people will not get hurt, because there are certain basic safeguards.

The safeguard seems to be the overriding principle is public safety and the adequacy of insurance. The fact, is that the carrier fit, willing, and able — that is the test — and can it meet certain national safety standards that are now going to be developed, and also can provide adequate liability insurance? Those are two major areas of concern and, as I understand the concept of this whole proposal, that over the next three years, that is the criteria that will affect and regulate interprovincial trucking in Canada, and I see nothing wrong with it.

The intriguing thing is that in one of the resolutions is that it says that this must be done in full consultation with and the prior agreement of the provinces and the public before anything proceeds. Quite frankly, I find it surprising that the industry, in general, would not welcome this opportunity to expand, to open up its markets, in fact, to gain access to the United States' markets.

There are some people who will be affected, yes. There will be certain mergers take place and you see them now occurring within the industry. But if the headquarters of 9 of the 12 national companies are here, and if those companies merge and grow, then surely Manitoba will be a net beneficiary of that concentration or increase of business opportunities taken by these various transportation companies.

The one part of this resolution that I have difficulty accepting is that nothing shall be done until we get full consultation and agreement by all parties. Well, the intriguing thing is the Provincial Government does not operate on that basis. Neither should any other government or governmental level, whether it be federal or civic, because if you say you can't do anything unless you get 100 percent agreement by everyone, then what is the point of even having a Legislature? You can't get unanimity. You can put principles in a bill, table it, deal with public response to it, amend if you must, but still you must provide leadership. By saying you must get unanimity before you can do anything, abdicates the responsibility of any governmental authority.

Now, there is an express concern about the small communities in the Province of Manitoba; in particular, that there will be loss of service to small communities and captive services.

Now, that is within the jurisdiction of the Provincial Government. It can set its own standards, as it does now, to regulate services. — (Interjection) — We're dealing with trucking at the moment. We do not regulate rail; we do not regulate air. There are certain safeguards built into the two particular things, but in particular, the question of trucking and providing of services within the province to the small towns, to the northern

communities, is within the responsibility of the Provincial Government. It sets the standards, and none of the new acts affect that delivery of service. Again, I think this is a cry of wolf when it is not necessary.

In closing, I believe that the industry, especially as it relates to the trucking industry, is a mature one. I believe that they can meet the challenge. Yes, changes will affect some people but, on balance, when the consumers can better be serviced, when greater employment can be created, when better capital investment can occur, I believe it is something that should be given a chance. Not by sticking your head in the sand and hoping change will go away, will you serve the people of Manitoba or Canada in any way, shape or form.

Therefore, I cannot support the resolution in its present form because I believe it is a negative one, not a positive one, for the people of Manitoba.

Thank you.

**MADAM SPEAKER:** The Honourable Minister of Highways and Transportation.

**HON. J. PLOHMAN:** Thank you, Madam Speaker.

Madam Speaker, this is certainly a very broad area that one cannot do justice to in 15 minutes of discussion. Certainly, when you're talking about all of the very complicated areas involved in transportation, regulation generally, and of course this resolution introduced by my colleague goes much further than just trucking deregulation and transportation deregulation generally, but deals with regulations and deregulation in a broad area, including communications.

So one has to concentrate one's comments, I would think, in one particular area, and I want to do that in transportation and to comment specifically on deregulation of trucking and deal with a few of the remarks made by the Member for Fort Garry, as well as parts of this resolution.

I think it's very important that we recognize that we as a government have taken a responsible position and certainly have not taken one which involves putting our head in the sand with regard to reform of regulation of transportation in this country.

We have, as the member has pointed out, played a major role insofar as consultation in this area, but where we depart a bit is in terms of the end result insofar as where the Federal Government has ended up in terms of what they tabled in the House of Commons a few days ago regarding amendments to the MVTA and the MTA, two federal acts dealing with transportation regulation.

We participated in the whole matter of regulation because we felt that there was a need to streamline and reform regulations governing transportation in this country, and that there were certain areas of deregulation that over the years did not fit the current practice and the inhibited growth and employment opportunities and safety areas in the country as a whole in all modes of transportation because they were outdated. So there needed to be some reform of these regulations, and we believe that what we signed, in terms of the Memoranda of Understanding on February 27, 1984, recognized that.

