

## LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 19 May, 1987.

Time — 8:00 p.m.

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

**MR. CHAIRMAN, C. Baker:** Committee, come to order. We're on page 106, Appropriation No. 2. We haven't passed it yet?

**A MEMBER:** No, we're on 2.(b)(1).

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

**MR. F. JOHNSTON:** Mr. Chairman, I was questioning the expected results that are shown on page 26. When we talk about the 1,300 jobs obtaining \$100 million of new private sector investment, can the Minister give us an estimate of how many industries he's speaking of?

**MR. CHAIRMAN:** The Honourable Minister of Industry, Trade and Technology.

**HON. V. SCHROEDER:** We would be expecting roughly 300 jobs in new companies, about \$25 million; about 400 jobs in expansion of existing firms for \$40 million; about 400 in retention of jobs that would otherwise be gone, \$25 million; and the estimate includes roughly 200 entrepreneurial immigration jobs at \$10 million of investment, a total of 1,300 jobs at the \$100 million.

I should say that, just on the first establishment of new companies, there was an announcement on Friday - I'm not sure the member saw it - of Chemfet who are expecting to be up to 300 people within several years.

**MR. F. JOHNSTON:** There is no estimate of the number of companies regarding the new jobs, the number of new companies or the number of companies that will expand.

**HON. V. SCHROEDER:** No, Mr. Chairman, we don't have a specific estimate. Of course, these are, as the member knows, estimates. We're hoping they will be exceeded, but there are no guarantees.

**MR. F. JOHNSTON:** Mr. Chairman, I don't remember a time when the department didn't have a list in front of me of people who were being negotiated with or had shown interest in the Province of Manitoba. We didn't ever expect to get them all either, and I didn't say that I wanted any firm figures. I just said an estimate of approximately how many companies does the Minister figure we may be getting in Manitoba.

**HON. V. SCHROEDER:** Mr. Chairman, at the current time, there are roughly 60 companies we're dealing

with that we consider to be in an active position in terms of coming to the province.

**MR. F. JOHNSTON:** If I may, you said 400 retention. Is the department estimating there are going to be 400 jobs that would be lost unless the government gives assistance to these companies?

**HON. V. SCHROEDER:** Mr. Chairman, a good example of that might be Manitoba Sugar. There are instances where, without some assistance - there's one example, for instance, I won't name the company - but they're under an order to clean up the environment, and they have now received a federal proposal for assistance for that. They're coming to us and we're evaluating whether or not they would go ahead without our assistance. If they wouldn't go ahead without our assistance, then we will consider possibly some assistance. So there are, quite frequently, those occasions where retention becomes fairly significant.

**MR. F. JOHNSTON:** The 200 jobs after retention, was that Hong Kong?

**HON. V. SCHROEDER:** Yes. That was entrepreneurial immigration. Almost all of it is from Hong Kong, but needn't be entirely.

**MR. F. JOHNSTON:** Mr. Chairman, the transportation industry in the Province of Manitoba, we have some very large companies here. Are we working to have expansion for those companies in Manitoba, and are we looking to have an expansion of the transportation industry in Manitoba, because it is naturally right? Is the research being done, and is there work being done with companies in this particular industry at the present time?

**HON. V. SCHROEDER:** Mr. Chairman, that's an important area for Manitoba, and we are in discussions with actually both of the bus companies, with Flyer and MCI, as well as with other organizations. There's one new company, Cargo Trailer, who are building truck bodies and appear to be doing quite well. They were on the list of the 50 fastest-growing companies in Manitoba recently in one of the local business magazines. We've been having some discussions with them.

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

**MR. E. CONNERY:** Well, last year, the Minister was quite pleased that maybe something good would happen with Canada Packers, and of course something good did not happen with Canada Packers. I wouldn't doubt that a lot of it is because of the government policy and some of the payroll tax and labour laws.

But the Minister was also, last year, quite thrilled with Springfield Farms, that they would be going ahead in the Town of Neepawa. Then after they did go into

operation and Canada Packers closed, the Minister was then blaming the Federal Government. So we have some contradictions with the Minister as to how he was feeling last year, as to how he's feeling this year.

Burns, though, it looks like they might take up some of the slack of Canada Packers. Can the Minister fill us in on what he knows about what Burns is doing, and is there going to be some provincial or federal money in it to help them expand?

**HON. V. SCHROEDER:** Mr. Chairman, we would expect that Burns will be looking at the opening in the industry right now. As the member knows, Canada Packers had applied for assistance to the Federal Government to do their expansion and were turned down. They were asking for 17.5 percent; they got 35 percent in Prince Edward Island, zero in Manitoba, and the member blames the Provincial Government. That is a little bit annoying, quite frankly. I don't think it's fair, and it doesn't deal with history in a responsible manner.

We would have liked to have seen Canada Packers stay but we knew then, as the honourable member knew and knows, that was the last of the multistoried packing plants in Canada for Canada Packers, the last of nine. That one stayed open in 1982-83 because they were approached by the Provincial NDP Government and the Federal Government to keep this one open, because something would be just around the corner, if they applied for their consolidation here and they closed Edmonton instead, even though it initially indicated they were going to close down here. Then, when they applied to the Federal Government for assistance, they were turned down. Just about a year later, the Mulroney Government gave a 35-percent grant to an operation in Prince Edward Island, which Canada Packers is operating and also gave a grant to Neepawa. We've never been able to understand quite why Canada Packers was treated in that fashion.

**MR. E. CONNERY:** What did the province offer Canada Packers in the way of assistance?

**HON. V. SCHROEDER:** That was never something that we got to final numbers on, because we didn't get the federal money in. There was a letter, there was an offer which was of course, as always, subject to the federal participation by DRIE.

**MR. E. CONNERY:** He didn't fully answer if he knows what Burns is doing and if the Provincial Government is working with Burns.

**HON. V. SCHROEDER:** We indicated some time ago that we're looking at all proposals from the meat-packing industry in Manitoba as to expansion plans to fill the void left by Canada Packers. I would expect that there will be an announcement in due course.

**MR. E. CONNERY:** The Minister says that the Federal Government gave money to Springhill. I think it was in the area of just over \$800,000.00. But it should be acknowledged - and I think rightly so - as I said earlier, that the Provincial Government put in somewhere over \$3 million into Springhill Farms in the way of infrastructure, sewer and water, and so forth, and yet

blames the Federal Government for Canada Packers because they supported Springhill for Canada Packers going out of business. So I don't think that's a good shot.

Last year, we talked about the North American telemetry business. How is that one progressing?

**HON. V. SCHROEDER:** That one is one of those that didn't work out for now. There's nothing happening there. I should say, in case there's any misunderstanding, that the Provincial Government did not put a penny into Springhill Packers. The Provincial Government put infrastructure into the municipality, just as it has done in Portage la Prairie or other parts of the province when there has been industrial expansion, and that is expected.

**MR. E. CONNERY:** So the North American telemetry for now, with their \$14 million and the jobs that they were going to create, is there any hope of it reviving or is it gone?

**HON. V. SCHROEDER:** We're not counting on it. There are people still interested, but we're certainly not adding that one into our numbers right now.

**MR. E. CONNERY:** Are there any of the other ones that looked so promising last year that didn't succeed? Maybe give us an update on the ones that did succeed and the ones that didn't? The Minister was going through in Estimates.

**HON. V. SCHROEDER:** I, quite frankly, don't have a list of what I was going through last year in front of me. I had given a number of the companies where there had been investments announced over the last year. Could we maybe just have the member ask - do you have any specific companies that haven't been referred to that you're interested in?

**MR. E. CONNERY:** Well, maybe I'll go on to some of the others. Cereal Implements, now that was one that went into Portage, and I'm very pleased to see it go. It's also keeping Co-op Implements afloat. Are they doing as well as what was projected and are the job numbers up?

**HON. V. SCHROEDER:** Yes.

**MR. E. CONNERY:** The overall farm machinery industry, we're pleased that Versatile is being kept open. Manitoba is a large shipper of farm equipment. What are the numbers in comparison to other years? How is this industry surviving? I know, in some of the figures that I have, exports are down.

**HON. V. SCHROEDER:** We would expect, Mr. Chairman, that with Versatile reopening, we should be at about where we were last year, maybe a bit above overall. That's been the real dropper.

**MR. E. CONNERY:** Is there anything new in the food industry that could be on the horizon opening, any expansions or new businesses? Are McCain's looking at doing anything different in Portage? They've often

considered going into the frozen vegetables. Have there been any thoughts along this line?

**HON. V. SCHROEDER:** Mr. Chairman, in the potato area, we are discussing with McCain's a large frozen potato operation - I'm sorry, a frozen vegetable operation. As the member knows, there was the recent arrangement by Carnation, and certainly that's an area that's pretty important. We'd like to see some further expansion there.

**MR. E. CONNERY:** I guess I'm excited about some of that happening. On the other hand, I have some concerns and I don't know if the Minister has talked to the Minister of Municipal Affairs, because Portage la Prairie has a real problem with sewage treatment, and, of course, there's a freeze on any expansion. Has the Minister discussed with the other Minister to see what progress is being made to get rid of the problem that we have with sewage in Portage so that we can undertake this expansion if it comes along?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, IT and T staff sit on an interdepartmental committee dealing with those kinds of concerns, and certainly we're making people aware of what's coming down the pike or potentially. Of course, the water problem down there is a real concern.

**MR. E. CONNERY:** It's more the sewage than the water problem. I think we have a reasonable supply of water, but the sewage situation is not going to be resolved, unless they move very quickly, within a year or two. Of course, if the McCain plant is ready to go, they might go somewhere else. We know that a juice segment of their operation went to Alberta, which we could have probably had in Portage la Prairie, and all the jobs that go with it.

So we can't be dilly-dallying too long with getting that plant into operation, or the sewage plant upgraded that we can handle, because Portage is a logical area for processing and especially for vegetables. It's one of the best vegetable-producing areas in the country and goes down into the Carman-Morden area, so it augers that the Minister should be encouraging the Minister of Municipal Affairs to improve the sewage treatment.

**HON. V. SCHROEDER:** I understand one of the elements involved is a dispute over technology. Certainly, Manitobans would agree that's a fine place to grow vegetables. There are some arguments over what is required to make sure that the problem doesn't recur, and I guess that's being debated now.

**MR. E. CONNERY:** We discussed the status of the CGE, the Canadian General-Electric agreement with the Limestone. Has anything come to fruition yet? The agreement calls for it to be completed by 1991, a \$10 million investment in the province, and I think there's been one small one up North. Have there been any others in the last year?

**HON. V. SCHROEDER:** Mr. Chairman, there are currently four northern Native businesses they are

involved with. They're on track, in terms of their contract, on Manitoba content. So far they haven't reached any specific agreements on offset investment in Manitoba, but there have been a number of discussions, some with brand-new companies, other discussions with existing Manitoba companies. We think they're working hard to come up with something that will meet their needs and ours, and we have no doubt that something will occur within the time frame of the agreement.

**MR. E. CONNERY:** Is the Minister aware of - I can't think of the name of the company, Timmer or Zimmer or something along that line - of upgrading wood and we're looking at - it was a very highly electronic equipment to take Nos. 3 and 4 wood and upgrade it to No. 2 or whatever, and it was looking at Portage.

**HON. V. SCHROEDER:** Mr. Chairman, that's one of the offsets that CGE did look at, and it's our understanding that they won't be proceeding with that. They made a decision not to go with that particular one, that's Zeiner (phonetic).

**MR. E. CONNERY:** When we get into the Trade sector, we'll deal with the trade. But one of the disturbing things that I found when doing some research on free trade, that we've got statistics on just about every cent of material that moves out of the province into the foreign market, but very little import stats to tell us what's coming in. And of course with industry, it can be large or small but, all the way through the book, it took a long ways before we get into our book to find out we're talking about import replacement. And to me, a large part of our business could be import replacement. But if we don't have import stats, how do we target our industries to replace imports?

Are there not viable import statistics - and I've got a copy of the department saying that detailed import statistics are not presently available and would require special run via MDS. There's also no viable information on the interprovincial flow of goods and services. That disturbs me somewhat that, if we don't know what is being imported into the province, how do we target industries to go for import replacement?

**HON. V. SCHROEDER:** Mr. Chairman, a lot of those statistics would be practically impossible to get even if we did everything possible to get them. As an example, interprovincial - and I'm talking about interprovincial now. There's no way of knowing, nobody has to report anywhere on what they bring into the province. When it comes to international, there's a lot of confusion with a lot of numbers because a lot of the statistics indicate port of exit, so that some things that leave the country out of Thunder Bay show as an Ontario export as opposed to a Manitoba export and sometimes products come from Saskatchewan, say, lumber to Winnipeg and goes out through Pembina and shows as a Manitoba export. The statistics are very difficult to gather.

There are certain areas where we're working individually as a province, for instance, the health industry initiative where we're going to the hospitals, getting an idea as to what it is that their big ticket items are and trying to determine with either local

companies or local individuals who might have the skills whether we could see about import replacement.

The same thing is happening on the federal scene, where in fact the provinces are getting together tomorrow to discuss, not only procurement, but also import replacement on procurement items so that as a country we get a better handle on what we possibly could produce here as opposed to bringing it in, because we don't know that we might be competitive.

Also, a lot of the things we export never do show up on paper, not because of ports, but because they are things like, say, financial services. You won't find anywhere the work done, for example, by people at Great-West Life. Hundreds of people work on U.S. business out of Winnipeg. And it simply doesn't show up as a statistic from here. Similarly, we're importing those kinds of things and they don't show up either. So those statistics are becoming less and less reliable, the more we move into the information age.

**MR. E. CONNERY:** The bills of lading usually indicate the origin of the province and, if they're coming into Saskatchewan to eventually end up in Manitoba, that will be on the bill of lading also. So surely that must be recorded.

The horticultural industry, which is not supposed to be as sophisticated, we have the imports by foreign countries and by province from where they originated and what city they're going into. So in our industry, we know what is being consumed in the prairie provinces, so we can target that import replacement which we have done.

But I would like to just tell the Minister that the 2.5 percent payroll tax on our farm will cost us about \$15,000, and we're not able to pass that on to anybody because we're dealing with the interprovincial market and international marketplace. That's \$15,000 a year that we're not going to be able to expand our operation or be as competitive in the faraway markets, such as Alberta, when we're competing against B.C. and Washington and Idaho. I think the Minister has to be aware that that payroll tax is a tremendous deterrent for Manitoba companies to be competitive and it's a tremendous deterrent from having companies come into Manitoba.

**HON. V. SCHROEDER:** Well, if we're into the Health and Education Levy at \$15,000 that's, as the member knows, roughly 2.25 percent of payroll. That works out to somewhere less than 10 percent of the cost, or maybe around 10 percent of the cost of the health and education of his workforce, and that has to count for something. Even in the days of slavery, people had to pay for the full 100 percent of education and health. There may not have been very much education or very much health, but the employer had to pay for the full shot.

I think that the employer has to recognize that there is an obligation on them in this country as well as on others. As the member well knows, his \$15,000 he can deduct from his taxable income. So it's a "before tax" kind of a tax. If he was in - he mentions B.C. and Alberta. There are Medicare premiums there and, as a good employer, I'm sure that he would pay those. In Ontario, they tell us 80 percent of the Medicare premium

is paid by the employer. The Medicare premium is somewhere in the range of \$700 a year per employee. That's over \$500 a year, and that's probably more than what the Member for Portage pays in Health and Education Levy for his employees.

So I think one has to not only look at the tax in Manitoba but look at the taxes in those other areas. And when you talk about U.S. taxes, yes, you have to also look at the fairly significant taxes that are levied on employers down there.

I was recently at an opening of a glass operation in East Kildonan. They have over 300 people working there. They're adding on another 20 people or so and the discussion came to location, and the manager of the place was telling me that he'd spent some time trying to run part of the operation in Saskatchewan. He said it was a very, very frustrating experience. The difficulty with getting parts was one thing; difficulty with the skilled workforce was another thing. All in all, they were just very, very pleased to be in Manitoba with the overall environment here.

And that's something you have to look at. You can't look at one specific item and jump up and down on it, and say that this is the one thing that's going to make my decision to come to Manitoba. You look at overall costs. You look at the workforce and its abilities and skills and the stability, and the stability of the environment around you and, when you look at all those things, we do pretty well.

**MR. E. CONNERY:** Well, the Minister lives in Alice in Wonderland Fantasy Land. He doesn't know how many jobs too that are eliminated because of the payroll tax, and how many times does an employer look at trying to decide whether he's going to mechanize a segment of his operation or not. The payroll tax cost on a labour-intensive industry can be the deciding factor. I know in our operation it was the deciding factor this spring to mechanize part of our carrot packing, which is going to eliminate four or five jobs for eight or nine months of the year, and sadly so, but we have to be competitive with other areas. Other people and other industries are facing the same decision.

So while you say it's helping your health and education if you have people on unemployment, what does that cost the industry? And we look at the welfare rolls and how much they've climbed. So you know, there are two sides to that story, and the Minister is only looking at one side.

**HON. V. SCHROEDER:** Well, Mr. Chairman, the member talks a pretty good talk. He's in here, as he has been all Session and as the Opposition has been all Session, telling us we're not spending enough on Highways; we're not spending enough on Agriculture; we're not spending enough on Health; we're not spending enough on Social Services.

There have been suggestions made, although not that vigorously, that maybe we should be putting more money into this particular department.

We're not supposed to tax; we're not supposed to have a deficit. Well, quite frankly, we're not magicians and we can't pull it out of thin air. I want to make the point to the member that, in this current year, our spending as a proportion of the economy is roughly

the same as it was - in fact, just a little lower than it was in 1982. Our deficit as a proportion of the economy is roughly in that same vicinity as well, in fact, quite a bit lower than 1982, and not that much above where it was in 1981, very little above where it was in 1981.

You might ask then, why do we have to increase taxes. I tell you it's time that you stopped and thought about what we're saying for 11 months of the year when we're talking about what's happening with health and education payments by the Federal Government, equalization payments by the Federal Government, procurement, and regional economic development decisions by the Federal Government, all of those things when they pull back.

Every time they pull back and we don't cut back on spending and every time they pull out of a program where they expect us to pick up half of it or a third of it, and the Opposition screams in chorus with the Federal Government, yes, pick up a third of it, that puts more onto the Government of Manitoba and that means the next time there's a Budget in Manitoba, there will either be an increase in the deficit or an increase in the taxes.

Employers will not escape their fair share of those taxes. If the members want to go back to the good old days, back to before 1982, then let's do it completely. Let's go back with the same kind of numbers in equalization, the same kind of numbers in health and education; let's go back to the same proportion of federal procurement we had back then in the bad old days of close to 4 percent as opposed to less than that now; and let's go back to the days of regional development when it was stronger for the regions than it is now. I'm not blaming the present government on that. I blame the Liberal Government for their change from DREE to DRIE.

But that has had a very profound effect on the Maritimes, on Manitoba, on Saskatchewan, on Alberta, and it has strictly benefited Central Canada and all the numbers show that. Those things do eventually wind up taking money out of the pocket of a vegetable farmer in Portage la Prairie.

**MR. E. CONNERY:** In the industrial package, where are you keying to the rural part of Manitoba? What emphasis or what thrust have you for rural Manitoba as a direct program or policy direction?

**HON. V. SCHROEDER:** Mr. Chairman, about half of our development agreements, as an example, have been done in rural Manitoba. We've been keeping a keen eye on food processing, on the agricultural manufacturing sector in Southern Manitoba, and on some other kinds of manufacturing. Vicon, yes, that's in Portage - I'm sorry, that's Agricultural Implements. Toro is the one in Steinbach. There is a fairly large project in Brandon and so on, so we don't have someone designated for Winnipeg or rural as an example. - (Interjection)-

Sorry, there you are, you're getting some brand-new updated information. The department is proposing that the new person - I'd indicated to the Member for Sturgeon Creek earlier that we had created a new position in the food-processing area. The new person, who will report to Mike Wallace, will be exclusively

working on the rural food processing, especially trying to build up the smaller operations around the countryside. That wouldn't mean that Wallace would be out of the whole rural area, but this would give him the opportunity to have someone especially strictly dealing with the rural area.

**MR. CHAIRMAN:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** The Member for Portage touched on an industry that might have gone to Portage la Prairie by General Electric. The arrangement to buy the General Electric generators without tender in the Province of Manitoba indicated at that time that Manitoba would receive General Electric manufacturing facilities of some kind; that they would produce as many jobs in the Province of Manitoba as it would take to build the generators elsewhere. Can the Minister bring us up-to-date as to what General Electric has done in the Province of Manitoba since that arrangement was made?

**HON. V. SCHROEDER:** Well, I just indicated they've assisted and invested in four businesses, northern Native businesses up in Northern Manitoba.

They've stayed on track with their Manitoba content. They have not, as of yet, made the specific investment decision which could be anywhere in the province. They have been looking at specifics, such as the Member for Portage raised, and a number of other specific investments that so far have not been acceptable to them. They're still working on exactly how they're going to go about fulfilling that commitment that I expect they will fulfill.

**MR. F. JOHNSTON:** The Member for Portage la Prairie just said "expects," and I say the same thing. The Minister "expects" they will fulfill it? We've bought the generators and he "expects" that they will fulfill it? I think the people of Manitoba deserve better than that on an arrangement to buy generators without tender.

**HON. V. SCHROEDER:** Well, Mr. Chairman, if we want to go back into history, the member will recall why we went into a contract without tender and the "why" was a contract with respect to Bi-pole Two, back more than a decade ago, when the Federal Government provided loan money to Manitoba on the understanding that the next set of generators would be built by a Canadian manufacturer. We agreed to that and successive governments began negotiations, including the Lyon Government, with I believe there's a maximum of two Canadian manufacturers of generators. So we decided that, rather than play the game of having a tender with only two people possibly involved, we would negotiate it.

Before we did that, we talked with a lot of people in the private sector and gave them the facts and asked for opinions. The opinions I believe unanimously came back - you're probably better off trying to negotiate something where you know exactly what you're going to get - so that's what we did. We wanted a low price. The price was way below what Hydro engineers had anticipated the price would be; and secondly, we wanted jobs in Manitoba. We got the commitment by them to

have a large proportion of Manitoba content, far larger than we've had in the past on the contract itself. Thirdly, we wanted, for every job they couldn't produce in Manitoba, as the member has indicated, for every job it created elsewhere in the country, we wanted a job in Manitoba by them.

They've committed themselves contractually to do that. We expect that they will live up to their contractual obligations. If they do not live up to their contractual obligations, then the contract stipulates that they will owe the people of Manitoba liquidated damages in the sum of some \$10 million, depending on how much. If they've done nothing, it's \$10 million.

**MR. F. JOHNSTON:** The Minister made a very good point when he said that he was advised to negotiate it because he would know exactly what he's going to get. The Minister doesn't know exactly what he's going to get. We don't know what jobs we're getting in the Province of Manitoba. We don't know - if they owe us \$10 million, that doesn't give us jobs, that just puts money back into Hydro or the general fund of the province. It doesn't give us jobs.

When I think of the times in the defence of this contract that was brought up in the House, and the press announcements - and I don't have them with me at the present time - on the benefits that were going to accrue to the Province of Manitoba because of this arrangement, and two years later because we've discussed it last year, or a year-and-a-half, or a year and eight months later, we still don't know what we're going to get. Is somebody really believing that in General Electric, the size of the company they are, cannot make a decision as to what investment they could put in the Province of Manitoba? Are you telling me this department hasn't got a recommendation for what they should maybe put in the Province of Manitoba?

**HON. V. SCHROEDER:** Mr. Chairman, it's an interesting comment. What the member seems to be saying is that CGE would sign a contract and ignore it. He seems to be so impatient to have CGE make their investment decision, he can't stand the suspense of waiting another year or two years for those investment decisions to be made. They will be made.

I've pointed out that there is no company in the world - I haven't pointed that out, but I've said that it's going to cost \$10 million to CGE if they don't do the investment, if they do none of the investment. I know of no company that would not take a chance on some investment rather than to see \$10 million go down the drain. If they did put \$10 million of their money down the drain, that's an additional \$10 million off the already very low contract price for constructing the generators for Limestone for which we would have had no Manitoba jobs created without this particular agreement. It would have been out for tender.

We have already got several small businesses, admittedly small businesses, in the province operating as a result. We've already got Manitoba content to the extent that's specified in the contract, and I would suggest that the member be patient. We expect that we will have CGE live up to the contract. They're hoping, as any other corporation would, that they will also be able to be involved in any further construction that

happens in the province. They know full well that, if they were to simply pass on the \$10 million and not do what they said they would, that would not be something that Manitobans would look on kindly. I don't think that they will do that.

**MR. F. JOHNSTON:** Mr. Chairman, the Minister says that I'm impatient and I guess I am when I take a look at the figures that I quoted earlier that we had dropped 11,000 manufacturing jobs in this province since 1981. The Minister, in his own admission and in his own discussion here today, has said that investment is down in the province, that manufacturing jobs are down in the province and, with all of that piling up, the seriousness of manufacturing jobs and investment in the province, here we have an agreement with somebody with generators that are going to go in. It's all very well to say there are only two. If it hadn't have been General Electric, maybe the other company could have done the same. There might have been just as much Manitoba contact with the other companies, but the point still remains, we haven't got obviously anything near to what General Electric is supposed to do and, quite frankly, it doesn't appear as if we've got any indication as to what they are going to do.

**HON. V. SCHROEDER:** Well, Mr. Chairman, I've indicated that there have been a number of proposals which have been brought forward. When there's one that meets the criteria, one that will provide long-term jobs in Manitoba, I'm sure CGE will move. I don't feel that it would be appropriate for us to be jumping on their backs telling them you must invest in Zeiner, even though their numbers show that it won't work. That makes no sense. We can get some kind of initial investment and, a few years down the line, we have another CFI or something. I don't think that's in anybody's best interest.

The member uses numbers but he doesn't use the overall numbers, the fact that we have a rate of employment growth since we took office larger than the Canadian average, and that's surely a good measure of how we're doing, much larger than Saskatchewan since the Conservatives took office in Saskatchewan, far larger than Alberta. B.C. is barely back to where they were in 1981 in terms of employment, while we've grown by over 8 percent since then in employment in Manitoba.

That's a little bit of an answer as well to the Member for Portage who is bemoaning the Health and Education Levy as though that somehow meant that nobody was creating jobs in Manitoba anymore, when in fact we're creating more jobs in Manitoba than in most other provinces, more jobs than the Canadian average and, if at this time CGE is taking its time in creating its investment in the province, quite frankly, I think that probably this is one of the best times for them to be taking their time and we will be getting our investment.

Let's go back to the fact that this particular dam is coming in way below budget. That's not something that's been happening on previous dams. That is something that is happening with this one, and not only that, practically every single bid came in way below engineer's estimates, and that's not something that happens all the time. Things are moving relatively well

there. We have a much larger Manitoba content than in the past, and the members just don't seem to want to acknowledge that.

**MR. F. JOHNSTON:** Mr. Chairman, I'm not here to argue about what tenders came in with the Limestone project.

**HON. V. SCHROEDER:** You raised it.

**MR. F. JOHNSTON:** I don't recall bringing it up. I just merely said that we had purchased generators without tender. I was told it was the best way to go, because you hadn't received advice on the best way to go. I'm saying that you have an arrangement with a company, after you've made that arrangement with them, to invest in the Province of Manitoba and they haven't done it yet, nor do they seem to know what they're going to do. The Minister says to me that he would rather see them not do anything than invest in something that isn't going to work. I'd only ask the Minister if he knows how big General Electric is, how many plants they have, how many products they've made, how many little widgets or gizmos that they can put together in plants all over the world?

I can tell you this, that if they haven't made the decision as to what they can do in Manitoba now, 60 miles from the United States border in Central Canada, something seems to be wrong. They've obviously got the order and they haven't fulfilled their obligation to us as yet; something is wrong.

So they don't spend \$10 million or it knocks off the price of the generators. I don't recall discussing that. I'm very aware of how much money is being spent up North and, as I told you earlier, when it ends, there's nothing to replace it. When the Minister comments on the economy of the jobs in Manitoba, yes, the figures are there, but it's mostly government money and that doesn't look good for the long term because, as I said earlier, all of the government money comes from taxpayers, and the taxpayers of Manitoba are finding that out very bluntly at the present time.

Mr. Chairman, I have nothing more on that section.

**HON. V. SCHROEDER:** Mr. Chairman, the Member for Sturgeon Creek says he didn't talk about what price things came in at Limestone. No, he didn't; but he suggested that somehow we'd done something improper by negotiating the agreement and not having a tendered contract. We started out with this thing, and the Tories have had a phobia about the fact that we've negotiated that contract.

I point out that was a successful negotiation for Manitoba. I point out to him that it is not fair to say to CGE that there is something wrong with what they're doing, when they are perfectly in accordance with the contract they've entered into up until today. If they were in default today, my attitude would be completely different.

They are not in default and, as long as they're not in default, it is improper to say that there is something wrong with them not having made their decision up until now. The position they are in right now was contemplated at the time the contract was entered into, so it seems to me that when someone has a contract where they have time to make a proper decision one

should allow them the time to make that proper decision without suggesting that there is something wrong with them or with us.

**MR. F. JOHNSTON:** Mr. Chairman, if he wants to talk about the tendering system, given time, I'll go downstairs and get the Hansards or the paper reports where Ed Schreyer said that we will never, as an NDP Government, harm the tendering system in this province. That is when we were talking about the generators and the equipment that was going to go in Brandon at that time.

If the Minister wants to say now that's fine and dandy to say that we think it's not a good idea to have a negotiated contract, fine; I wasn't arguing with him on the point. I said it was not a tendered contract, and it was not; that's fact. Anybody who says any different is wrong. That's fact, and it obviously wasn't a good arrangement with General Electric. If they're not in default now, they should be. It's a year-and-a-half after they signed the contract, and it's time they were telling you what they were going to do in this province. So maybe you made that deal.

**HON. V. SCHROEDER:** Well, Mr. Chairman, with a tendered contract, we probably would have been in the range of 20 percent higher in our payments than we got. We'd have got no jobs back in return. We wouldn't have those businesses working right now. We wouldn't have the Manitoba content.

The reference to Ed Schreyer and the tendering process, it sort of blew right past my head. I thought we were going to be getting into the CF-18 next.

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

**MR. E. CONNERY:** I have one question on CGE . . .

**MR. J. DOWNEY:** Mr. Chairman, if he wants to ask another question . . .

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

**MR. E. CONNERY:** Well, the Minister should know that CGE, for every year they don't put their \$10 million into Manitoba, they're saving \$1 million a year on interest, and the Minister should know that, every year they don't put their \$10 million into Manitoba, it's jobs that aren't being created. He should also know that with inflation by 1991 \$10 million isn't going to be the same investment that it would have been on Year One.

While the contract might not be in default, I think the Minister should be a little bit excited and a little bit concerned about getting that money into Manitoba and get it working as soon as possible. The Minister, obviously, doesn't have a grasp of what his department is and what makes things tick. He's quite happy going along with the deal. He thinks he's got a good one, but it could be a better one if we had that \$10 million at work in Manitoba now, but he doesn't care.

**HON. V. SCHROEDER:** The Minister would prefer to have a job for every job, which is what was agreed to in the contract. The Minister would prefer to have something solid and long term, instead of garbage,

like, well CFI. That's the kind of thing you're saying we're supposed to, and CGE is supposed to jump at the first investment opportunity that comes along. I think they have every right - (Interjection) - Yes, garbage.

When you enter into a contract with someone you don't know, you go across the sea to Switzerland to sign the contract, you don't remember you were there and you wind up having people taking tens of millions of dollars out of the province, I don't know what else to call it other than garbage. I don't expect that CGE will operate like that, and I do expect that CGE want to make a long-term investment that will be beneficial to them and beneficial to the people of Manitoba. The contract deliberately contemplated the idea that they would have time to do that. We didn't say we're going to rush you into coming up with the first investment decision that comes along, or the second one.

**MR. F. JOHNSTON:** Mr. Chairman, I don't recall mentioning CFI in my discussions.

**HON. V. SCHROEDER:** I did.

**MR. F. JOHNSTON:** But if the Minister would like, I will go to Hansard. I will give you a book written by Mr. Newman in which he refers to everything that happened in CFI, documents about all of the places that he refers to very carefully. The documentation is all available. In Hansard, when we left office, there was \$10 million spent on CFI and, in Hansard, right in that room that we all sit in every day, Ed Schreyer stood up in front of that room, in front of the President of CFI and the companies that we were dealing with and said, "I have just renegotiated the whole contract for CFI. Everything is now going to work marvellously." From that point on, it went down the drain and it's documented.

The Minister seems to forget that I've been here longer than him and I remember those days but, if he wants to bring up those types of things, all the documentation is available to be shown, that the NDP over the CFI conflict were very, very deeply involved with the mess that it's in and it's documented. - (Interjection) - Then, Mr. Chairman, Mr. Schreyer misled the House on the day he stood up and said that. Are you suggesting that he did that? Thank you, that's all I want to know.

**HON. V. SCHROEDER:** Mr. Chairman, this reminds me of the Kelly scandal during the construction of the Legislature. I think a couple of points to be made - and the question has to be asked, was the renegotiation something which improved the contract for the people of Manitoba or would we have been better off with the contract signed by Sterling Lyon with Mr. X at a time when he forgot that he'd gone to Switzerland to sign it?

**MR. F. JOHNSTON:** Mr. Chairman, that is why, when we changed office between Walter Weir and Mr. Schreyer, during those two weeks it was approved by the new government that came in to change the funding arrangements and the spending arrangements of CFI, which is documented, changed by the NDP Government.

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

**MR. J. DOWNEY:** Mr. Chairman, I want to get into a couple of areas I'd like the Minister to respond to, dealing specifically with the loss of the agricultural-processing industry in Manitoba, dealing with particularly the concern about the packing-house industry with the loss of Canada Packers, one of the major meat processors in Western Canada and its location here in Winnipeg, the loss of Centennial Packers, which was certainly a lesser of that and established in 1981. I'd just like to go through it and see if the Minister could - and I know that this government isn't particularly happy to help the farm community. It's demonstrated by their past policies and programs.

The Minister of Agriculture, as I would assume, would go to Cabinet saying that the Beef Program, which he would introduce, the \$40 million or the numbers of millions of dollars, which would be put into the beef industry would assure the employees of Canada Packers and the packing industry that there would be sufficient product to put through the industry and that everything would be all well and good, but something went wrong. One of the things that went wrong is that nobody took a look at the Minister of Agriculture and closely scrutinized him to see what he was going to come up with at the end of the program.

He came up at the end of the program with a fairly large deficit in the Beef Stabilization Program, a packing-house industry that saw fit to withdraw from the Province of Manitoba - and it isn't because Canada Packers didn't have money to leave in Winnipeg because, as soon as they sold their Canada Packers meat processing plant, they immediately went to Alberta and used the capital to buy into an oilseed-crushing business or took the Alberta Wheat Pool, I believe it was, out of a share of a major oilseed-crushing plant.

So it wasn't a matter of not having the capital or the desire to leave it invested in an agricultural-processing industry, but they saw fit to redirect it out of Manitoba, No. 1, because I'm sure the climate here wasn't conducive to maintenance of a large packing-house industry. They didn't have the product, the program that his colleague, the Minister of Agriculture, sold to Cabinet, and the fact that they'd be able to have slaughter cattle to kill here in Winnipeg. It didn't work, and there's \$40 million or so there that the producers are on the hook for.

We've lost 850 jobs or will be losing 850 jobs, and I'm extremely upset that the Province of Manitoba, the City of Winnipeg, have lost. The Minister may go back and say, well, I was the Minister when Swift Canadian closed their doors. Well, I'll just put that on the record, Mr. Chairman. For those people who have moved here from other jurisdictions, whether they be foreign or local, Mr. Chairman, for information what I would put on the record is that, under the New Democratic Party of Ed Schreyer and the former Sam Uskiw as Minister of Agriculture, there was a regulation brought in that stopped the flow of hogs from Saskatchewan into Manitoba. That was done prior to our election in 1977.

The City of Winnipeg, the Province of Manitoba, traditionally killed about 250,000 hogs from Saskatchewan, which virtually dried up when the



regulation was brought in by the NDP that all products had to flow through the Manitoba Hog Marketing Board. I want that information on the record so that when he comes back and says - by the time we got in, Mr. Chairman, the pattern had changed. The processing of the hogs had moved to other jurisdictions and they were lost to Manitoba. Swift's particularly were one of the major processors of those hogs and hog products. So it was an NDP Government that caused the loss of the Swift Canadian plant but, again, we now see the failure of an NDP administration and we lose Canada Packers.

I am deeply concerned, Mr. Chairman, because I would have thought - of course we've never heard any long-term policy come from this Premier or this government - that there would have to be a long-term policy or should be a long-term policy to encourage the increase of food processing, such as was done during the years of PC administration for diversification with the Harrowby oilseed-crushing plant, with the tax changes, their tax incentives to allow Mohawk to come into Minnedosa to use agricultural commodities to produce alcohol for the extension of the gasolines.

**HON. V. SCHROEDER:** What else?

**MR. J. DOWNEY:** Mr. Chairman, there were several initiatives put in place to encourage the expansion of the Altona oilseed-crushing plant during our term of office and I would say that, dealing with agriculture, I could go into other areas dealing with the Alcan aluminum smelter where there'd be some 800 jobs, the use of our hydro power right here in the Province of Manitoba rather than exporting it for jobs and job creation outside of the Province of Manitoba, those kinds of policies that create employment and the use of our resources right here in the province.

I guess, Mr. Chairman, what I would like the Minister to respond to, does he currently have any proposals or does he have any programs that would encourage food processing or the food-processing industry to expand or is he looking in any particular areas that are of significance to the province in that area at this time?

**HON. V. SCHROEDER:** We've ploughed this ground before, but we'll go over it again for the member.

Interesting concept, the Schreyer government didn't allow 250,000 hogs a year to come into the province until 1977. Then in 1979, two years later, Swift's closed. That's a nice rewriting of history; it won't wash. It didn't wash then and it won't wash now.

The member talks about Canada Packers and its desire to move out of Manitoba into some other area in Alberta, into oil. What he remembers, if he has been involved at all, he knows full well that back in the early '80's there were only two multistory, meat-packing plants left in the Canada Packers system from about 9 or 10 they'd had, and everybody knew they were going out. The one in Winnipeg was scheduled for closure in the early 1980's, after we had taken office. We went down there, talked with them, talked with the Federal Government. They agreed to retain their plant in Winnipeg; they shut down the plant in Edmonton, the multistory plant in Edmonton.

There was an understanding that they were going to be dealt with, with respect to a grant from the Federal Government, but the Federal Government refused to give to them when they finally put their application in, refused to give to them, even though a short while later the Mulroney Government was prepared to give 35 percent to a plant in Prince Edward Island - 35 percent for PEI, zero for Manitoba. A short while after that were prepared to give 17 percent or something like that to Neepawa - 25 percent to Neepawa, and zero to Canada Packers. And here the member is suggesting that it is the Provincial Government who had offered Canada Packers assistance at the same time, that it's somehow our fault that Canada Packers went down. We knew that, if they weren't going to get their money to do that at that time, they were gone. That is really regrettable, it's really unfortunate that the Federal Government chose to take that kind of route.

Now the member seems to totally forget about what has been happening in food processing in Manitoba over the last few years, as though all that we have is a down. He mentions Centennial Packers, all of 20 people, every one of whom it's too bad we lost, we have to do something to replace it and so on. But no mention at all, no mention of an increase in the tens of thousands of acres in potatoes at Carberry, no mention at all. He seems to think that's nothing.

Every single investment in Manitoba, we're supposed to go and bow to Ottawa. Are we supposed to thank the feds for bringing Oerlikon near Montreal, even though there was a consultant's report saying Toronto was the place. The place for potatoes in Canada, my friends, is Manitoba. The place for potatoes for french fries is Manitoba, we're proud of that. We don't say that, just because we're in Manitoba, we should be treated differently from other provinces when it comes to economic development. We should be treated no differently from Prince Edward Island or Quebec or other provinces when it comes to economic development. It doesn't mean we shouldn't say thank you for the money from the Federal Government, and we said that, and we also put provincial money into it, no more than we thought was necessary to make sure we got the plant, but we put some provincial money into it. But the member totally ignores that and refers to a fairly small packing house of 20 people, and doesn't refer to all kinds of areas where we have new jobs in the food-processing area.

Tai Foods has a \$250,000 investment; Chemco has \$185,000, 10 jobs; Granny's Poultry Co-operative Limited, \$115,000, 4 jobs. You add them all up together, and there's more jobs there in those little ones than in the one that you're referring to, and Instant Foods in Winnipeg, noodles, 18 jobs - but not a reference to that from the members on the other side. They just try to find the ones where there were difficulties, don't recognize the problems that their friends in Ottawa have put us to.