We have taken some steps, as the Member for Fort Garry pointed out, in the designation of additional

commodities, those commodities that would not be subject to regulation in this province, along with our sister provinces of Saskatchewan and Alberta, so that it would open up greater opportunities for competition for certain commodities. But we specifically had reservations about the area of reversing the onus and then removing completely the public convenience and necessity tests. We wanted that to proceed because that's really what's fundamental to regulation of trucking, the whole area of entry requirement.

What we wanted to see was an intermediate step, the reverse or shared onus, where the individual company that is applying for an authority would not have to prove himself. The onus would not be on him to prove that it was in the public interest that he be given this authority but more on the intervener to prove that it was not in the public interest for him to be given this authority for him to be allowed to compete, to offer a service.

We think that is a responsible position because there has been a lot of frivolous intervention and delaying interventions filed over the years by carriers who just wanted to frustrate the attempts of a new carrier to enter into providing a transportation service. So that was agreed to, but there was to be an assessment period in which the new environment of regulation, economic regulation of trucking, would be evaluated before moving on to another step, which would be what is being proposed now by the Federal Government for 1991, three years from January 1, 1988, a fitness-only test requirement for those entering into the trucking industry. We feel that this evaluation is absolutely necessary before moving ahead.

Let's take a look at what the impact of these changes are. What the Federal Government has done, instead of honouring that agreement that there would be an evaluation period, they have sunsetted the provision for reverse onus for January 1, 1991, three years after implementation. So it makes a mockery out of that intermediate step because during that short three years, carriers in the trucking industry in general are just going to, I believe, sit back and wait for the sunseting of those regulations and then play by the new rules that are in place at that time.

They're not going to be allowed to actually take effect and they are not going to be allowed to have a chance to work in this country. So we have stated in discussions with the Federal Government that, yes, we are prepared to move toward relaxing the entry standards and shifting the onus of proof from the applicant to the intervener, but not to go full scale to deregulation as it has been done in the United States which is fitness only.

The Federal Government has refused to do that and that is one of our greatest concerns. We are concerned about what they're proposing, Madam Speaker, because we think it is necessary to not follow holus-bolus on what has happened in the American situation, but to evaluate the impact on Canada to ensure that there is not a major dislocation of carriers, to ensure that we see if the system we have is working. There's no sense changing a system that is working well.

We wanted that opportunity to be given to the Canadian situation. They have refused to do that by automatic sunseting, and there will be no need in five years or three years for the Federal Parliament to review the situation, in consultation with the provinces, for the

industry to have an opportunity to have input, but instead they will automatically sunset the proposals that are there.

We don't think that is satisfactory, considering the fact that we have so much at stake here in the Province of Manitoba, considering the fact that we have nine of Canada's 15 largest carriers, considering the fact that we have 9,000 people employed in the trucking industry, that it is not satisfactory to disregard the evaluations of the intermediate step before moving forward. So we think that the Federal Minister, Don Mazankowski, did ignore some of our basic premises. He did listen to some things and he reduced some of the major points that we had put forward, Madam Speaker, but he had left that out.

I think what he did is bow to the pressures of the coalition of shippers which they say is made mostly of the Canadian Industrial Transportation League, other major shippers who are situated mostly in Eastern Canada and who had made very strong representation saying they represented \$50 billion worth of goods being moved and they wanted to move completely to deregulation of transportation in this country. They didn't want any waiting period whatsoever.

We were proposing five years after 1988, and we were proposing, of course, that the Safety Code would be put in place, and that must take place if it's going to be introduced on January 1, 1988. We are proposing that this be given five years to work, and during the five years there would be this review; after the five years a decision would be made as to what system we should move to at that time, but not to have preconceived ideas at this point where we're going to go, and set the agenda past that point without evaluating that intermediate step.

We have not got that, Madam Speaker, in this proposal and, therefore, we have to fight very strongly, we believe, for the interests of Manitoba insofar as the proposals that are being made with regard to trucking, because that is a proposal that is really prejudging what the circumstances will be and what the impact will be on our country, and we can't allow that to happen quietly. And I think the point that I have to make is that we do have support in this province from the Manitoba Trucking Association, from the Canadian Industrial Transportation League in this province, the shippers, and from labour in this province, to say, yes, we realize that regulation must be changed and must be reformed. But we want to see that it is done prudently with an understanding of the implications of what we're doing.