Yes, we are talking with the meat-packing industry. We've gone quite public with the fact that we're prepared to put up some millions of dollars to help to rationalize the industry in Manitoba. I've indicated to the critic that we're probably going to be making some announcements along that line soon. We're talking with potato and vegetable processors, seeing ways of expanding those areas. We, as well, have added a

position. The member probably knows Mike Wallace who's our expert in the area of food processing. There's a new position been added on, reporting to him, dealing with rural food processors. We will be continuing to slug along in the area.

**MR. J. DOWNEY:** I don't want to prolong this, Mr. Chairman.

I compliment the Minister in his employing of Mike Wallace in this area. I feel that he's a very capable individual in this regard.

How much money is being put into Burns Foods?

**HON. V. SCHROEDER:** There are discussions, as I'm sure he's aware of. If and when the announcement comes, I'll let the member know.

**MR. J. DOWNEY:** I'd appreciate it. So in other words, it really isn't feasible at this time to suspect that anything is going to happen; he says, if and when. So really, we're at a stage where it's very hypothetical at this point that anything may happen with the expansion of Burns?

**HON. V. SCHROEDER:** I'd put it from another perspective. I would be very surprised if the offer for money isn't taken up by one or more companies in the meat-packing industry.

**MR. J. DOWNEY:** Mr. Chairman, what I would like to know is: How many other grants or loan guarantees has his department handed out, say, in the last two years? Has he got a list that he can table of all of loan guarantees, or direct grants for industries coming to the province? Has that question been asked?

**HON. V. SCHROEDER:** That's in the last year?

**MR. J. DOWNEY:** Last two years.

**HON. V. SCHROEDER:** Last two years.

**MR. J. DOWNEY:** Mr. Chairman, I'd like to know the grants, loan guarantees and interest rate subsidies on programs. All of them would be appreciated.

**MR. E. CONNERY:** Maybe the Minister could give us that tomorrow or the day after. Would that be okay?

**MR. J. DOWNEY:** Oh, yes, you don't have to read it off, that would be a waste of time. Just provide a list will be fine in the next day or so.

**HON. V. SCHROEDER:** Yes, okay, we will get a list for you. It's not a long list.

**MR. J. DOWNEY:** One area that I'm interested in, Mr. Chairman, was a \$50,000 grant to Continental Grain Company, I believe it was. I'm sorry, Allstate Grain Company for fish production.

Can the Minister give us an update as to the current status of that program or that industry? Are there other people; would he entertain other people who are interested in that business, under the same kind of a program, a smaller corporation or a larger one, it

doesn't matter? Is he into the business of providing grants to people interested in developing the fish industry in this province?

**HON. V. SCHROEDER:** On the second part of that, we would certainly entertain it. We're looking for the specific information which the member, I know, had asked me about some time previously. This was, I believe, an exceptional opportunity because of the availability of that building and the particular vessels and so on, the water supply and sewer and so on, but if someone had something that made economic sense without huge amounts of government assistance, we'd certainly look at it.

This is the status report I have, that the project is at full speed, but they expect construction of the fish trough to finish by the end of June. Potential private-levered funds could reach a million if the project is successful. So I guess there's no fish in there yet.

**MR. J. DOWNEY:** Mr. Chairman, I think just from reading and observing what's taking place elsewhere, there is a tremendous potential in that industry and the Minister has indicated he would entertain other individuals who may be interested in putting a proposal forward in this regard. Is that what I understood him to say?

**HON. V. SCHROEDER:** Yes.

**MR. J. DOWNEY:** I thank the Minister for that information. Mr. Chairman, I don't have the specific numbers, but I am under the impression, because of the increase of consumption of our poultries, whether it be broiler chickens, whether it be the whole of the process, the turkey industry parts, a breakdown of that kind of a commodity, that there is a pretty good opportunity in Manitoba to expand the processing of poultry products, whether they be the traditional types, the broilers - and I don't have the breakdown of the numbers as I said - I'm under the feeling that there's an importation of quite a bit of processed product for the fast-food chains because of shortfall in supplies.

Is the Minister prepared to endeavour to expand, to some degree challenge the Minister of Agriculture to make some changes that would enhance the processing of the Marketing Board products? Not to say that I'm advocating destruction of them, but I'm aware - because I was the Minister responsible when it was signed - that the broiler industry, for example, in Manitoba can produce product outside the Marketing Board, both provincially and nationally, for export product, for international markets.

I don't think it's ever been carried out and, to my knowledge, there's never been a change in the regulation. When we signed the National Broiler Marketing Agency, one of the stipulations we signed under was that we could produce product, processed here for the international market, that the quota restrictions didn't apply to them.

Has the Minister looked into, or is there any major opportunity for expansion of the poultry processing industry, because you don't have to read a lot of papers or do a lot of research work to see the tremendous increase in poultry consumption in the fast-food

business? I think it's unfortunate if we're being overly restricted, because of our ability to produce, under the Marketing Board restrictions, not to take advantage of that for job opportunities.

I say I'm not sitting here advocating that we trample the rights of those producers who have their traditional quotas, but I think we are not maximizing the opportunities for industry and job opportunities in this province, both in the feed industry, the processing industry, and the marketing end of it if, in fact, there isn't some pressure from the Minister of Industry, Trade and Technology to press for this.

Is there any update or any renewed interest with the increase in consumption in the poultry industry? I know we talk about the hog business. That's expanding, and there's accommodation to process an increased number of production here in Manitoba. What's happening in the broiler industry and what is the Minister's position on it?

**HON. V. SCHROEDER:** I'm told that probably there's not all that much processed poultry, chicken or turkey, coming in. There may be the chicken nuggets, or McNuggets, whatever, those kinds of things may be coming in from the outside. Certainly in the area of import replacement, we are talking with several of the packing houses in Manitoba, and they are looking at further processing of turkey. I'm not sure about chicken, as well. We probably would have - and I recognize the member's point in terms of having those products for export of market. Even with that, we would probably have a real difficulty getting our product competitive enough to get into the U.S.

I know prices in North Dakota for chicken are somewhere in the range of 35 cents a pound right now. That's pretty tough to compete with for our growers. There's just one other area. We do have, roughly, as the member probably knows, about 12 percent of the eggs across the country, even there we're having trouble with some of our local processors not being able to get enough, on occasion, to keep their egg-breaking plants going.

**MR. J. DOWNEY:** I don't want to prolong the debate on this, Mr. Chairman. I think the Minister who's responsible for Industry, Trade and Technology should take a look as to why some of those products can be bought for less money. We're going to be selling hydro into that market that they're going to be producing that cheap product. Their feed grains are relatively the same. You know, why aren't we able to compete?

I guess, Mr. Chairman, one would have to come back and say the climate in this province is not conducive to competition in the international market, and that does not augur well for he and his department in government policy.

We had a major international marketing program going under former governments, and I would think that one would not want to give up and return into that climate where we could be competitive, both in the Pacific Rim countries, which has a tremendous potential, as well as in the United States. But if the Minister has given up on being competitive, it doesn't say much for he and this government.

Thank you, Mr. Chairman.

**HON. V. SCHROEDER:** Mr. Chairman, I know the member is having fun. You should keep in mind - I just pointed out to him and to members of the committee - that we have about 12 percent of the eggs in the country. That's three times, almost three times, our population proportion. That's because we do have efficient producers, as opposed to other parts of the country, and we do have an area where we can do well.

But trying to compete in a totally unregulated system with the Americans would be an interesting game to play.

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

**MR. C. MANNES:** Mr. Chairman, I would like to ask the Minister how much private investment there will be in Manitoba in 1987. And I refer to page 26, before he may wish to answer the question, of his Supplementary Information for Legislative Review, under Expected Results, page 26. It makes this statement, and I won't ask the question dealing with the 1,300 jobs. But, in the first sentence, it says: "... obtaining \$100 million of new private sector investment." Now you may have covered this, Mr. Minister, but I'm wondering indeed, is that the global figure of private investment that's going to be in this province this year; or indeed, is that the portion specifically associated with any development directly, or indirectly, associated with the department?

**HON. V. SCHROEDER:** Yes, it's the latter, just what we're involved with. There are all kinds of other things going on.

**MR. C. MANNES:** Well, just to put that figure then into perspective, can the Minister then tell me what other global figure of private sector investment is forecast for the province in 1987?

**HON. V. SCHROEDER:** Mr. Chairman, it's a Conference Board forecast, I don't have it in front of me, but I'm sure the member could find . . .

**MR. C. MANNES:** Mr. Chairman, is the Minister of Industry, Trade and Technology telling me he doesn't know that number?

**HON. V. SCHROEDER:** Mr. Chairman, I've long since learned that I do not give out specific numbers unless I know exactly the number, and I don't believe that it would make a great deal of sense for me to be running around with a specific dollar number in my head in terms of gross private investment, as opposed to total investment, as opposed to total public investment, as opposed to federal investment, as opposed to provincial investment, as opposed to manufacturing investment, as opposed to housing investment. I'm not going to get into that; life's too short. I prefer to have my mind working on important things.

**MR. C. MANNES:** Mr. Chairman, I don't know why this Minister is so testy, quite frankly. The question . . .

**HON. V. SCHROEDER:** That's because I'm referring to this area for the third time now in a matter of several hours.

**MR. C. MANNES:** Well, the question was pretty specific, Mr. Chairman.

I was led to believe that indeed the specific question in this area, hadn't been asked. And so if the Minister wants to take some exception to that and lash out for some reason when the question was meant by way of good intention, well then so let him. His words will speak to his character, quite frankly, Mr. Chairman.

**HON. V. SCHROEDER:** Mr. Chairman, I answered, specifically, the first question saying it can be found in StatsCan numbers, did so politely. The member jumped up at me and suggested that I should have the specific number in my head. And if he expects that sort of service from me, he's got the wrong department.

**MR. C. MANNES:** Mr. Chairman, this department is seeking expenditure of \$8.9 million. I don't know how many figures the Minister carries around in his head, quite frankly, but certainly one of the major areas is investment; indeed, the whole thrust, the major thrust of this department is directed towards investment and job creation within this province, and I would think that he would have some type of handle. I'm certainly not going to hold whatever he puts before me as sacred with respect to global investment within the province, Mr. Chairman. Now he says I can go and look up the Conference Board Report and find the figure myself. Well, if he's not going to provide me with a number, I suppose that is what I will have to do.

Mr. Chairman, I was just trying to put into perspective two things; firstly, the public sector investment. I can recall from the Budget, and I do not have the Budget in front of me. It seemed to me that the figure was \$850 million, thereabouts, and I wanted to compare that with private sector investment.

I know the Minister has the number. I know he has some feeling for that number, and I find it absolutely reprehensible that he's afraid to share it with me.

Thank you.

**HON. V. SCHROEDER:** Well, Mr. Chairman, it just so happens I've found it.

Total gross investment in the province \$3.639 billion. And if the member and I take his - I don't have the number for the public sector investment - if he says that it's \$850 million, that leaves somewhere in the vicinity of \$2.8 billion of private sector investment. That includes housing at \$967 million; government - it's claimed here - \$665 million, but I imagine that utilities are partly; government services are \$600 million; primary \$417 million; manufacturing \$174 million; utilities \$817 million. And I should say those numbers are from Statistics Canada, as I indicated.

I have here the Manitoba economic outlook from the Investment Dealers' Association of Canada. On gross capital investment, they say: "Investment spending provided a major boost to economic growth in Manitoba during the 1983-1986 recovery period, increasing annually by an average of 13 percent a year. By comparison, national investment growth averaged only 4 percent a year in this period."

A major part of that period is before the Hydro development that we've heard so much about as having been somehow the engine of the growth. And that

reflects itself in the fact that we have about 50,000 more people working today than we had in 1981.

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

**MR. CHAIRMAN:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, I wonder if the Minister would provide - if he doesn't have them tonight - the four northern Native businesses in Manitoba that General Electric has invested in, and the amounts, please.

**HON. V. SCHROEDER:** We don't have the amounts. We could get the names, but we'll get the whole package to the member.

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

**MR. CHAIRMAN:** 2.(b)(1)—pass; 2.(b)(2)—pass.  
2.(c)(1) Trade - the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** The Trade Department, it's noted here that it has the capacity to find - if I'm reading this right - products in other countries or provinces that are made in Manitoba, that can be exported to those other provinces - and I believe my colleague has the figures, that the foreign exports in the Province in Manitoba, have been dropping fairly steadily.

Well, the exports in Manitoba, when we're only a million people, has always been a very, very important part of our economy, especially our manufacturing exports. The service industry doesn't export all that much, but the situation where we can't possibly use everything we have the capacity to make in Manitoba, and yet we find that our exports in the province generally are down. Has the Minister had his department give him any analysis or reasons for the exports in this province to be down?

**HON. V. SCHROEDER:** Mr. Chairman, the reasons for the decreases - and they have not been large - but the reasons for the decreases have been the decreases in grain prices, the decreases overall in farm agricultural equipment, and the shut-down of Versatile Farm Equipment.

**MR. F. JOHNSTON:** Mr. Chairman, the Minister put grain prices in there with agricultural manufactured equipment. I know we export grain, and I don't believe that the export of the grain resource is usually - well, it can be - taken into consideration when we're talking about manufactured products in Manitoba being exported, unless he's speaking of something that is produced from the grain and being exported.

**HON. V. SCHROEDER:** Mr. Chairman, my numbers, the member may be operating from a different data base, my numbers are, the last year I have numbers here for is 1985 when we dropped by about just over \$4 million to \$2.164 billion from 1984. Those statistics had been adjusted by the Manitoba Bureau of Statistics for '85 to include all out-of-province shipments of grain, which is \$444 million, and oilseeds, which was \$163 million, destined for foreign countries.

The adjusted figures represent the actual price paid to Manitoba producers for cereal grains and oilseeds, so that's one part of it. The farm machinery, I'm not saying that it dropped in price, of course. I'm simply saying that there's not as much of it exported to the dry land farming areas which suffered economic decline and there was just less purchasing.

**MR. F. JOHNSTON:** Mr. Chairman, how many trade assistance programs were provided with the cost-sharing program to individual companies, to help them participate in trade shows?

**HON. V. SCHROEDER:** There were approximately 80 companies assisted in going to trade shows.

**MR. F. JOHNSTON:** And that assistance comes out of the \$587,300 shown in (1) - I mean, not the five - \$479,800 in (c)(2)?

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

**MR. F. JOHNSTON:** Well, I'm going from a list. Then you have the "Organizes and manages group participation in Manitoba firms in recognized international trade shows," participation in trade shows outside of Manitoba, then you list international trade shows. What is the difference between them?

**HON. V. SCHROEDER:** There are some inside Canada, and I think they're designated in a slightly different way because of the PEMD, Program for Export Market Development of the Federal Government, so that there are some differences in terms of how we fund them within Canada.

**MR. F. JOHNSTON:** Well, of the 80 figure you gave me then, where it shows outside of Manitoba are all in Canada?

**HON. V. SCHROEDER:** They are primarily in Canada, yes.

**MR. F. JOHNSTON:** How many are there internationally?

**HON. V. SCHROEDER:** The number of 80 that I used previously, that's referring to assistance for individual companies going to trade shows, as opposed to missions of groups of companies. I'm told that roughly 40 percent of the companies assisted are for international activities; 60 percent would be within Canada.

**MR. F. JOHNSTON:** How many missions were organized, and what have they planned for this year?

**HON. V. SCHROEDER:** We had 12 missions last year, and we are planning 11 for this year.

**MR. F. JOHNSTON:** Where are the missions planned for?

**HON. V. SCHROEDER:** Mr. Chairman, I'll get a list of them to the member. There's an agricultural equipment

show in Chicago; there are a number of institutional visits, that is, to the World Bank, to the U.N., and to CIDA. We've becoming active with CIDA in the last six months or so. We've got a number of Manitoba companies quite interested, and CIDA's been here in Winnipeg several times making an effort to give our local companies a chance to get involved with some of their programs.

**MR. F. JOHNSTON:** Well, the Minister is going to give me a list of his plans for this year. I wonder, could he give me a list of the 12 missions for last year, where they went and who went and who were the groups that went or the people that went on them. It's obvious that you're taking groups of businessmen or somebody from the economy. I would ask also how much does the government pay towards the expenses of the businesspeople that go.

**HON. V. SCHROEDER:** Mr. Chairman, we pay the air fare; they pay everything else. I will get the information to the member. I do have a list of our outgoing missions for 1987 which I'll give to the member. In fact, it also shows some of the proposals we already have for 1988 - that's 1987-88 fiscal year. We don't have included in that list the people who went last year, and where we went last year, so we'll get that for the member.

**MR. F. JOHNSTON:** Well, I'm getting back to just following these down. For most, the capabilities which exist in Manitoba in manufacturing, professional engineering and consulting services, the department is now working or has been working with engineering firms to sell the engineering capacity of those firms and the consulting service capacity of those firms?

**HON. V. SCHROEDER:** Yes, Mr. Chairman. For example UMA, we worked with them, they got a contract for a water project in, I'm sorry, a grain storage project in Egypt, a fairly large contract, 30 million. There are several other firms who met with the federal people in CIDA just within the last few weeks on some other - I.D. Engineering got a supervisory contract in China so there's some activity and a fair bit of enthusiasm by those people for those kinds of projects.

**MR. F. JOHNSTON:** Just to clear up. The UMA grain in where?

**HON. V. SCHROEDER:** Egypt.

**MR. F. JOHNSTON:** Mr. Chairman, to assist the development and coordination of programs and activities, to maximize the benefit occurring to Manitoba for major projects taking place in the province, this is just to relate that the manufacturers in Manitoba as to what jobs are going on in the province?

**HON. V. SCHROEDER:** Yes, that's basically it.

**MR. F. JOHNSTON:** That's basically Hydro, Core Area and Jobs Fund.

**HON. V. SCHROEDER:** There are things like say monitoring the industrial benefits portion of the Carnation Agreement, as an example.

**MR. F. JOHNSTON:** I asked this question last year and the Minister said that they were hoping to have an increase in business with the CPR projects that were working to the west of us, the double-tracking, the tunnelling, etc. that has been going on by CPR. What does the Minister feel that the Manitoba companies have received from that?

**HON. V. SCHROEDER:** Mr. Chairman, we've probably received a much greater proportion of the CPR work going east than going west but there are offsets, maybe offsets isn't the correct terminology, but the G.M. announcement recently with Western Engine Works to do the locomotive work for C.P. here in Winnipeg would be an example of some work for Manitoba. But I really don't know of specific contracts let west of Manitoba where Manitoba companies have been involved.

**MR. F. JOHNSTON:** Is the source . . . arrangement of jobs that are going on in the other provinces in the west of us, with the western provinces - we used to have an arrangement where we advised them of the large jobs going on in our province and they advised us of what was happening in their provinces, that's in the three prairie provinces. And we were then able to work with our manufacturers and advise them what was happening and also advise them on what they may be able to quote on. Is this arrangement still working between the three prairie provinces?

**HON. V. SCHROEDER:** No, Mr. Chairman, there are discussions about a reinstatement. We are working on, as the member knows, with the free trade arrangements. We're attempting to cut down on interprovincial barriers but quite frankly in the last few years, barriers have been going up very, very rapidly and especially on the Saskatchewan border. A couple of examples, the member mentions getting information on big projects. We're told by people in the steel industry as an example, that if they don't have facilities in Saskatchewan for the Nipawin Dam, they're not going to get a contract. It doesn't matter how low their bid is, it doesn't matter what that happens, they simply will not get a contract. And those kinds of things have been happening, especially west of us. Ontario has probably remained as open as any province but, to the west of us, more and more of those barriers have been going up as times have gotten tougher.

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

**MR. E. CONNERY:** Mr. Chairman, I'd like to go back to the trade and I did a fair bit of work for my speech on free trade, and unfortunately one set of statistics which expanded on this particular set I can't find, and I don't know where they went but I'll reproduce them. But Manitoba's position in trade is an absolute disgrace.

If we weren't getting transfer payments from Ottawa, this province would soon be broke. We're looking at, in 1985, Manitoba recorded an overall trade deficit of \$798 million in trade. Now trade is the sector that this Minister is involved in, \$800 million. We also had a trade deficit in tourism of \$110 million and some \$200 million in interest payments and the dividends and also the decline of the Canadian dollar versus other

currencies. So we're way over a billion dollars in trade deficit.

If we take a look at, Mr. Chairman, in the agricultural sector, we have somewhere in the area of a \$500-million surplus. In one sector alone, which I think is the most important one, is the end products inedible, we have a trade deficit of \$159 million. And in that particular sector, from '83-85, we have a 50 percent increase in imports.

Now, how this Minister can say things are going well, it proves the point that Manitoba is working in a bubble, created by Limestone, North Portage, the Core Area and a housing boom that took place because of interest rates. Now, how does the Minister justify the fact that our debt - there are only three provinces that have a foreign trade deficit in Canada, Nova Scotia, Ontario and Manitoba - now, how does the Minister try to alibi that we're in a healthy position when we see these sort of trade deficits? We have no figures for interprovincial and I'm sure, if those figures were out, it would be twice as bad as what we see now with the foreign trade deficit.

**HON. V. SCHROEDER:** Mr. Chairman, when I was talking with the Member for Sturgeon Creek, we were discussing some engineering contracts that were let. One example was the grain project in Egypt for \$30 million. You can look all you want on your statistics, but that \$30 million export of services does not show up on your numbers. Hundreds of jobs devoted to financial insurance arrangements, for instance, at Great-West Life for the United States does not show up on those trade statistics.

Those trade statistics, it is true, have shown a deficit for the last 20 years, but those trade statistics are not totally reliable. We're not suggesting that there isn't some cause to attempt to better those numbers, but let's not pretend that those numbers are sort of the final numbers, that says it all. They do not say it all. There's a whole host of things that were involved with exporting that we do not have credit for on those numbers, and in the converse, there may well be things that we import that do not show up in those numbers.

I make the point as well that just because you have a trade deficit does not mean that you're headed totally for disaster, as witness, say, the U.S. economy. How many years in a row have they had fairly large trade deficits? They've had them for quite a few years. You know, after all, that Reagan's supply-side economy is working wonderfully.

**MR. E. CONNERY:** If the Minister is feeling complacent about his position, then I feel very sick. I think what we have to look at is manufacturing, which is the one item that we see that we've lost, I don't know, the figures are anywhere from 11,000 to 13,000, and we can see why, because we're importing the end-user goods, the ones that take the most manufacturing.

We're doing reasonably well in the fabricated materials and in the crude materials; we've got a reasonable surplus, but they're small numbers. So really, we are hewers of wood and carriers of water, and I think as long as this Minister goes with the, we're going to put everything in Manitoba with the bubble of Limestone and eventually that will crash.

You see that the Conference Board and the Royal Bank of Canada now are starting to qualify their statements, yes, this province has done reasonably well, but on borrowed money in a vacuum totally within Manitoba, and if we don't have some outside money to bolster our economy, we are going to be going downhill. I think this Minister had better start to maybe listen to some of his people because I'm sure the staff that he has are reasonably competent staff. I think the Minister should start to maybe listen to some of those staff and maybe move over and let somebody come in who would also give them some proper direction.

**HON. V. SCHROEDER:** Mr. Chairman, the member refers to some losses of jobs. He doesn't look at the economy overall. He refuses to look at the economy overall, and we've dealt with investment numbers just previous to this, from 1983-86, where we showed an investment growth far above, something like three times above, the national average. I don't recall the numbers, but I can pull them out again. So there is investment in this province; there are more jobs in this province, and I have no problem with the notion of us attempting to do more in the area of manufacturing jobs. But let's not pretend that there's something disastrously wrong or that investment was geared by Limestone, because that is not correct. Those numbers were between 1983 and 1986 and, basically, mostly before Limestone.

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

**MR. C. MANNES:** Mr. Chairman, to finish the discussion on this area, the Member for Kildonan has shot across the floor, or across the table here just a few minutes ago that 50,000 jobs have been created in the last five or six years. Of course, the vast majority of those, and indeed I'd say all of them, are within the service industry; and the latest figures that come to mind to me is about how that broadly defined sector is now responsible for 70 percent of our Gross Provincial Product.

I'm fully aware that if those service industries are sold outside of the province or, indeed, outside of the nation, they're as sound, the income that they bring in, the revenue to the province, they're as sound as a bushel of wheat. I have no difficulty accepting that.

But I ask the Minister, where is this service industry heading? He may want to suggest that it's not terribly well defined by Statistics Canada at this time, but failing that explanation, the service industry by definition is there to serve. It has no role, indeed if there isn't something of a primary nature or something of a manufacturing nature for which to serve, in the sense that it's dependent on exports - and a large measure of it is - and I would say that that's under some type of threat, given discussions of a free or enhanced trade nature. Indeed, I dare say also, dependent to some degree on the value of the Canadian dollar vis-a-vis the American dollar.

Where is this massive sector, the service sector, representing such a large share of the provincial economy, where is it headed? Because quite frankly, as is obvious, the future of the economy, indeed of this province, is totally dependent or significantly dependent upon the service industry.

I ask the Minister then, where is the service industry headed?

**HON. V. SCHROEDER:** It seems to be growing, and not all of them are low-paying jobs. Something that probably will show up as a service industry is the Canadian Centre for Excellence, of Unysis Corporation, they bring in 50 people into their software operation for Canada for hospital systems and hospital information and so on. That will basically be well-paid jobs, skilled jobs, considered service. It doesn't show up in manufacturing; software doesn't show up in any of our trade statistics. Comcheq, a Winnipeg company, as an example, is out all over the place in North America. They don't show up anywhere; they have good jobs.

One can go through those kinds of things that are happening here, as they are happening across North America. We are getting further and further away from the smokestacks, and the few areas where the manufacturing jobs have been strong have been in Central Canada because of automobiles, to a large extent. Why are we weak in manufacturing? To a large extent, because we've had thousands of people out of the agricultural implement manufacturing sector. That's where we've suffered our drop. That will go up when prices go up on grain and it'll drop again when prices drop on grain.

**MR. CHAIRMAN:** Do you have any agreement to go beyond the hour of ten o'clock, Mr. Minister? Is that the understanding? What's the will of the committee?

**HON. V. SCHROEDER:** Were we going to finish tonight?

**MR. F. JOHNSTON:** Yes.

**HON. V. SCHROEDER:** Okay.

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

**MR. C. MANNES:** The Minister's attitude changed quite remarkably.

**HON. V. SCHROEDER:** Just my smile.

**MR. C. MANNES:** Mr. Chairman, I fully recognize that when the measure of the service industry is so all-encompassing, that there's a measure of well-paying jobs, of very professional jobs that are being glossed over by the total label, but I have to ask the Minister - and he gives me two or three examples and I know he can give me another two or three, I have no difficulty with that - but if the Minister wants to go through the Gazette, like I do on a monthly basis, or indeed on a weekly basis, and wants to look at the incorporations of new businesses in this province he will recognize these two facts.

Firstly, nine out of 10 - and I'm generalizing - nine out of 10 are in the service industry. Secondly, out of those nine I would say eight-and-a-half are associated with either retail sales - they're into car washing, to use an example, they're very specifically service-oriented in the general understanding of the term. Yes, and then there's a half out of that nine that indeed is as the examples the Minister gives me, very high-tech

positions that are exporting a service, indeed, worldwide.

Again my question stands, Mr. Chairman, because so many of the jobs and indeed the businesses that are being created today are there to serve, as we know it, the general definition of service industry. Not all people providing haircuts and certainly not all people there to provide a better barbeque sales retail service. But the point being, that's where most of them are. And I know what the Minister is saying, and it's important that we try to husband the whole area of services in the area of high tech. But the point being, it's slow and I don't think it's giving the contribution to the economy in a measured form that's significant enough that it can hold the economy, indeed, when manufacturing and indeed when primary industry is falling.

So I want to know the soundness of the service industry. What is this government doing to convince Stats Canada, or indeed any numbered collection agency to better define that area so we can track it better as to what is happening within it?

**HON. V. SCHROEDER:** We are working, I suppose, in some ways the questions we might both address them to the Bureau of Statistics, be it provincial or federal, but both at the provincial and federal levels.

There is work being done to better analyze what the sector is all about and to track it better. I think there's a recognition on the part of both levels of government, that the tracking hasn't been all that good up until now. I really wouldn't be able to say anymore on that right now.

**MR. C. MANNES:** Mr. Chairman, I won't belabour this, other than to say that quite obviously a lot of spending decisions, a lot of borrowing decisions are being made by Cabinet and indeed by the Minister of Finance. And this Minister, of course, having had that former role knows that I've been calling for some time, for a long multiyear Budget; and quite frankly when I sense that 70 percent of the economy is dependent upon the service industry, as it appears to be at this point in time, that we have to have a better understanding of what makes it up and indeed where it is going.

Mr. Chairman, I direct my next question to trade and the discussions associated with free or enhanced trade.

Mr. Chairman, we, in Opposition, over the last two years have been presented with - to the best of my knowledge - two documents that they have attempted to lay before us, the government's view and stand on the whole area of trade negotiations.

I, to the best of my recollection, cannot remember a document having been provided to us over the last 14 months. What is going on? And I do know that Mr. Adams is representing the government and indeed the people of this province in a federal-provincial sense but yet, Mr. Chairman, we are in the dark, quite frankly, and therefore the people of Manitoba are in the dark. I sense that this government is still vacillating and sort of lukewarm, luke cold to the whole idea, and yet there are many of us who are just sitting back and really, from time to time, reading an article in the newspaper, or the Enquirer, as the Minister of Trade and Technology

would use the term and really have nothing more to go on. What is the latest as far as Manitoba's whole trade future and its stakes within this discussion?

**HON. V. SCHROEDER:** Mr. Chairman, we're in the awkward position where we're not in the room at the negotiating. Mr. Adams, every time Reisman and Murphy have discussions, he's in on a conference telephone arrangement the day after, and then several days after that there's a meeting in Ottawa where there's a debriefing of officials, but it's on a confidential basis.

It's reported back in Manitoba to me and to the Premier and basically that's it, we're not allowed to get out there and say, this is what happened although there are all kinds of leaks. But we have tried to be especially clean on leaks given the different political perspectives.

I am told that we have issued three discussion papers, although I'm sure that the third one won't be any more illuminating for the member than the first two.

But in many ways we're in no different a position than the members of the Opposition are, although we're given tantalizing details of discussions. There is no draft agreement in any one of the areas, whether it's dispute, resolution, whether it's agriculture, whether it's tariffs, or anything. They just haven't put something to bed and said, fine, now, we're moving on to the next one, in total.

They were hoping for a draft agreement by the end of June, which would have those areas which are in disagreement bracketed. From all indications I have now, that's been shoved back a little further into the middle of the summer.

But we really . . . any information we have from Reisman we're not entitled to give out, so that's just the structure of the negotiations. Everybody in the country is having the same problem.

I was at a meeting of the U.S.-Canada Legislative Project back in February and there were legislators from about 20 states there. They thought we were very fortunate at the amount of information we were getting, which is very little compared to what they're getting. They're getting absolutely nothing, and one of their federal negotiators was there.

I suppose it's a difficult process to be trying to do your bargaining when occasionally some issue gets off on the table and if the provinces make something public, it gets ragged around and all of a sudden takes on a proportion on the overall, that makes it difficult for the negotiators to come up with a package, initially, that makes sense overall as opposed to looking at just one particular segment.

**MR. C. MANNES:** Mr. Chairman, I accept that. I don't want this to sound like an allegation, but it will.

I ask the Minister if he is as totally diligent in his maintaining confidentiality, as is the agreement between the Federal and the Provincial Governments, in respect to all groups in Manitoba. Indeed, are we all treated fairly, whether it's the Opposition party; whether it's friends within his party; indeed whether it's the labour movement; indeed whether it's the Chamber of Commerce or business groups? Are we all being treated fairly and equally in this respect?

**HON. V. SCHROEDER:** Yes.



**MR. C. MANNES:** Mr. Chairman, that's fine, I just wanted the Minister to put that on the record, and, of course, I accept his word because the rules say I have to.

Mr. Chairman, I would ask one other question. Has the government's stance with respect to free trade, has it changed at all in the past year? Is the government, on a philosophical basis, changed its view at all, over that stated a year ago; given some of the insights and some of the deeper understandings that it would have obviously, or does it still believe that the Americans are waging some idle threats, or indeed, Canadians who say the Americans and the U.S. Congress may be trying to use the heavy stick of countervail, and indeed import duty to keep out our goods. Does the government take more seriously those types of comments, and therefore has their stance changed at all?

**HON. V. SCHROEDER:** No, I don't think our stance overall, in principle, has changed. It's a stance that really doesn't have any ideology on it. We're saying we'd like to see the agreement, because certainly we could prepare one that's in the best interests of Manitoba, and somebody else could prepare one that could harm us, and one would want to wait and see the agreement. I think we all have our own ideas about how the negotiation has gone; whether it was good, bad, or indifferent in certain areas; whether mistakes were made, and so on, but I don't think it would serve any useful purpose.

**MR. C. MANNES:** One final question, Mr. Chairman, is dealing with interprovincial trade. Quite frankly, I'm a little alarmed too at Saskatchewan's strong coveting of our diversified industrial base, to the extent whereby some of our firms have been precluded and prevented from bidding effectively on projects within that province; and yet, on the other hand, when you see something as diversified and it seems to be a strength in a neighbouring province, I guess it's human nature, of course, to want to have some portion of that.

Can the government trade anything off to the Province of Saskatchewan, either in a formal or an informal sense, such that we can continue to have free access into that market, or is the Provincial Government just going to sit back and hope as one of the side benefits, close to the side benefits of a comprehensive free trade package would be the breaking down of interprovincial boundaries? Is there something else the government can do before that?

**HON. V. SCHROEDER:** Mr. Chairman, we're in the course of renegotiating the negative trade barriers within the country. We have agreed about a year ago that there would be a standstill, and, quite frankly, when we agreed to the standstill, we weren't aware of the changes in Saskatchewan, and I believe that a lot of those changes came afterwards, I'm not sure that they're living up - it's not a legal kind of document, but it's sort of a commitment between provinces.

One thing we have been looking at is saying to Saskatchewan that we're prepared to be a mirror image to you. If your contractors want to bid on burying Manitoba telephone cable, as an example, then you're

going to have to let our contractors bid on burying Saskatchewan telephone cable. If you put in something about your people, we'll do the same here, but that's a difficult kind of thing to follow up on in industries where they don't have anything. They're trying to build up and take things out of the province and one would hope that it can be done on a rational basis. I'm going to a Trade Ministers' meeting later on this week, assuming this is over with, and there will be further discussions along those kinds of things again.

**MR. C. MANNES:** Mr. Chairman, this will be my final question. When we have the comparative advantage we do, based on a long history of diversified production, quite frankly then, we do have a head start, but when it comes to some of the resource areas - and I'm not suggesting this - but has the government felt that it might be wise to maintain, let's say our steel products entering the Province of Saskatchewan in a manufactured form, in return for our staying, let's say, for no better example - and again I don't suggest this - staying out of the potash industry; or indeed, we stay out of potash if Saskatchewan stays out of a nitrogen plant because, quite obviously, when these developments come on, there are some major inefficiencies associated with them, because on the scale they have to be built in today's economies, they should really service more than just one province? Is the government to that point where they would be prepared to turn away from some highly thought-of developments, provincially, to keep what we have, historically built up, in another province?

**HON. V. SCHROEDER:** Certainly it hasn't been discussed in government. Personally I would be initially strongly opposed to the notion of giving up something where we intend to compete fairly with a neighbouring province because they're competing unfairly with us on other product. If we were to take two new projects and divide them up between Saskatchewan and Manitoba, I could see us doing that, but I couldn't see us putting something on the table because they're kicking us below the belt. I don't think that's the way I would want to negotiate.

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

**MR. F. JOHNSTON:** Mr. Chairman, in the objectives: ". . . opportunities through export, and substitution of imports in health care products and services," and then it says, "improve the quality and productivity, and reduce the cost of administration and delivery of health care services." Then, of course, the Activities Identification get close to being the same as "investment sourcing in Eastern Canada, United States and selected other areas. I believe that I'm following it. This is a sourcing that is done with companies that could invest and make health products in the Province of Manitoba from the point of view of replacing imports.

**HON. V. SCHROEDER:** Yes, Mr. Chairman, of replacing imports, getting into exports and reducing the cost of administration and delivery of health care services, all of them. That's happening.

The announcement on Friday, I mentioned previously, Chemfet, and I have their card I'd like to just pass on to the member. There's a little chip on that card which has a sensor on it which, for example with a heart operation, can be somehow attached and then the heart and the system can be monitored from the outside to determine exactly what's going on, without wires, without any muss of fuss. They've got similar kinds of sensors for blood testing at a cost of some \$10 which can provide a number of blood tests very, very quickly during operations where you don't have to run back and forth and find out what's going on in the system. Those people expect to have some 300 people working in manufacturing and research and development in Manitoba within several years.

The Unysis Agreement on health information systems in hospitals is another example where we're hoping not only to reduce administration costs in hospitals here, but to be the Canadian centre for the software which would be developed for hospitals and health care systems across the country.

**MR. F. JOHNSTON:** The card you presented to us is one company that has come here. It's fairly obvious what the department is working on, the development of new jobs in health and research now.

Down further in the expected results, you have '86-87 and that fiscal year of the government is over. What was the \$10 million in new investments? How many companies?

**MR. DEPUTY CHAIRMAN, M. Dolin:** The Honourable Minister.

**HON. V. SCHROEDER:** Mr. Chairman, for '86-87 we didn't reach the \$10 million target. I'm asking staff to find out how many companies, but there were 140 jobs as opposed to the 100 that we had hoped for.

**MR. F. JOHNSTON:** Did you say you did reach the \$10 million in investments?

**HON. V. SCHROEDER:** No. We did not meet that because, actually many of the jobs were created in existing Manitoba firms requiring less capital investment at this stage.

**MR. F. JOHNSTON:** Well, the new investment then is not new companies, it's existing companies, or a lot of it is existing companies.

**HON. V. SCHROEDER:** Yes, some of it is existing companies with, however, expansions.

**MR. F. JOHNSTON:** Well, I wonder if the Minister could let us have the creation of 140 jobs, the investment and the companies who've made the expansion or the investment.

**HON. V. SCHROEDER:** Mr. Chairman, we'll just send them on to the member along with the other material.

**MR. F. JOHNSTON:** That's fine.

Now, the existing companies that put in new investment, have those products started to sell across the country or are they being used in Manitoba?

**HON. V. SCHROEDER:** There are instances of both. Some are selling across the country and some are selling in Manitoba at the moment, and some are selling in the States as well.

**MR. F. JOHNSTON:** In the area that is down here for rehabilitation home care segment, what type of equipment are we looking at for that?

**HON. V. SCHROEDER:** That would be in the area of patient bathtub lifts, institutional and home care seating, bathtub grip, security alert systems, emergency alarm systems, prosthetic devices, walking aids and health foods.

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

**MR. E. CONNERY:** ABI Biotechnology, sounded great last year, what took place?

**HON. V. SCHROEDER:** Mr. Chairman, we still have great hopes for ABI. As I indicated last year, there was an arrangement that they had with a city in China for sale of - I'm sorry that's the R.H. Institute.

ABI has opened their lab. There are 20 people working there. They've got a number of products that they are developing. They've got 20 people working there.

**MR. E. CONNERY:** I'm happy it's successful.

There were a few others, very quickly, there was Siemens that you were working with, Burtech in Montreal, some of these ones that you had last year. Did they come to fruition?

**HON. V. SCHROEDER:** Mr. Chairman, some have and some haven't. I think the two you refer to, I haven't - there's an agreement to procure \$4 million in components by Siemens from Manitoba firms. That's as an offset for some Health Sciences Centre equipment, along with the C.T. scanners, there's a clustering purchase of three scanners which save \$250,000 plus offset agreement to procure \$3 million in components from Manitoba firms - that was CGE as the supplier. The two above totalled offsets of \$7 million in sales for Manitoba firms, equal to about 20 jobs for five years and access to new, long-term markets.

**MR. E. CONNERY:** What success have you had with investment sourcing? You had a lot of ideas last year, including Israel and the Eastern United States, Minneapolis, Toronto, Los Angeles. What came out of those adventures?

**HON. V. SCHROEDER:** These are new projects or expansions - Autobok of West Germany, this is in the last year; 3M of the U.S., Chemfet of the U.S., two Israeli companies. The two Israeli companies, for instance, there's a joint venture in technology transfer to Manitoba.

**MR. E. CONNERY:** What kind of an investment and numbers of jobs would these be in total, roughly?

**HON. V. SCHROEDER:** The total jobs for the year were about 140, and the investment was somewhere under

\$10 million. There were new projects implemented. New products included the following: artificial ligaments, surgical masks, electronic monitoring disposables, blood derivatives, limb bands, heart valves, optical products, dental office products, biotechnology products, gynecological products, estrogen, pharmaceutical dispensing products and medical alert systems.