Now, one of our major concerns is that if the entry requirements are removed completely for trucking, that American firms can come into Canada, into Manitoba unimpeded. At the present time there's an entry test, they can be kept out by transportation boards, transport boards, motor transport boards across this country. The Manitoba Transport Board certainly has made decisions that have protected Canadian carriers at various times in the past in our history. If this new system comes in place they would not be able to do that, and American carriers. My colleague for Kildonan has mentioned that some of the major carriers, four or five of the major carriers, each one of them does more business than all of the Canadian carriers put together. Notwithstanding the fact we have nine of

fifteen of Canada's largest in Manitoba, they are really very, very small compared to the major carriers in the States, who have so much economic power, and who could very easily come in here and undercut Canadian carriers because there are no rates, no maximum rates, no rate setting in a deregulated environment with regard to rates that are offered here. They could charge any rates they wanted. They could put these companies, soften them up, put them out of business or put them to a state where they are very interested in buying up, and being bought up by the American carriers. And then what we'd have is those headquarters who are now in Manitoba threatened with movement to American jurisdictions down there.

So we would see, Madam Speaker, employment opportunities moving away from this province, and that is a major concern to us in Manitoba. There's the costs involved as well. We talk about safety — we had some questions about safety, air safety, rail safety — these are areas that we want to discuss with the Federal Government. But trucking is particularly important to us because we have joint jurisdiction with the Federal Government for trucking. So that's why I'm focusing on that area today.

They are proposing that a national Safety Code go into place as well as a fitness on January 1, 1988. That Safety Code must be enforced if it's going to work, and there's going to be additional costs of enforcing that, certainly additional costs that the provinces will have to bear unless the Federal Government lives up to its responsibilities in the area of trucking, in that area of transportation. So we have proposed to the Federal Government that they recognize their responsibility. They are initiating these changes, therefore, they should be paying at least 50 percent of the additional costs of enforcement of this Safety Code. They have not acknowledge that and I think the members opposite should support us in insisting that the Federal Government pays for 50 percent, at least, of the costs of enforcement of the new Safety Code that is being proposed for January 1, 1988. That is the minimum that they can do, is to bear some of the costs for this additional enforcement and not push it onto the backs of the provinces. That has not been recognized by the Federal Government to this point; that proposal has not even been recognized to the point that they have not acknowledged that we have made that kind of a proposal to have them consider, Madam Speaker.

We have some support across the country, certainly Newfoundland, Ontario and Alberta want this automatic sunseting of the reverse onus process that would be in place for three years. They want to see it done away with completely after three years, but there are a

number of provinces who are hedging on this, and there are others who have taken a rather strong position — Manitoba leading the way. Saskatchewan has also supported our position, along with New Brunswick, saying does it makes sense — and I'd like to ask the Member for Morris this. Does it make sense to prejudice the evaluations that they have agreed to of this intermediate step by automatically sunseting those regulations three years hence? Does that make sense? Or does it make much more sense, Madam Speaker, to do it in an informed way, to understand what the impacts are, and then make decisions in consultation with all of the provinces at that point, and the industry? No, they are not doing that, they are taking, what I would say, is an irresponsible position. I don't think it's one that the members opposite can support if they look closely at the impact that it could have. We can't say definitively, and the whole point is, Madam Speaker, no jurisdiction can say definitively what the impact of these regulatory changes are. That's why the studies are necessary. That's why we have to do it in an informed way.

Thank you, Madam Speaker.

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Madam Speaker, I wonder if there is a will in the House to call it 5:30 p.m.

#### COMMITTEE CHANGES

**MADAM SPEAKER:** The Honourable Member for Emerson.

**MR. A. DRIEDGER:** Thank you, Madam Speaker, I have a change in the Committee of Public Utilities and Natural Resources: Nordman for Brown.

**MADAM SPEAKER:** The Honourable Member for Ellice.

**MR. H. SMITH:** I also have a change to the Public Utilities and Natural Resources Committee: the Member for Kildonan substituting for the Member for Churchill; the Member for St. Johns substituting for the Member for Rossmere.

**MADAM SPEAKER:** Is it the will of the House to call it 5:30 p.m.? (Agreed)

The hour being 5:30 p.m. I am leaving the Chair with the understanding that the House will reconvene at 8:00 p.m. in Committee of Supply.