**MR. DEPUTY CHAIRMAN:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, this will be in the form of a request to the Minister. Maybe he could ask Mr. Blicq to investigate it, contact me to get some information. There's a group of handicapped and mentally handicapped people at the Deer Lodge School in St. James. They have been managed by a group of school teachers and principals and people in the area. They have from time to time, put together different products, even had some welding for them and then they would do the assembling.

They presently have the moulds and everything for toilet seats for handicapped people that have to be raised, called water closets. They have the capacity to assemble them and they have had lots of consultation with hospitals and medical people in this province and elsewhere. It looks like they'll be self-sufficient within another six months. Between now and the end of June, or maybe the end of August they need \$10,000, and were being supported by Community Services, and they've been told they're going to be cut off.

I wonder if there's anything in the medical situation - if these people are going to be making medical products, if your department, through Mr. Blicq, could look at these people, and maybe give them some advice on how they can carry on and keep these people occupied as they have for quite some time.

**HON. V. SCHROEDER:** I'll certainly pass that along to Mr. Blicq to see whether there's something that can be done.

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

Resolution 104: Resolved that there be granted to Her Majesty a sum not exceeding \$2,897,600, Industry and Trade Division, for the fiscal year ending the 31st day of March, 1988—pass.

3.(a)(1) - the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** The Strategic Support Program and Technical Commercial Support Commercialization Program, I left out the word Research Support Program. How many companies are you estimating will be involved in this program this year and how many companies were involved last year, or how many grants were forgiven?

**HON. V. SCHROEDER:** You're referring to Strategic Research Grants.

**MR. F. JOHNSTON:** Yes.

**HON. V. SCHROEDER:** There will be no new companies in it this year. There are sufficient funds available to

continue on with the projects that were started last year.

**MR. F. JOHNSTON:** You mean the programs that started April 1, 1986; there will not be any more for '87-88?

**HON. V. SCHROEDER:** That's right, Mr. Chairman.

**MR. F. JOHNSTON:** Then the list that we have in the report to the end of '86 - some others have been added through '86-87. I wonder if we could have the numbers of those, or how many new ones have been added to that list in Research Support.

**HON. V. SCHROEDER:** Mr. Chairman, there are 14 new ones from last year.

**MR. F. JOHNSTON:** What is the amount that the 14 new ones will come to?

**HON. V. SCHROEDER:** Mr. Chairman, with a number of them there will actually be commitments for two more years. For this year, there's \$250,000 budgeted.

**MR. F. JOHNSTON:** This year.

**HON. V. SCHROEDER:** Yes, '87-88. I should say many of the grants, just so it's clear, many of the grants are a three-year commitment. So when I refer to two more years, it's two years after 1987-88.

**MR. F. JOHNSTON:** But there are 14 others involved, and to be added to this list. You've got University of Manitoba - these might have been three year, totalling 854,000.00. I'm reading from your report at the end of '85-86, page 42. Now you show the University of Manitoba, Research Council - I hope I'm referring to the same thing, the Strategic Research Support.

**HON. V. SCHROEDER:** Yes, that's the one.

**MR. F. JOHNSTON:** Industrial Technology and then I.D. Systems Ltd., Cancad, and then those may be three-year agreements or two years.

**HON. V. SCHROEDER:** That's correct.

**MR. F. JOHNSTON:** You mention 14 new ones have been added, from where we're at.

**HON. V. SCHROEDER:** Yes.

**MR. F. JOHNSTON:** And the total commitment over whatever period these are in this book is \$854,000.00. What is the commitment to the new 14?

**HON. V. SCHROEDER:** What you have here is just the grants that were actually paid out in '85-86 for these, so there would be continued support.- (Interjection)- Not necessarily. A lot of them were one year, and there were two year and some three year.

**MR. F. JOHNSTON:** What would the total be then that you paid out, if you have the figure, of the '86-87?

**HON. V. SCHROEDER:** I don't have the exact figure. I can get that, but it was in the range of \$1 million.

**MR. F. JOHNSTON:** \$1 million?

**HON. V. SCHROEDER:** Yes.

**MR. F. JOHNSTON:** Then there's \$200,000 per cheque for the coming year?

**HON. V. SCHROEDER:** Yes, \$250,000.00.

**MR. F. JOHNSTON:** The Technology Commercialization Program, this program is designed to assist companies to go into new technologies in Manitoba, that's putting it very broadly. The Robonics International, there's Rescom Ventures Inc., but is this to go into new technology for the purchase of equipment or so that they can sell their technologies elsewhere? What is the intent?

**HON. V. SCHROEDER:** The intent is to purchase or transfer technology, either from Manitoba technology or outside technology, to companies here in Manitoba.

An example would be, say, K & S Tool & Die, where we provided assistance for them to get technology from the University of Manitoba, technology which allows them to produce magnets that are used on things like the Triumph Lab in Vancouver, B.C., and they're now selling the magnets in other parts of the world. It can be the purchase or acquisition, transfer of technology in different areas as well, obviously.

**MR. F. JOHNSTON:** Well then, the K & S Tool & Die would pay the money used to pay them to the university?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, most of that money went to the University of Manitoba. They were developing the technology there, and it was at a considerable cost. We're trying to do as much as possible of that sort of thing, so that the research going on at the universities or other labs in the province can be transferred to industry to commercialize and make use of.

**MR. F. JOHNSTON:** Who evaluates the applications for these technology grants?

**HON. V. SCHROEDER:** There's an assessment committee made up of representatives from the Manitoba Research Council, the Technology Division of the IT and T Department, InfoTech, the Industry Division of IT and T, and a group from Small Business Development.

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

**MR. E. CONNERY:** The Industrial Application of Microelectronics Centre, that's at the university, isn't it?

**HON. V. SCHROEDER:** Yes.

**MR. E. CONNERY:** Because they had grants both years. Now you said they were grants over a three-year period,

but they got a grant last year in the Strategic Research of \$37,500.00. What would be the rationale, if they were for two- or three-year grants?

**HON. V. SCHROEDER:** Mr. Chairman, it was a research project that extended over a course of several years.

**MR. E. CONNERY:** Yes, and they also got, in '86, under the Technology Discovery. Why would they be under multiprograms, not all under one? Were there different programs?

**HON. V. SCHROEDER:** Yes, there was a cost-shared study with the Federal Government on the viability of the centre, and that's where the money came from or was used for.

**MR. CHAIRMAN:** 3.(a)(1)—pass; 3.(a)(2)—pass.  
3.(b)(1) - the Member for Portage la Prairie.

**MR. E. CONNERY:** This is where we deal with InfoTech. What is the Jobs Fund money in this sector?

**HON. V. SCHROEDER:** There's a total of \$1.96 million.

**MR. E. CONNERY:** Was that all for InfoTech because, last year, InfoTech was somewhere over \$2 million. Would that be all for InfoTech this year?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, it's reduced from \$2.225 million last year.

**MR. E. CONNERY:** Last year, if I recall, there was \$4.5 million in this sector. Is there no other Jobs Fund money this year, other than InfoTech?

**HON. V. SCHROEDER:** Yes, the \$4.5 million included all the technology initiatives together.

**MR. E. CONNERY:** All of three.

**HON. V. SCHROEDER:** That included the Technology Commercialization Program; Strategic Research Program, which we've already indicated is down from \$1 million to \$250,000; and InfoTech.

**MR. E. CONNERY:** I took the opportunity, Mr. Chairman, to visit InfoTech this spring. It's an impressive-looking building. To what extent is it being used, and also what is the cost recovery of InfoTech?

**HON. V. SCHROEDER:** Well certainly, we feel it's being used. We've been very pleased with some of the responses from businesspeople, from schools and so on. The user visits - I'm not sure that they say all that much, but in '86-87 we had about 2,500 people visit the Resource Centre. We had 25 groups with meeting rooms and so on. In any event, there is a fairly substantial use.

There was another question you had on cost? Cost recovery? That's just coming into effect now. I should say, we're not expecting a large proportion of the costs to be recovered certainly in the next year or two. It takes awhile to build that up. I should say, we don't

expect it to grow to much larger than about 15 percent or so.

**MR. E. CONNERY:** What percentage or amount of it is used by business? I think there are school people go in there, schools go in. Do school students go in there? How much of it is used by business, and how much of it is used by government programs?

**HON. V. SCHROEDER:** We expect that it will be roughly one-third for business, and the other two-thirds for schools, mostly schools almost entirely, the other two-thirds.

**MR. E. CONNERY:** Is it for the schools to come and to determine what computers and so forth they want to buy for putting into the schools, or is it school classes coming to learn how to use computers?

**HON. V. SCHROEDER:** It's the former, definitely. Yes.

**MR. E. CONNERY:** I forget the lady's name who showed me around. The headman wasn't there. She's got a name that's famous. It was some actress, I believe.

**HON. V. SCHROEDER:** It must have been Kathyrene Hepburn.

**MR. E. CONNERY:** That's right, it was Kathyrene Hepburn, and she is a very gracious lady. She gave me a very good tour, and an excellent salesperson. You should be pleased that you have somebody like that because she did an excellent sales job, but I still have some concerns over the amount of money we're spending on it versus what the revenue is. Don't tell her I said that. I might want to go back.

But I am concerned. It's a lovely facility, I must say, but the cost is fairly significant when you're looking at close to \$2 million to run it and, with not the strong possibility of much in the way of a cost recovery, we do have to really analyze what we're getting out of it in terms of the community and so forth. I would hope that these sort of analyses would be made of the facility. I'm not saying we should close it. I think we would want to study it and maybe try to promote it to make it more effective.

**HON. V. SCHROEDER:** Just on that point, I understand it has resulted in increased export sales of more than \$1 million. There's considerable consulting to business, so there are some clear benefits we can identify. I believe there are a lot of benefits that can't be identified. When a business goes there, picks the right hardware or software to improve their business, that certainly, over a period of time, improves things for them as well.

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

**MR. F. JOHNSTON:** . . . Mr. Chairman, represents the province at the Manitoba Canada ERDA Communications and Cultural Enterprises Technology Applications. What does the department do with the Cultural Enterprises Technology Application sub-agreement? That sub-agreement is in the

communications field. We have had a report from one group on that Cultural Enterprises Technology. What is this department's involvement with that Cultural Enterprises?

**HON. V. SCHROEDER:** Strictly with the technology applications portion. We have nothing to do with the Cultural Enterprises aspect of it.

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

**MR. CHAIRMAN:** 3.(b)(2)—pass.  
3.(c) - the Member for Portage la Prairie.

**MR. E. CONNERY:** On the Manitoba Research Council and the Technology Centre and the Food Centre, I notice the funding is down slightly from last year. I remember the Minister being quite concerned with other levels of government and their funding to research, and I see that we are down slightly. Taking into account inflation, there is less money going into the Manitoba Research Council. Can the Minister give me a comparison of last year versus this year and the projection for the - well, this is the projection for this year - the comparison for the Food Products Development Centre and for the Technology Centre, the funding? I'm having trouble finding it.

**HON. V. SCHROEDER:** Mr. Chairman, total core grant for '87-88 is \$2.918 million as compared to \$2.957 million the previous year. The Canadian Food Products Development Centre will receive \$1.086 million and - I'm sorry, this is the contract revenue. The Canadian Food Products Development Centre is budgeting contract revenue of \$1.086 million; the Industrial Technology Centre, which had been involved with that kind of revenue a number of years ahead is moving up much less rapidly now; they're at \$1.4669 million. Other revenue is \$90,000.00. The split on the grants is Canadian Food Products Development Centre is \$686,700; Industrial Technology Centre, \$1,455,100; and administration, \$776,100.00.

**MR. E. CONNERY:** What was the government grant last year to both of those facilities?

**HON. V. SCHROEDER:** Altogether it was . . .

**MR. E. CONNERY:** Individually, to the research, of the Technical Centre and the Food Centre. You had 686 this year for the Food Centre. What was it last year?

**HON. V. SCHROEDER:** Last year, it was approximately \$775,000 for the Canadian Food Products Development Centre and \$1.25 million for the Industrial Technology Centre.

**MR. E. CONNERY:** The Food Products Development Centre has gone down and the Technical Centre went up. What could be the rationale?

**HON. V. SCHROEDER:** Mr. Chairman, keep in mind that the structure is that the MRC gets the funds, the total funds from us, and they make the allocations within. That's not something that we're involved with.

They've obviously increased; they've expected that there will be more contract revenue from the Canadian Food Products Development Centre. Their contract revenue has gone up by over \$200,000, and that presumably makes up for a good portion of the drop. I don't have the exact number.

**MR. E. CONNERY:** Do you have a cost recovery for this last year for both departments, broken down?

**HON. V. SCHROEDER:** Yes, for Canadian Food Products Development Centre, 1986-87, it was \$882,000.00.

**MR. E. CONNERY:** Percentage-wise though, do you have a percentage on that? Last year you had a percentage.

**HON. V. SCHROEDER:** What we have is an overall number - for 1986-87, it was 45 percent; for 1987-88, it was 47.5 percent. You have to keep in mind that there are the administrative costs that have to be tacked on.

**MR. E. CONNERY:** T.A. Sandercock has retired from the government and I would assume that he will be replaced. Has he been replaced yet?

**HON. V. SCHROEDER:** I really don't know. Was he on the board?

**MR. E. CONNERY:** On the Advisory Council for the Food Products Development Centre.

**HON. V. SCHROEDER:** In that case, he will be replaced, yes.

**MR. E. CONNERY:** You don't have a replacement for him.

I'm concerned; Mr. Sandercock had a real feel for horticulture and I would be very concerned who would be replacing him on the Advisory Council. I don't know if he's been replaced. Who does the Advisory Council appointments, the MRC themselves?

**HON. V. SCHROEDER:** It's the MRC themselves, and I understand he's still on and they expect that he will remain on.

**MR. E. CONNERY:** Okay. Has there been any major changes to the Research Council itself. Is Marion Vaisey-Genser still the chairman and so forth, or has there been any significant changes?

**HON. V. SCHROEDER:** They're basically still the same people. There may be one or two changes from people who've resigned.

**MR. CHAIRMAN:** The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Does the Minister not appoint the board of directors who are responsible to the Research Council Board of Directors?

**HON. V. SCHROEDER:** Yes.

**MR. F. JOHNSTON:** For the Food Services and the Technology Centre?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, but there's an advisory council in addition to that, which is what the Member for Portage was referring to. Marion Vaisey-Genser and her board is appointed by the province. There are advisory councils that are appointed by the boards.

**MR. F. JOHNSTON:** The advisory councils, but the Board of the Manitoba Technology Centre, the Board of the Manitoba Food Research Centre is appointed by the Minister.

**HON. V. SCHROEDER:** MRC members are appointed by the government. The boards of directors of each of the ITC and the Food Centre are appointed by the Research Council from among the members of the - I'm sorry, they are external members, appointed by the Manitoba Research Council and then they have an advisory committee as well that is appointed by the Manitoba Research Council.

**MR. F. JOHNSTON:** Let me put it another way. Does the board, the Research Council, the Manitoba Research Council board have the knowledge of the complications involved at the Food Research Centre as far as dealing with the food companies in the province are concerned?

In other words, how long does it take for the Food Technology Centre to get decisions made that are beneficial for the food industry of the Province of Manitoba?

**HON. V. SCHROEDER:** Information is fed back monthly, with the monthly board meetings.

**MR. F. JOHNSTON:** Well, do both Technology Centres have a reasonably broad scope from the point of view of having to make decisions fairly fast with companies?

**HON. V. SCHROEDER:** It's done basically, internally by staff, and certainly I'm advised that the expertise is definitely there.

**MR. F. JOHNSTON:** Last year, there was indication given to us that the Technology Centre would be moving into the new Research Building in downtown Winnipeg. When will that be happening?

**HON. V. SCHROEDER:** Discussions are expected to recommence shortly. The last discussion I had with the Federal Government was within the last two weeks, after the Prime Minister's visit to Manitoba; and I'm going back to Cabinet to discuss it, to see what we might be prepared to do from that end; and we will also be asking the Research Council to take another look to give us some idea as to what would be in the best interests of the Manitoba Research Council.

**MR. F. JOHNSTON:** When does the lease run out on the Lagimodiere property?

**HON. V. SCHROEDER:** July of 1988.

**MR. F. JOHNSTON:** July of 1988?

**HON. V. SCHROEDER:** Yes.

**MR. F. JOHNSTON:** So there's another year to go.

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

**MR. E. CONNERY:** Just one final comment and question, last year I asked the Minister, since the federal funding had ceased for the Food Products Development Centre, would he assure us that the funding would continue, and the Minister said it would, and that's in Hansard.

I see it dropped, now you say it comes through the Research Council themselves as far as the breakdown. Is there assurance from the Minister that - we see a slight overall decrease in the funding - we're not going to see it continue to decrease. At least, will we get an inflation increase so that the work of the Food Centre will maintain itself?

**HON. V. SCHROEDER:** Mr. Chairman, I'm told that in addition to the dollars I've referred to for this particular year, there are also funds going from asset reserves to both institutions, \$623,000 to Portage, and \$251,000 to the ITC, for a total of \$875,000.00.

But in the long run, all I can say is we will do our best. We do see both institutions and obviously the Research Council sees both institutions as important and I don't think I can really say anymore than that.

We'd hate to see the end of it.

**MR. E. CONNERY:** Just one final comment, I haven't had a lot to do with the Technology Centre, but I've had a fair bit to do with the Food Research or Food Development Centre, and I think the work that they've done there has been excellent work. They've got a lot of products and I think we've seen some successes.

We saw one success with the cheese manufacturing and the individual ended up going to Quebec with his technology, but we did develop the technology, it's unfortunate he didn't stay in Manitoba.

But I think the information, the pilot program, the pilot runs that they do is a real facility to enable new companies to develop a product and do some market research before going into business so I would really urge the Minister to have a high priority on the Tech Centres.

**MR. CHAIRMAN:** 3.(c)—pass.

Resolution No. 105: Resolved that there be granted to Her Majesty a sum not exceeding \$3,451,000 for Industry, Trade and Technology, Technology Division, for the fiscal year ending the 31st day of March, 1988—pass.

Appropriation No. 4. Canada-Manitoba Economic Development Planning Agreement—pass.

Resolution No. 106: Resolved that there be granted to Her Majesty a sum not exceeding \$70,000 for Industry, Trade and Technology, the Canada-Manitoba Economic Development Planning Agreement, for the fiscal year ending the 31st day of March, 1988—pass.

Item 1.(a)(1) Minister's Salary—pass?

The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, I intend to say this, that after going through the Estimates, I haven't taken back one thing that I said at the opening statement.

This department has definitely, under this Minister, not been accomplishing what they're supposed to do in the Province of Manitoba for the benefit of the people of Manitoba. We've been hearing the same thing from the Minister and the previous Minister, and the Minister before that, that something's been going to happen and it hasn't. It's been going in the opposite direction.

If you want to talk about Business Development and Tourism, maybe there's been some bright light as far as employment, etc., is concerned, but not here, definitely not here. It's all public money that is making this department look good—pass.

**MR. CHAIRMAN:** Resolution No. 103: Resolved that there be granted to Her Majesty a sum not exceeding \$2,517,300 for Industry, Trade and Technology, Administration and Finance, for the fiscal year ending the 31st day of March, 1988—pass.

Thank you.

Committee rise.

## SUPPLY - COMMUNITY SERVICES

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

We have been considering Item No. 4.(b)(1) Child and Family Support: Salaries. There was a question from the Member for Ste. Rose and we ran out of time, and it's now the Minister's chance to give the answer.

The Honourable Minister.

**HON. M. SMITH:** Yes, Mr. Chair, I undertook to respond in general to the questions asked by the Member for Ste. Rose. I'd appreciate if he would speak to me personally about the case first, and then he may draw his own conclusions.

One of the questions he put was: Did the agency workers have any authority beyond what the RCMP and the medical physician had to say on the case?

In general, Mr. Chair, the agency workers have their authority and the responsibility from The Child and Family Services Act. Again, they must give evidence that stands up under that act and, of course, their decisions are always appealable to the court, as recommended by the review.

It's been suggested that we build in appeal committees at the agency level for speedy review whenever there is disagreement or a desire to appeal actions and decisions taken at the agency level. Again, that gives the agency an immediate chance to review whether the individual worker or the supervisor are falling short in their decision-making or whether, in fact, there is a weakness in the policy and the procedure. They can then alert us. In addition, of course, there's always the appeal to the court.

With regard to the particular case where it was alleged that there was delay in the court, again the agency, along with other parties to a court case, have to satisfy the court that there's a good and proper reason for delay, and until I look at that particular case - I actually have just received the detail on it, which I'm prepared to discuss with the member opposite afterwards, but I prefer not to do it in the public arena - there is a

provision or a practice of supervised visiting and so on, so a child need not be kept in isolation from the family.

With regard to the allegation that the agency did not find an appropriate place, again I'd like to follow the practice of reviewing the information with the member first and then, if he chooses later on to raise the issue, that will be up to him.

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

**MR. G. CUMMINGS:** Yes, Mr. Chairman, I think that the Minister has partly surmised my concern, but my concern is not only for an individual situation. I've tried to keep my questions, in a general sense, supported by specific occurrences that happened and were brought to my attention.

I guess my concern is where the Minister says that, of course, a case has to be made before the courts in order to justify a delay in the process. It would seem to me that what we may be seeing evidence of is that one of several things: (a) either possibly the caseworkers are not able to keep up with their caseloads; or (b) they, for some reason, choose not to or are unable to organize themselves and their evidence in time for a court hearing because, obviously, it would seem reasonable to me that a delay would be granted if the lawyer for either side received late information or new information or did not have the case prepared prior to going to court.

In this particular instance - and I can give specific dates - there was a hearing scheduled for December which was postponed till January, which was postponed till March, at which point the case was dropped and then the family was told, well, they would have to wait another 10 days to have their child brought home to them because that would coincide with the Easter Break at school.

That leads me to raise the question about who makes the decision or on what basis can a caseworker or the agency make the decision to continue to keep a child separated from his or her family when the case does not appear to be able to be substantiated in court.

I guess really the bottom line that I'm trying to get at, Mr. Chairman, is that in situations such as this, whether there's guilt or whether there is not guilt, I think that some practical pace to reach a settlement is of prime importance. Certainly, it's no secret that when a party is guilty and does not wish to appear to defend themselves in court that they will use every delaying tactic that is possible on their behalf in order to either delay or avoid a court appearance.

But I think the onus should be on the agency or an arm of the government, which has, it was stated or I certainly understood, the responsibility to provide care for the disadvantaged who may be in this case, specifics of what we're talking about, abused; but certainly where families are separated in this nature and where there's some possibility of innocence, certainly, where we cannot reach a conclusion, so that the family can get on with its life again, that it behooves the agency to move as expeditiously as they can to attempt to clear the air or proceed with charges in court.

When I see this string of delays, I can only question whether or not the delays were used in sort of a winding-

down period to get the family a little less upset about what had happened and gradually extricate themselves from a very sticky situation because they did not have their information prepared when they went to court. Certainly, where there are situations where guilt can and will be proven, it also behooves the agency to move as expeditiously as possible.

I would like to hear an explanation from the Minister on whether she feels the staff, as a whole, moves as quickly as is proper for both the victims and those who are being charged, because this is not the only case where it would appear to me that there's a very long and dragged-out process. And when, on occasion, we do have an innocent, or presumed innocent, party involved, then I would suggest that it makes it very difficult and that the agency should be doing what it can to alleviate that pressure on that family.

**HON. M. SMITH:** I think we all have an interest in trying to resolve these questions as quickly and accurately and constructively as we can, but there are complexities involved in them. The evidence is not always conclusive. It's not conclusive as to either guilt or innocence. I know on frequent occasions the Member for St. Norbert is upset because he thinks child workers occasionally return a child perhaps prematurely; and you're raising the issue that they perhaps return them belatedly.

Now the truth of the matter is that the cases are complex. In this particular case, there was a decision to go for another round of consultations with a more experienced Child Protection Centre, and there was a delay in trying to get an appointment there, despite the best efforts of the people in the field, one of the reasons why we would like to see the development of expertise much more dispersed throughout the province and with more medical people becoming involved because otherwise we do get pileups in the flow.

Again, as I say, I don't want to go into all the details here. I think there was a justification for the actions taken under the circumstances, whether there was some other course of action that could have sped things up. The member would have been the first to chide us if the agency worker had put the child back and there was a recurrence.

It was a complex case. Opinion was not quite as black and white by the professionals as has been suggested, and it was determined desirable to go for the extra opinion and that did take a period of time to secure. In the event, it was determined that there was another interpretation of the child's behaviour that was available.

But, as you repeat, we are not dealing with situations where you can readily determine what precisely happened, and due weight has to be given both to the needs and concerns of the parents, but also to the need to protect the child if there is any doubt whatsoever.

Again, you know, as we build a multidisciplinary system, one of the things that we want to pay particular attention to - and we've raised it before - is that if we have doctors and lawyers and police and child welfare workers working together, we need to have as much common sharing of knowledge and procedures as we can so that there's as much understanding, but as we move along to that situation, I can't find it in my



response to be unduly critical of a worker who is somewhat cautious. I am more likely to be critical of a worker who takes a chance and I think that's the state of the art.

I think as the workers in the field struggle along to try to deal with this difficult issue, they deserve the support of all of us: (1) to recognize the complexity; and (2) to recognize the procedures and to check out the facts of the case before jumping to conclusions.

As I say, I will share the specific information with the member. We can't at this point determine any point at time where the procedure might have moved more rapidly, other than if we had more medical people available with the expertise that currently rests with the Child Protection Centre, they might have been able to get the case completed more rapidly. And that's something we should achieve in time. I would like to see reasonable time frames, but they are not always possible at present.

**MR. G. CUMMINGS:** Mr. Chairman, I can't help but be disturbed that the Minister would draw a comparison to what I'm talking about and the concerns that the Member for St. Norbert has consistently raised. We are not talking about issues that are one and the same.

If Child and Family Services wants to prepare a case for the court, surely their own lawyer should be informed in sufficient time in advance of the court hearing so that he can prepare a case. That would only make sense. I never suggested that the case shouldn't go to court or that the child should not have been apprehended. That is a matter I fully realize that the judgment and the evidence that was put before the agencies. I'm questioning the process that this family was put through, and the process being whether or not the agency moved expeditiously to achieve either a guilty verdict or a non-guilty verdict. I'm also questioning why a child of this nature, with these handicaps, would have been placed in the Portage Home after being apprehended from her family.

I will be perfectly frank with the Minister here and, for the record, that is something I've been unable to completely verify, but the lawyer and the family claims to me that they can verify that charge. I think that we talk about the emotional damage that could do to a child, to take them away from their family and then put them in a setting such as that when they're 12 years of age. I think the agency made a very poor judgment in that particular action, if those are the facts of the case.

Again, when I try to ascertain the facts through the workers, I'm told that they cannot talk to me because it is a personal and family matter under Child and Family Services.

So my concern is still in the process, Mr. Chairman, whether or not the department moved to alleviate the strain that was put on this family and on this child. The known expert in the field who could have, the one person in the province who could have readily dealt with the concern of communication with this child was not contacted until, I believe, later than two months after the child had been apprehended. And again, this leads the family to the conclusion that someone had decided that this child should be institutionalized and not returned to the family, which is also borne out by

the fact that after the charges were dropped, they were still not allowed to take the child back to the family setting. Bear in mind, Mr. Chairman, that this is a mother who has practically dedicated her life to the raising of this child ever since she's been born. I really wonder if the system has served them well.

**HON. M. SMITH:** Mr. Chairman, the agency was not certain after the initial investigations and they applied for guardianship and agreed or at least recommended a consultation with the Child Protection Centre, a procedure that the mother agreed to. Now it was this consultation that did not take place for some time.

The child was placed for a short term with a foster parent, but it was quickly decided - within hours - that family didn't have the skill to deal with the youngster. So, after a quick consultation with the Special Children's Service Director in the Child and Family Service Department, they recommended that the child be placed in the hospital wing of MDC. A regional psychologist, Mr. Dave Samoleski (phonetics), was involved in that decision. So it was a joint decision and they sought an alternative placement. In fact, within less than a week, a placement with an aunt was located. Now, again, those are the facts of the case.

In terms of who has access to information and when the worker can speak, our workers are all bound by confidentiality guidelines. Unless you had the express permission of the parent, they are not in a position to release that information.

I would recommend that you come to me or to the deputy with the request for appropriate information, at least as a first step. We will do our best to share the information and description of the process as best we can. As I say, how you handle that information thereafter will be up to you. People in Child and Family Services work with confidential information about people's lives and we expect them to follow fairly cautious approaches to whom they share the information with.

I think it's quite fair that the agency and our department be held accountable for the procedures that are followed. But again, I ask you, starting from the presumption that the only thing we have to go with are allegations and evidence which may or may not be clear, there may be ambivalence about it and that seemed to be the case in this instance. There was sufficient concern that they felt, rather than return the child with that concern still in the minds of the workers, it was better to go this extra step.

I agree that there is a period of time there that is very difficult for the child and for the parents, but I also ask you to think of the other scenario where, to avoid that, we place the child back in the home and then had something go wrong. Then you know who would be considered to have followed an improper course. These cases are not quick and easy. We would like, all of us, to get them into a fairly quick response and the more trained people we have throughout the province with the special skills of observation and analysis and so on, and knowledge in depth of the field, the more expeditious our response will be. But that is the state of the situation at the present time.

**MR. G. CUMMINGS:** Mr. Chairman, in dealing with the issue expeditiously - and the Minister said that it would

be everyone's wish that they be handled as quickly as possible. She did not, however, satisfy my question about why, if she knows, the agency took so long to contact the experts who could help interpret the questions that were raised with the way that the child communicated. The visiting rights, as she referred to, certainly have helped alleviate at least the mother's concern about where the child is held. But the mother, in fact, who was never at any time considered to be the one who was putting the child at risk, did not know where the child was being held for the first week; and in fact still does not know for sure, except that the information was leaked to her by someone who worked at the mental hospital. Now, that is an impossible situation for a mother to be put in when she is, to begin with, not the one who is in any way being charged.

I suggest that I realize that when apprehension first occurs that swiftness and secrecy is sometimes of an important nature. But the manner in which this was handled still indicates to me that there are questions out there that this mother and this family deserve some answers to.

Perhaps this is a legal question, but does the agency have a rule or a guideline about how this family is to determine who made the observation and made the report? Because the people who work with this child on a regular basis are certain that it was not them; and someone else then from the agency, or someone outside of the school program, observed this child on video film or at some juncture in her school life and, not understanding the nature of the autism that the child suffered from, drew conclusions which naturally muddied the water.

I don't want to belabour this specific point all night, Mr. Chairman. What I really want to be concerned about is the speed with which this was dealt with, which seemed to me given that the case never did come to court, given that the two outside authorities who were advising the agency did not advise that there was a case, that it took an inordinately long time for the agency to avoid going to court, as a matter of fact. It never did go to court in the end. It was avoided by delays.

Secondly, I would hope that the agency would be certain that when an apprehension is made that a proper place to maintain the child can be prepared in advance, or a known advance where an apprehension would have to be made, because this was certainly not an emergency apprehension. This was an apprehension that apparently had been planned for quite some time.

That is why I resent the reflection where the implication would be, that if the child was returned to the home too quickly, that there would be a problem because there did not appear to be a rush to apprehend the child to begin with; and if delay is encouraged at one end, I don't understand why a quick and speedy conclusion at the other could not be arrived at.

**HON. M. SMITH:** Mr. Chair, I don't want to be protective or defensive of agencies. What I want to do is have the guidelines and the resources and the training that enable them to grow in their ability to handle these cases effectively and in a timely way.

I don't know who reported this initial case. I do feel some concern if the parent, particularly the mother, was not informed, although I do have the information

that she agreed to the Child Protection Centre reviewing the evidence. I also understand that when they reviewed, there was a video and a polygraph and so on, that said there was basis for the misunderstanding because the behaviour was that of an autistic young women moving into puberty and that, in a sense, there was some basis for a variety of interpretations. It wasn't that the appointment was not asked for in a timely way. It's that the doctors were not available to give the appointment for a period of time.

In terms of the placement of the young woman, the Manitoba Developmental Centre is one institution in the province who would have some experience of handling a youngster that an ordinary foster parent might not understand.

The child was placed in the medical wing. The regional psychologist was involved in the placement, as were the Children's Special Services Group. In other words, they made every effort to ensure her safety and put her in a place where she would stand some chance of being understood. Now I don't have the detail about the sign language or whatever, you know. On the surface of it, it does appear that they might have picked up that information in the home interview and so on, and I will certainly enquire into that. The mother was given unlimited visiting rights once the child was placed with the aunt.

Now, at the early part, I don't know quite how the worker in the field separates the parents. If one is under suspicion of abuse, if the parents are still together or whatever, I don't know whether they say, well, one parent can know but not the other if it's a case of protecting the child. Again, I think those things can be spelled out in greater detail in terms of notification, but we can't anticipate all the situations. So at some point, we have to rely on the worker and supervisor in the local area.

I think the complexity of this case indicates the very complex nature of the issue we're dealing with, remembering that whatever the concern in the first place, in the process of investigating, no one knows for sure what really did happen or whether nothing at all happened. They don't know whether the behaviours they're observing are caused by one thing or another, and it's the sorting out in an orderly fashion of that.

There are symptoms that mimic child abuse, but by the same token, as a society, we've been dealing with a lot of symptoms that covered child abuse. We never used to even open ourselves to that possibility and, as a society, we're discovering that that was a great mistake.

Now it is taking time to develop and fine-tune the skills in the field to deal with these cases, and I can feel for all the people involved; but, as I say, the protection of the child has to be the primary concern as we're going through the individual case.

**MR. G. CUMMINGS:** Mr. Chairman, I have one last question. I think the Minister may want to take the question as notice.

The other aspect that concerns me - and I don't need to know the aspect of this case particularly - what concerns me is why would a mother who is asked to sign a custody order which, in this case of course, the woman refused to sign, why would she be asked to sign that in the absence of legal advice?

**HON. M. SMITH:** Mr. Chair, we agree that good procedure should require that a parent be advised of their right to have legal representation. We will look into it in this case and ensure that that is spelled out. I suspect it is spelled out already, but we will draw particular attention to it for the agencies, because I think it is an important safeguard.

**MR. CHAIRMAN:** The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Thank you, Mr. Chairman.

I believe it was last year or the year before, I had asked the Minister, when we were discussing the Post-adoption Registry, that in the future I was going to ask her the results of the first year's operation. I believe it came into operation fully in 1986. I'm wondering whether the Post-adoption Registry has effected the getting together of natural parents and adult-adopted children, or what the experience generally is.

Have cases been where parties have declined to meet or just what has been the experience with it?

**HON. M. SMITH:** I'm happy to give the information after one year of operation. I'll start with the telling information first and then perhaps give you some of the shape.

There have, in fact, been 34 successful matches made, which exceeds the number expected by the people who were working with the systems. There were a total of 746 requests, and these broke down into people seeking adoptees: 246 birth parents, 21 adoptive parents, 35 siblings; and then the adoptees registered. The birth parents, there were 161 who registered there. Just a minute, I'm just trying to check the meaning of this.

The adoptees who registered, seeking their birth parents, 161; seeking their siblings, 16; with a total of 267; and a total of adoptees registering for searches, 444. That made a total of seekers, of the parents seeking and the adoptees, of 746; and out of that, there were 34 mutually agreeable matches that matched.

**MR. G. MERCIER:** I thank the Minister for that information. I had indicated to her a few years ago that I thought it might be worthwhile and this is one of the few areas I suggested, but this might be one area where the government might choose to do some advertising of the service that's available.

Could she indicate whether these statistics have gone on without any sort of real advertising of the program?

**HON. M. SMITH:** We have not gone out and aggressively advertised, again I think wanting to have some experience with the process first.

The figures I gave you were for calendar year 1986. Just to give you some comparison of the 34 matches that occurred that year with the partial active registry we had before that, there were 14 matches in 1985, 11 in 1984, 10 in 1983, 4 in 1982, and zero in 1981. So there was a considerable increase just from the news stories that got out.

There are three jurisdictions in Canada that currently have an active registry. We would consider moving towards a more aggressive advertising posture on this.

Again, I'd be interested in any recommendations you might have as to where would be the most likely or the most effective place to advertise.

**MR. G. MERCIER:** Mr. Chairman, perhaps the Minister can refresh my memory on this. There was a celebrated case that occurred in Winnipeg within the last few weeks where a mother met her daughter, I think aided somewhat by one of the local newspapers at least assisting in transportation. As I recollect, that mother had been searching for her daughter for a number of years.

Could that meeting have taken place through the Manitoba program or does the Manitoba program allow an adult - pardon me - the natural parent to seek the adult adopted child through the system?

**HON. M. SMITH:** Mr. Chairman, that case did not go through the registry. Our registry rules are by mutual agreement; they both have to be registered.-(Interjection)- No, that didn't occur in that fashion.-(Interjection)- The adult seeker can register the request and then the adoptee can register their request and, if they're both there, we will seek out -(Interjection)- Yes, for the adoptee we will do an active search, but not for the parent.

We feel that that's a greater way to give protection and again they have to be by mutual consent before we promote the meeting.

**MR. G. MERCIER:** Mr. Chairman, could the Minister indicate how many adoptions took place in 1986 and how that number compares with the previous two or three years?

**HON. M. SMITH:** I have the number of '86, and we're just checking to get previous years; 133.

**MR. G. MERCIER:** Perhaps while we're asking just a few more questions on the subject, those other numbers will become available.

Could the Minister indicate what the waiting period now is for adoptive parents who, for example, those who, as some do we all know, wish to give priority to a healthy, normal, supposed to be newborn?

**HON. M. SMITH:** Mr. Chair, the wait is quite lengthy. We still have 20 families waiting from 1980, just to give you some idea. But there is not a matching of supply and demand.

**MR. G. MERCIER:** I appreciate that, Mr. Chairman. Could the Minister indicate whether there are any sort of uniform rules and regulations established centrally with respect to adoptions? I appreciate that it certainly is an area where every case really, in the final analysis, has to be decided on the individual merits of the applicant.

But there have been in the past, concerns raised about, for example, one family being on the waiting list and not having any children and complaining that another couple that they know about, who already received one child, receives a second child prior to that first couple receiving any children.

I know it's a very difficult field because the first group may well have taken an older child and then perhaps

taken another child that fit well into those circumstances. But I'm wondering too, Mr. Chairman, about how the Central Registry works and what the status is with respect to adoption and whether there is any sort of differing practice from one agency to another agency.

**HON. M. SMITH:** Mr. Chair, the approach is that an appropriate family is found for the child. The need or request of the parent does not come first, but once that is sorted out, there is a first come, first-served approach unless there's some other major variable. Some prospective adoptive parents will serve as foster parents in the interim and they still keep their place on the adoption list. It doesn't affect their status on that list.

Apparently some jurisdictions have attempted to prioritize the adoptive parents, the would-be adoptive parents, according to age and so on but there is concern that might be against the Charter, so basically, if we accept them as prospective parents, we do try to follow roughly the first come, first-served. In some cases there's a circumstance of a sibling child or other factors. I don't have the adoption statistics for previous years, but I can make them available tomorrow.

**MR. G. MERCIER:** Is a Central Registry used for adoptions whereby the various agencies would register the approved or suitable applicants for adoption and they are dealt with in some sort of priority, centrally? Or is there . . .

**HON. M. SMITH:** Adoption is coordinated centrally. It's not done agency-by-agency.

Some other factor on the waiting list and the perception that we might be jumping out of line - some prospective parents specify they want an infant or a special sex or don't want a cross-racial adoption and so their preference would make it more difficult. There are many fewer infants for example. There are groups of children or older children or special needs children who are, we aren't always able to place all of them for adoption. Of course there's always a shortage of infants.

**MR. G. MERCIER:** When does an applicant for adoption go on the Central Registry? Is it before or after a home study is done?

**HON. M. SMITH:** After the home study has occurred and approval has been given.

**MR. G. MERCIER:** What analysis is done between the time the home study is done and the time that a child is made available for adoption? If we were in a situation where there are, I think some 20 families who applied in 1980 and have not yet received a child, if you have a situation where a home study may have been done three years ago, there have been some concerns expressed to me that in some of those instances there have been significant change in family circumstances and that should have probably affected their position or priority on the general register. Can the Minister say whether or not there is any real monitoring or change of the applicant's position after the home study is done and before a child is made available?

**HON. M. SMITH:** There would be a review. We don't have the precise information as to how regular it would be, but certainly before a placement and possibly on a fairly regular basis. We don't have the precise information.

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

**MR. A. BROWN:** Thank you, Mr. Chairman.

I notice that the Minister has on the Order Paper, Bill No. 35, which is going to, I believe, make some amendments to The Child and Family Services Act. I believe that bill was distributed today. We haven't had an opportunity to take a look at this bill.

I would just express some concerns that I have regarding some of the problems that we seem to be experiencing with the act at the present time, as outlined by the report on child abuse. Some of the areas of concern that they expressed were the responsibility of agencies to provide services, which are under the funding control of the Department of Community Services, causing conflict between agencies and departments.

The act is silent on generic or specialist approach. The act is silent on the issue of therapy. It is not a mandated service. The act is very vocal in the need to detect and investigate child abuse, but therapy is not a mandated service and no one is held accountable for this lack of service.

The act is silent on the role of the committees. The act proclaims the right of the child as a wanted member of a family structure, and this right needs to be clarified so as not to be erroneously interpreted to keep the family together at all costs.

The act needs a definition of third party assault which is broader to properly count all abuse cases, an appeal process which holds the agencies accountable for their decisions. I believe, Mr. Chairman, that this is especially an important area that we've had some rather negative results, as a result of a lack of an appeal process. There are no appeals done at the level of the agencies and appeals to the Provincial Government are not proper, as the government is not a neutral body but rather an active and interested party.

A large number of appeals are going to the Ombudsman's Office, Mr. Chairman, which ought to be used only as a court of last appeal. So there are a lot of concerns that we have in this area. Maybe the Minister can tell us if she is dealing with these concerns in that particular bill, and if she is, then fine, we don't have to have a long discussion on it. But if she isn't, then we would like to know why she is not dealing with these areas of concern.

**HON. M. SMITH:** Mr. Chair, the normal process for working on amendments to legislation is usually a fairly lengthy and consultative process. However, if I can take the specifics that were raised. The question of government funding, it's within our ability to deal with the funding issues through a negotiation rather than entrench them in the bill.

It may be that we arrive at some point down the road, having a funding system that would be appropriately enshrined in the legislation. But right now we're in a transition phase. I think it would be premature

to put it in the legislation, and it would probably limit negotiation and flexibility rather than assist it.

We have committed to working with the agencies to move towards a global funding and have, in fact, on the recommendation of the committee in their interim report invited the agencies to assist in that process, and indeed to come up with some proposals as to how. That should move along at least in a phase-in state this year.

With regard to generic and specialist workers, it's our belief that there is no one right pattern, that each agency will develop their particular mix of generic and specialist workers, depending on the mix of work that they have.

What we are concerned about is that they're able to deal with the range of problems in an appropriate way, and we will be looking at their pattern of staffing and ensuring ourselves that they do have appropriate skills in the areas that are needed. But whether there is a - in a sense there is no one pattern of staffing that can achieve that, while requiring that the agencies have, not only appeal committees - and we've done that through regulation - but that they also have multidisciplinary abuse committees at the agency level. That's one way to build in some specialist skills in that particular area.

With regard to therapy and the mandating of that service in the act, when we started the whole approach to child abuse, I don't think we thought we were going to be as effective as quickly. We felt that we would have to put the program in in stages, the same way we dealt with wife abuse.

We felt that the first stage was public awareness and education and the reporting, the recognition of it as a crime in the legal system, the immediate crisis response. The longer-term issue of treatment and therapy is something that we've been working on, but in fact the business of developing therapists is something where we had to start from scratch. It's not that there was a group of therapists out there ready to have their services purchased. We've been having to develop them as they go and a very important element to that is going to be negotiating with the children's mental health systems in the province that are funded under the Department of Health, and get them to pick up a reasonable share of this treatment function, because it's not an area where Child and Family Services alone or Community Services alone has the expertise.

The mental health system is one of the key areas of expertise, that if it does not currently feel that it has the skill and the appropriate delivery system, should be enjoined to work on that, and I trust that members will put their questions to that department and that area of expertise as part of the overall treatment team.

Oh, again you raised issues about the right of the child as a family member. I think if the member will read the legislation as it exists, there are something like 11 principles at the beginning, and the right of the child for a secure environment is related to these 11 principles.

Nowhere have we ever said and nowhere, I don't think, can we be quoted as saying that the child had a right as a family member for as much of a relationship as could be deserved or created, that we're saying keep families together at any cost. We're saying it's a very important relationship. If it can be salvaged in any

way, it's important, but there are also foster placements and adoptive placements where the benefits of a more family-like environment can be developed.

With regard to third-party assault, that is a problem that currently would be covered under the laws. In a sense it would be considered a crime by the abuser, but since our role is usually the protection of children, we don't take them out of their family home because some third party or non-family member has assaulted them. We assume that the family is the group to provide the protection, and then we assess whether they are willing and able to do that. So that in a sense, there are other laws in other areas of responsibility to deal with the third-person assault, whether over time we will see it necessary to put something stronger in The Child and Family Service Act, and on that area we'll keep under review.

Oh, yes, question of appeal, the people always have had appeal procedures, no different than in most government departments where services are covered by legislation and regulation. They've always had access to the courts as well as to the Ombudsman. But in this case, what we want is a more timely appeal process close to where the service is delivered because I think the belief is that then you can get an immediate review of the decisions made. If there is any corrective action to be taken, it can be applied quickly and directly whether it's dismissal, discipline, training, tightening up on procedures. It will be regular reports from those committees that will give our department the feedback we need to see whether our policies and procedures are adequate or whether they need strengthening.

**MR. A. BROWN:** Mr. Chairman, the information that we have on payments to External Agencies is rather old and outdated. We have the 1985-86 and the '86-87 payments to External Agencies. I wonder, would the Minister be able to provide us with the information as far as payments for the '87-88 year is concerned?

**HON. M. SMITH:** Mr. Chair, that information was read into the record this afternoon.

I do have some additional information on the office costs that the Member for River Heights asked for. This is the breakout of the operations and maintenance costs and I'm prepared to give them now: Central Winnipeg, Operations, \$101,865; Maintenance, \$305,102, for a total of \$406,967; Eastern, Operations, \$103,879; Maintenance, \$179,625, for a total of \$283,504; Winnipeg South, \$47,093 for Operations; \$141,050 for Maintenance, with a total of \$188,143; North-West, \$102,299 for Operations; \$306,404 for Maintenance, with a total of \$408,703; North-East, \$50,425 for Operations; \$151,032 for Maintenance, with a total of \$201,457; Winnipeg West, Operations, \$56,656; Maintenance, \$169,694, with a total of \$226,350; Western Manitoba, Operations, \$76,037; Maintenance, \$25,494 - That lower number, I think, is because they're in the provincial building - Central Manitoba, Operations, \$75,463; and Maintenance, \$98,584, for a total of \$174,047.00. The Operations comprise of photocopying, computer, stationery, and the Maintenance figure is the rent, upkeep and utilities.

I was also asked about the staffing numbers under the old CAS and under the regionalized system. 1981-

82, the old CAS, 169.3 positions; 1982-83, 174.5; 1983-84, 180.5; 1984-85, 179.5. And then in the shift over into the new agencies which occurred mid-year, the CAS of Winnipeg numbers were added to by the Children's Aid Society of Eastern Manitoba rural staffing, 39.9, plus staff in West Winnipeg who were formally on staff in their department for services delivered directly there, so that total came to 254.9 at the latter part of 1984-85. 1985-86, 293.4, a significant increase there; 1986-87, 295.04; and 1987-88, the same.

**MR. A. BROWN:** Mr. Chairman, last year we received a list of where we had all the payments made to all the Community Social Services, the General Purpose Grants, Child and Family Services, Child and Family Services Institution, Administrative Grants, Community Outreach Grants, Child and Family Services General Purpose. As a matter of fact, this sheet on which you had all the information that you required, I was wondering whether we could have a similar sheet such as that where all your grants are listed, so that we could make a comparison as to what has been happening in the last year.

**HON. M. SMITH:** Mr. Chair, basically that listing was given last year because you didn't have the Supplementary Information, but that information should be available in the Supplementary Information.

**MR. A. BROWN:** Could the Minister tell me which page we should look on in our book?

**HON. M. SMITH:** On page 52 - the general purpose stats, the general grants to the agencies were the figures I read out this afternoon.

**MR. A. BROWN:** Well, I suppose I missed out because I was looking for this type of a report and I suppose that I missed it. In this particular report I notice that you have to turn to various pages in order to get these answers. My concern is on the huge increase that we have seen towards Native agency, supervision fees as per our last information that we received in here, where we go from \$200 million to \$592 million. Can the Minister give me an explanation as to why we have such a huge, huge increase in that particular part, and that's from '85-86 through '86-87?

**HON. M. SMITH:** I wonder if the member would clarify for us what he's comparing. We think he's comparing two different grants in the same year, thinking that they change year over year. Could you just repeat the question?

**MR. A. BROWN:** Okay. I'll read the Child and Family Services, the general purpose grants for the Ma Mawa-Wi-Chi that was \$500,000, what is that \$500,000, that figure? -(Interjection)- Okay, an increase to \$867,000.00. Jewish Child and Family Services remain the same. Health Sciences Centre there was a slight decrease. Rossbrook House, there was a substantial increase, we see double the money; Manitoba Foster Parents Association quite an increase; Manitoba Metis Federation, increase. You have a total increase over there of 1,641.5 million from '85-86 to \$2.2724 million.

That is quite a substantial increase, and I wonder if the Minister can tell me why we have had to have such a huge increase in this one particular year.

And right under that we have Native Agency Supervision Fees, and this is increased from \$200,000 to \$592,000.00.

**HON. M. SMITH:** I think the difficulty has been between what was actually paid out this year, and what was identified last year. There are some open-ended grants where more is paid, based on their volume of service.

What I can give you is the whole external agency package. I can give you the changes year-over-year, that might perhaps get us on - you know, we'd be talking about the same figures.

Overall, there's been an increase to External Agencies of \$2,053,400; that's moving from \$20,750,700 to \$22,804,100; and the breakdown to the Child and Family Services, Admin. and Service Grants - they're the ones I listed this afternoon - a total last year of \$15.04 million to this year \$16.5982 million; Community Outreach Grants, \$610,200 last year; \$628,500 this year. Child Caring Institutions, Admin. and Service Grants, \$2.2352 million last year, \$2.403 million this year.

General Purpose Grants, \$2.2724 million last year, down slightly to \$2.173 million this year; Native Agencies Supervision Fees, \$592,900 last year, to \$1.0014 million this year. And again that increase would be based on the numbers of children that Native Agencies are providing a service for.

**MR. CHAIRMAN:** 4.(b)(1) Child and Family Support: Salaries - the Member for River Heights.

**MRS. S. CARSTAIRS:** Excuse me, Mr. Chairman, just one comment before we pass this.

Although the material that we have been given in the Supplementary Information for Legislative Review is much more detailed than what we got in previous years, the Minister is not correct in her statement that we got more information with regard to agencies. Last year, she passed out a two-page summary in which all the payments to External Agencies were given to us prior to the Estimates beginning. We were given 1985-86 figures and 1986-87 figures, so that we knew exactly what each group was going to get in '85-86 or got in '85 and what it was proposed to give them in '86-87.

This year, we have neither the breakdown per agency nor do we have what is projected to be given to them in '87-88. Therefore, the information in this area is less complete than it was last year.

**HON. M. SMITH:** We have that information and will get it typed up for submission tomorrow. Again, preparation of this material was somewhat in advance of the definition of some of that material.

I do have the information that the Member for River Heights asked about in terms of the Child Abuse Training Workshops that have been held during 1986-87. The directorate during the fiscal year, conducted 57 training workshops. Agencies themselves conducted 35. The University of Manitoba, through extension courses in child abuse, six, and conferences that had a strong child abuse component, provincial or national conferences in Winnipeg and also regional ones, there were four.

**MR. CHAIRMAN:** 4.(b)(2) Other Expenditures—pass; 4.(b)(3) Maintenance of Children—pass; 4.(b)(4) External Agencies—pass;

4.(c)(1) - Seven Oaks Youth Centre: Salaries - the Member for Rhineland.

**MR. A. BROWN:** Can the Minister give me an introduction into this particular area? Can she tell me just exactly what services Seven Oaks Youth Centre is supposed to perform? Maybe she can elaborate on how the performance has been over the last year.

**HON. M. SMITH:** Seven Oaks provides short-term care and shelter for youth who have been determined require a secure setting. Again, I gave this afternoon the variation in the occupancy and also the negotiation procedures that are taking place with the agencies to determine the future of Seven Oaks, whether this type of secure setting needs expanding, whether it needs to be held in a status quo situation, or whether it should be reduced with the resources going to the agencies, to provide for the individual needs in a flexible way in their own areas, either by special foster care parenting, or small scale group homes.

**MR. A. BROWN:** Can the Minister tell me why there is no treatment available at the Seven Oaks Centre? We have received numerous newspaper articles which are highly critical of treatment over at Seven Oaks. It seems to be more or less a holding facility, where very little treatment is being given to the persons who are in that particular facility. Can the Minister explain this?

**HON. M. SMITH:** The young people who are in Seven Oaks are there for relatively short periods of time. They are the responsibility still of the agency that has referred them, and that worker will come in and start the counselling process to determine what permanent placement is appropriate.

The staff at the centre are especially trained in protecting the children against themselves or in case they are violent towards others. That is the meaning of the secure setting. So it's a stabilizing, temporary shelter while their social worker starts to analyze their needs and comes up with a placement.

We have in the new legislation, in the regulations, put expectations on the agencies in terms of the time frame within which they should have permanent planning for young people so that we don't have situations of children being left for lengthy periods in receiving homes or in a Seven Oaks facility. There's never been that type of discipline on the system, but we are introducing it, and we find that the agencies are cooperating. They're now actively searching for alternatives either to Seven Oaks in total or to operating it at the level at which it currently operates.

It accommodates up to 60 children for short-term care and assessment, and I know there was a recommendation in the Child Abuse Review Report that we reduce it in size. Some of the agencies are interested in exploring other alternatives. It's premature for me to indicate which direction we'll go, except I think the consultation and the phase change are the responsible ways to handle Seven Oaks.

**MR. A. BROWN:** Mr. Chairman, we seem to have overcrowding over there at all times. We seem to be

having at least 20 more - sometimes I suppose even more than that - children staying over there who really should be in other areas or whatever.

Does the Minister have any plans on an expansion program for Seven Oaks, or what does she plan to do with the overcrowding that we have consistently at the Seven Oaks Youth Centre?

**HON. M. SMITH:** Mr. Chair, I gave the average occupancy; I gave the rated occupancy. I said it's currently accommodating 60. I explained, I think several times I've explained the process that we're going through to determine the future. Again, the average occupancy has gone month by month from a low of 42.58 average to a high of 56.80. The rated capacity is 60. If the member has a specific article or other questions, if he could be more specific for us, it would help, but I've given you the general overview of the centre, its function, and the way in which we are planning for its future.

**MR. A. BROWN:** I suppose, Mr. Chairman, that we do become concerned when we read newspaper articles of this 11-year-old boy who is placed in the Seven Oaks Centre and was sexually abused, because he had been placed among other youths who were there because of real problems that they had encountered. I'm just wondering, is there any segregation at the present time, or what has the Minister done in order to make certain that we don't have this type of sexual abuse happening to children who are there for no reason other than that there was no other place to place them.

**HON. M. SMITH:** It's very unusual for an under 12 to be in Seven Oaks. It is true in this case, there was an 11-year-old. Every effort is made to protect the children from others and from possible self-abuse. They are broken down into smaller groupings.

Again, behaviour with 60 adolescents is not always fully predictable. It's one of the reasons why we are exploring options of having a different type of a temporary shelter because, when you group large numbers of volatile adolescents together, it's bound to produce a little more risk even if you do have it very well-staffed and operated.

In the case of this particular youngster, the RCMP were called in immediately and appropriate action taken. It's operated in a pretty responsible way again, with probably a collection of some of the most - you know kids when they're in a pretty upset state. By and large, it's had a pretty good record of stabilizing those youngsters and enabling their worker to visit them and look for a more permanent arrangement.

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

**MRS. S. CARSTAIRS:** Mr. Chairman, I was quite surprised when the Minister seemed to imply that the number of placements at Seven Oaks was still resting at 60. It was my understanding that the Seven Oaks Centre itself made an announcement that they would not take in any young people over 45 in number, and limits were placed on the number of Native children that would be taken into the agency at a particular time. Has that directive been changed?

**HON. M. SMITH:** We were concerned because of the use of Seven Oaks. The numbers were climbing and, as I said, I did give the averages. We worked with the agencies and together came up with an agreed-on quota system, really, for agency by agency. Fifty was introduced in January of '87 as the upper limit, because we would like to keep it at 45 as an optimum if it's going to keep functioning in its current form. But again, until the agencies are able to build up alternative placement, we've used some flexibility during the year.

**MRS. S. CARSTAIRS:** Mr. Chairman, I'd like to raise a concern here, because I think it stands out here, and I touched on it before. If we take a look at what we were presented with last year in this particular department under Salaries, we were told there were 48 staffpeople, that the salaries would be \$1.1933 million. Between the time that was debated in the House and an Adjusted Vote was made, the Salaries in fact had climbed to \$1.3112 million. So that is what we see as an Adjusted Vote.

Between 1985-86 and 1986-87, it would appear that the Salaries had gone up by 21.5 percent. In fact, the Salaries went up by 33.5 percent. And now again, we are presented with an increase of \$1.4044 million for '87-88 as the budget figure and the question has to be asked. That is the budget, but are we again going to go some \$120,000 above budget through an Adjusted Vote process somewhere that takes place in between now and goodness knows when, but before we need the next time? What is happening to the Salaries here that they have climbed for 48 persons from \$981,000 in '85-86 to \$1.4 million in '87-88?

**HON. M. SMITH:** The Adjusted Vote is due to some overtime. We have criteria for staffing which enables the centre to either keep people on overtime or take on term time so that we never fall below a certain ratio of staff to children. That's for their protection.

When we plan, we make the best guesstimate we can as to the occupancy level. We had hoped to level off the occupancy at Seven Oaks but, because of the general increase in volume throughout the system and particularly of adolescents who are fairly difficult to handle, at least on first apprehension, we have experienced higher numbers.

The only increase in the year over year has come from a general salary increase, increments and salary adjustments, and again that can vary from year to year depending whether you have people who are at the bottom of the salary level, and whether they are receiving increments. But the pattern that we use is exactly the same as one used throughout the Civil Service. We have in addition put in \$27,000 this year for overtime. We hope that a combination of limiting the total numbers and developing alternative approaches that will be sufficient. But again, if the numbers do go up - if that is the only way to give secure placement for children, we want to ensure that the centre is adequately staffed.

**MRS. S. CARSTAIRS:** The Minister earlier today said that the children who are in Seven Oaks are in fact children who require a secured setting which is what Seven Oaks is, but they are in fact children who have

primarily emotional and adjustment problems and not difficulties with the law.

What process is put into place to make sure that in fact children who are inappropriately placed at Seven Oaks or would be inappropriately placed at Seven Oaks don't end up there?

**HON. M. SMITH:** Part of the process of putting a quota on and trying to control usage of Seven Oaks has been to negotiate with the agencies what is an appropriate use of Seven Oaks. So it's in that working with the agencies and, because it is a centre that serves all of them, so in a sense they all have some stake in its services being used equitably. Now, in fact, some of the agencies who haven't been quite as affected by the huge volume increases have had the time to start developing alternative approaches. That's one where Winnipeg South, in particular, very much favours the professional parenting approach and, as I say, we like the program thrust and are very interested in developing it. It's just a question of negotiating the funding and the phasing-in timetable.

**MRS. S. CARSTAIRS:** But I think the Minister is aware that some agencies have, by necessity, been forced to use Seven Oaks to a much higher degree than other agencies. Certainly North-East Family Services has been one that has had to avail itself. What alternatives have now been made available to them now that they will not be able to access Seven Oaks Youth Centre quite as easily as they were able to before?

**HON. M. SMITH:** In the allocation of resource and in the allocation of any additional resource that comes along, the agencies are prorated in terms of their workload. Those agencies, which have experienced the greatest volume increases and have the greatest workload or staff ratio pressures, are allocated a larger share of the resource.

As the Seven Oaks operation either stabilizes or is phased out, depending on the agency's preference, they will have the resources and will be developing and training their own resources. Now that may take the form of professional parenting; it may take the form of small group homes. There's quite a variation, a special foster placement, quite a variation that's available to them.

But the question, if the resources which they now access by putting young people in Seven Oaks and then we pay the bill, if we make those resources available to the agency, as I say, we are willing to do that when we can get an agreed-on formula to share the resources among the agencies.

Some of them are dragging their heels a little in assuming that responsibility, partly for the reason that we've been stating all along for not moving too quickly, that if we devolve resources too rapidly and the volumes haven't levelled off, they may find themselves more strapped than they currently are where they have a little bit of an escape valve on the Child Maintenance budget and the use of Seven Oaks.

**MRS. S. CARSTAIRS:** Just a final question, and I know the Minister has touched on it before, but I think it's such a critical issue that I think we have to put it in the clearest possible terms.



Can the Minister guarantee to this House that no child who has been sexually or physically molested, something which has nothing to do with their emotional imbalance and certainly nothing to do with their criminal behaviour, would ever end up in the Seven Oaks Youth Centre?

**HON. M. SMITH:** I would remind the member that Seven Oaks is a shelter and a place where children are protected, should they need that protection either against their own upset or against their lashing out against other people.

Now, child abuse cases present a variety of symptoms and needs. It's up to the agencies to sort out, to seek out an appropriate setting if indeed the child has to be removed from their home. So I can't give that type of total guarantee other than to say that we hold the agencies accountable for seeking out appropriate placement.

**MRS. S. CARSTAIRS:** Well, Mr. Chairman, what we have is a situation in which a child is placed - and it has happened - in a custodial centre when that child does not need to be in custody. It's all very well to hold the agency responsible, but if the agency has no other place to place that child, that child gets placed in Seven Oaks and we need some leadership here. We need to have the department say, Seven Oaks cannot be used for a child that does not require custody.

**HON. M. SMITH:** Mr. Chair, I think we're getting confused in the terms of custody, which is usually the term used over on the Corrections side when a child has come afoul of the law. Over on the Child Welfare side, our obligation is to provide protection for children who are neglected or abused.

Now, I did indicate earlier today that there is debate in the field as to whether you should ever hold a child in need of protection, who has not committed any offence against the law, in a closed setting. There are some provinces who think you shouldn't. There are different practices across the country.

In Manitoba, we still have that setting, and that is Seven Oaks. We are actively working with the agencies, and negotiating the future. I think what we all want is to define the appropriate blend of support and protection. I think it would be irresponsible of us to remove a Seven Oaks facility that's played a role in the network of services, prematurely.

If that is what the agencies want, and they want those alternative resources, they will have an increased range of choices that they can develop themselves. They currently do have other options. I don't know quite - you can say they don't have options, but in fact the agencies do have at their disposal a range of options, all the way from placing parent aides in a home or homemakers, protective persons, placing the child in temporary foster care, with or without extra support, small scale group homes. They do have a variety of resources. We're working with them to try to ensure, through the workload study and all, that they have adequate resources.

But Seven Oaks is only one of the available options to them. As I say, we're committed to an orderly review, and in changes and devolution of those resources if

the agencies really feel that they can provide adequate, the sort of protection and cooling down, as it were, stabilizing period, for the children who may be abusive to themselves or to others, in an alternate way.

**MRS. S. CARSTAIRS:** Mr. Chairman, I'm sure that the Minister in her former life, so to speak, dealt with children who were physically and sexually abused. Certainly when I dealt with those children, one of the greatest difficulties that I confronted was having them tell that they had been sexually abused, because of what would happen to them as a result. They become the victim twice over, once, when they have been victimized in a sexual abuse and, secondly, when they're placed in an inappropriate setting.

Seven Oaks, which is a closed custody setting, is an entirely inappropriate setting for a child who has been molested sexually or physically. There is no justification for that child being put in that kind of a setting. If that is going to be an option open to agencies, then we are going to have children who have been sexually abused not admit that they have been sexually abused.

**HON. M. SMITH:** Again, the need of the child is partly tied to the fact that they may have been a victim of abuse, but it's also tied to what their current mood or behaviour is. Some children in a disturbed state will hurt themselves, will be suicidal; some children will be so disturbed that they will attack other children, and other adults for that matter. Seven Oaks has been used for the disturbed child as a temporary holding place. It's not regularly used for child-abuse victims, but it may in particular circumstances, and again I think the emphasis has to be on the assessment of the needs of a particular child at a particular point in time and the resources that are available. If a foster home placement or something of that sort is developed, there must be adequate support so that, if a child is acting out or self-abusive, they can in fact be managed appropriately. Until we have that assurance, there is a place for Seven Oaks in the continuum of services available.

Now we've committed to working carefully with the agencies to review that, but I guess we don't differentiate fully children who - there are many children who are in need of protection because of neglect or abuse who may not be victims of the usual physical abuse or sexual abuse as we now talk of it. There are a wide range of issues, all of which may be traumatizing for the child. So I think we're trying to take a special case and say that this type of treatment is never appropriate.

I might agree that it's rarely appropriate, that some other more nurturing, protective environment might be preferable, but I'm not willing to say it's always preferable to use another alternative.

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

**MR. A. BROWN:** Mr. Chairman, we are into an area over here where things that are going on over there, I believe, are intolerable. We are placing children in holdings where they ought not to be. An article in the paper recently, as recently as May 11 made mention of this, where one of the lawyers with Legal Aid cited

some of the cases which he had encountered, where children were placed in hotel rooms because there was nowhere else for them to go.

Some of them were placed in the Youth Centre and left there for quite a long period of time before they finally received any attention whatsoever. This particular Legal Aid lawyer said that some of these children who needed emotional and psychological counselling often ran away and they would end up on Main Street and become involved in drugs and prostitution. Now these children are as young as 13 years of age, and I believe that this is a very serious concern or it ought to be a very serious concern to all of us because we do not have proper placement for children such as this.

It's indeed a sad commentary, this particular article, when all the people from the various agencies, Marymount, Child and Family Services Department say that they can't do anything with it. The Executive Director of the North-West Child and Family Services Agency says they have a problem, and over here they do say that every once in awhile that, if they are lucky, they can find placement at Seven Oaks Centre. Yet again they do say that Seven Oaks is a holding facility and the kids don't get any treatment in that particular place.

Mr. Chairman, this is something that this Minister has to do something about immediately. There is no way, no way that this ought to be tolerated any longer and the Minister will have to take action to make certain that there is placement for these children because that ought to be the No. 1 priority in her department.

**HON. M. SMITH:** Once again, I would remind the member that, when he's dealing with Corrections issues, there's a certain act that we operate under and that's The Young Offenders Act. It was introduced by the Member for River Heights' party when they were in the last days of their Federal Government. It is now being reviewed and under the jurisdiction of the Federal Conservative Party and again, if there are concerns about that act that the member has, I wish he would communicate them to his counterpart in Ottawa, because we too have concerns about the very large increase that we're getting in both open and secure custody.

Now, it's true that there's some young people who have both child and family welfare needs and involvements and young offenders. Generally they're handled by different systems. It's only when you get a youngster who may be in for protection of themselves and then find that they also have some entanglement with the law, but in general the two systems operate separately. The Youth Centre is the correctional facility where they are either kept in remand or for a sentence and then we also have an open custody system in connection with that. Seven Oaks is on the child welfare system, again to deal with youngsters who may be acting out, hurting themselves or others.

Now, historically, that's how the system has functioned. We have said that we do not agree that large numbers of volatile adolescents are necessarily well served to be all in together in one institution, no matter how much they try to segregate them and provide appropriate treatment. But for us to close Seven Oaks or to double its size overnight, would not be

responsible. We have to deal with the change in that piece of the overall Child and Family Services treatment slowly and cooperatively with the agencies. In five years time, there may be no Seven Oaks Centre or there may be one much smaller that's operating because everyone agrees that there's a certain number of cases that they think still benefit from that temporary stay in a closed setting.

That's what we want to work out with the agencies but we want to deal with them because they are the ones in the front line who have to determine the mix of cases they are getting and the experience they're having with the alternatives. If a better alternative to temporary care and shelter than Seven Oaks can be found, we will agree, but we believe we have to maintain that centre and operate it to the best of our ability as we're carrying through those negotiations.

It is true that, if you put together youngsters from all over the city or the province in a congregate setting and ostensibly you have them there to protect them, it is true that many of the youngsters learn a great deal from one another that is not necessarily what you would want them to learn. There are street-wise kids, there are kids who are of different ages, different levels of maturity, and I think in time we are going to find that a more personalized setting is better for all concerned.

But we cannot just ignore the Seven Oaks situation until we get to that new place, and again it may take some time for the agencies to want to give up on that piece of the service continuing. We are not prejudging it. We're saying if they see it as an appropriate part of the total, we will keep it operating there for the time being. We will keep reviewing the situation as to whether there is a need for a closed facility. As I repeat, some other provinces have either never had them, so they haven't had to face the issue, or have been phasing them out. We're taking a fairly moderate and slow approach to the issue.

**MR. A. BROWN:** Mr. Chairman, I wonder sometimes whether the Minister knows what we are talking about.

We are not talking about people who have committed crimes. The Young Offenders Act does not come into consideration. These people or these children have not committed crimes. We're talking about children who, for some reason or other - let's say that both their parents were killed in an accident and they needed placement, they needed some place where they could stay for awhile. As a result of there being absolutely no place for them to be placed, they would be placed either at Seven Oaks or at the Youth Centre or wherever because we don't have any other facilities. That is what we're concerned about.

We are not concerned about the children in this particular stage of the Minister's department who have committed crimes. We're concerned about those children who have not committed crimes, who are innocent children, who are placed in holding facilities for criminals. That is what we are concerned about.

**HON. M. SMITH:** I think the article that the member is referring to, they're inferring that some child who has come afool of The Young Offenders Act is inappropriately placed in the Youth Centre, because they are not alternate facilities. Now there they're

dealing with a young person who is in the Young Offenders system.

The social workers who are tied in with Child and Family Services, their job is to provide protective options for the young people who are in need of protection. Now it may be that there are a few young people who cross over. Usually, though, when there is an offence against the law, if the young person is let out on bail with their parents, now it sounds like the lawyer is inferring that there are no parents or guardians involved, and therefore we have a homeless young person with no alternative, and I again . . .

**MR. A. BROWN:** That's quite right, and they would be placed in those facilities.

**HON. M. SMITH:** Well again, I would ask the member not to assume that the opinion according to one Legal Aid lawyer is necessarily the whole or the full truth of the matter. Again, if he is asking me, have we instances on the Young Offenders side where people are in a sense kept in a remand situation because their guardian is not able to provide for them, I will look into that and see if the difficulty lies with the agencies or whether it's a poverty issue or whatever. Again, I will look into that. But I think, for general purposes, the Seven Oaks and the Youth Centre are used for different purposes, although there may be some youngsters who, over time, will come into contact with both centres.

**MR. CHAIRMAN:** 4.(c)(1) Seven Oaks Youth Centre: Salaries—pass; 4.(c)(2) Other Expenditures—pass.

4.(d)(1) Child Day Care: Salaries . . .

**MR. G. MERCIER:** Skip (d) and (e) for now.

**MR. CHAIRMAN:** Skipping (d) and (e), I'm calling 4.(f)(1) Children's Special Services: Salaries; 4.(f)(2) Other Expenditures; 4.(f)(3) Financial Assistance and External Agencies - the Honourable Member for St. Norbert.

**MR. G. MERCIER:** Thank you, Mr. Chairman. I have a question for the Minister.

These very important programs or very helpful programs are carried out through this section to parents of special needs children, Mr. Chairman, but we have a real lack of information here. We have a very large amount of money.

Could the Minister provide us now with a detailed breakdown of how this \$13.6 million will be spent, forgetting for a moment the Salaries and Other Expenditures? How is this \$13.6 million broken down into programs and what sorts of programs are they?

I would think we should have a couple of sheets of paper with that detailed breakdown provided to us.

**HON. M. SMITH:** Mr. Chair, I remind members that this is the section that includes the St. Amant institution. It's the developmental services.

**MR. G. MERCIER:** What amount was the St. Amant Centre?

**HON. M. SMITH:** It's close to \$11 million.—(Interjection)—Perhaps if I go through it in some . . .

**MR. CHAIRMAN:** We'd better put it in proper perspective because the recorders are not working, might not be working.

If there's a question, I will recognize the honourable member.

**HON. M. SMITH:** There are general program direction standards and evaluation for services to mentally handicapped children and their families. Services are delivered by the regional operations.

There's approximately \$11 million that goes to St. Amant. Over \$2 million is accounted for through these programs: Therapy Contract, \$200,000 - this is where therapy services can be delivered in the community or in the family home; Additional Care, \$400,000; Northern Rural Remote Services, \$75,000; Family Support, the first allocation, \$812,000; and a general contingency. So those are the general areas.

I can give you the year-over-year changes if you want. That's basically the breakdown of the budget, but I can give you the year-over-year changes if you like.

A salary increase of \$20,100 due to a transfer-in of one SY; an operating increase - \$86,500 was increased to \$89,700 due to transfer of operating funds to support one new SY; and an increase of \$890,600 made up as follows: \$881,400 transferred from Community Social Services for the respite and children's portion of Welcome Home. We were delivering the children and the adult Welcome Home services over on the Community Social Services, but we've shifted them over to this Children's Special Services area in a desire to offer services to disabled children and their families in a generic way. We don't get so hung up on whether they're mentally handicapped or a mental illness or a physical disability. We try to assess what the need is and then provide the support.

And there was \$9,200 transferred from Community Social Services programs for the Children's Rehabilitation Centre.

**MR. G. MERCIER:** Mr. Chairman, could the Minister indicate what type of therapy services are provided?

**HON. M. SMITH:** The mobile therapy service has been operating primarily in the North. We hope to expand it gradually. It's been offering physio and occupational therapy to children in their own homes. Overall, we're using the monies so that children can be supported in their own homes to the greatest extent possible. There's respite care, child development consultations, transportation for special programming and special supplies such as oversized diapers and that type of thing.

**MR. G. MERCIER:** Within the City of Winnipeg boundaries, are these therapy and family support programs provided through the agency, and then is this budget mainly a budget that deals outside of the City of Winnipeg, setting aside the money for St. Amant?

**HON. M. SMITH:** The mobile therapy is just in identified regions where there's a special need. In the city, in Winnipeg, there are a variety of institutions that are providing services: The Society for Manitobans with Disabilities Inc., the Children's Rehabilitation Centre,

and the Winnipeg regional staff also provides some of the service.

**MR. G. MERCIER:** Mr. Chairman, can the Minister advise whether her department in this area, or perhaps in any other budgetary area, provides assistance in the educational program; that is assistance to a disabled child to attend school?

**HON. M. SMITH:** We do have supports available in day care and, if there's a community-based nursery program, we would provide some support. When the child comes to school age, the supports are provided through the school system.

**MR. G. MERCIER:** So once a person or once a child is past that stage, like, I take it, into kindergarten, Community Services supplies no financial assistance of any kind or support of any kind in helping a disabled child attending school?

**HON. M. SMITH:** There would still be the availability of respite service, child development services, transportation supports and supplies, so in a sense we look after the home portion; but the day in school and the appropriate programming there is provided through the education system and their system of special grants plus local school division monies.

**MR. G. MERCIER:** Apart from setting aside St. Amant, how many children receive services under this budget allocation in the last fiscal year? Perhaps I could add, at what estimated cost per child?

**HON. M. SMITH:** There are in total 1,100 children receiving service through these programs, but some of the monies would show up under the Regional Operations of the Community Social Services in the non-Winnipeg area. This particular budget item though is the 811,000.00.

So, again, I don't know if we have a breakdown within that. We're estimating that approximately \$1,500 per child per year is being spent overall, so per diem would be down at \$5 or under.

**MR. G. MERCIER:** Mr. Chairman, what does the department pay to provide respite care? What do they pay to a worker to move into a home to look after a disabled child while his or her parents or foster parents get a bit of a rest?

**HON. M. SMITH:** We're using the same rates as the Department of Health homemakers for in-home respite. There's also respite available in some of the group homes and in some of the institutions. But the hourly rates, minimum wage for 18 years and over is \$4.30; under 18, \$3.85. Home Support Worker I, \$5.78-\$5.99, they have two increments; Home Support Worker II goes from \$6.14 to \$6.60; Home Care Attendant I from \$6.61 to \$7.13; Home Care Attendant II from \$7.92 to \$8.53. A 12-hour rate is \$60.20, and a 24-hour rate \$86.00.

**MR. G. MERCIER:** Would respite care be supplied to a foster parent of a disabled child?

**HON. M. SMITH:** Yes.

**MR. G. MERCIER:** Mr. Chairman, does the Minister not then acknowledge that there is quite a disparity between what the department is prepared to pay a respite worker and what they pay a foster parent? Could she explain why there's a difference?

**HON. M. SMITH:** I discussed this earlier today, talking about the whole role of the family. Traditionally, mom did it at home for free and father was the breadwinner. Now we're moving some of the functions of the home into the funding and wage-work area. By the same token, foster care was originally something one did for love and received some out-of-pocket monies.

As we've been working with the foster parents, we've been gradually raising the per diems for foster care, but we've also developed a huge range of specialized foster placements. The per diems there have a very wide range for special-needs children. In fact, most of the development in the child maintenance budget has come in this specialized foster care. So over time, the foster care system will evolve. The floor level will go up and then the range of special foster placements will continue to diversify.

There are some inequities, and I suppose the only way one can justify any of these or approach them is to acknowledge they're there and gradually close the gap over time. It's a lot akin to the traditional undervaluing of work that women did for free, whether it was care of the elderly or care of the children or care of the disabled.

It used to be performed by the family at home for free. Now we're moving more of it into the public domain and, over time, I hope that all these payment levels will achieve greater equity, but our approach has been to take each one and gradually diversify it but also move it up.

**MR. G. MERCIER:** The Supplementary Information on page 69 indicates that the expected results are expected to include a reduction into admissions to out-of-home care, reduction of children in institutions, increases in numbers of children leaving institutions, increases in children returning home. Can the Minister indicate whether there's been any evaluation of the programs offered to date? Can she indicate whether these expected results have been attained?

**HON. M. SMITH:** Mr. Chair, we are making progress on each of these. Again, the goal is to have a greater balance between supports and services available in the community with those in institutional setting because, historically, the resources tended to be nothing while you had your youngster at home and everything in the institutions. So we're trying to build in greater balance.

We have in fact had a reduction in the number of young children moving into institutions. Again, we're watching closely because, as medical science improves, they're also keeping more multiply disabled children alive. We want to try to be sure that we're watching both trends and, again, a child is not kept at home or moved out of an institution unless there is an equal or better program. So we're watching that one very carefully.

There has been a reduction of children in the institutions. We should, within the year, see no children under 18 at MDC. I have actually some numbers. This is province-wide. Fifteen children have in fact been moved out of institutions and there are plans for another 9 to be moved out. So the children in some cases are returning to their own home with supports. In other cases they're going to a foster home, and there's one interesting case in Parklands where we have three children, all of whom have disabilities that their parents couldn't manage alone. I'm not sure if any of them have been in institutions as they've been growing up - yes, some of them have, but they've been relocated in their town close to their family and community with live-in parents, and their own parents provide respite support for those parents and also keep the children involved in family and community life. The children go to the local school and so on. That particular example is being very well received. I've had a very enthusiastic letter from one set of parents describing what it's meant to their child and their personal relationships with the child.

So we're trying to be fairly flexible, realizing that if you can keep a child close to the family and community they both gain, if you can do it at an early stage rather than have a separation and then a return. And that overall, it also reduces the need to expand institutions, which are the most costly and not necessarily the best qualitative sort of care. So it's quite an exciting part of the program.

I think things like the mobile therapy too, we said well, how can they get the services that they used to

have to stay in an institution to receive and then, unless their parent could also acquire the skill, they'd go back home and they would not have it anymore. With the mobile therapy, the experts go out to the field, spend some special time with the child, work with their parents and any other caretakers or day care workers, and pass on the skill so that they can maintain the therapy. Then the mobile team would leave and return in short order and check out and see how things are going and plan the next series of activities. By using a variety of flexible techniques, we're really discovering that a lot more can be done in the community than had originally been thought.

**MR. CHAIRMAN:** 4.(f)(1) Children Special Services: Salaries—pass; 4.(f)(2) Other Expenditures—pass; 4.(f)(3) Financial Assistance and External Agencies—pass.

**MR. A. BROWN:** I move committee rise.

**MR. DEPUTY CHAIRMAN, D. Scott:** Committee rise.  
Call in the Speaker.

### IN SESSION

**MR. DEPUTY SPEAKER, C. Santos:** The hour being after 10:00 p.m., this House is now adjourned and stands adjourned until 1:30 p.m. tomorrow. (Wednesday)