



Third Session - Thirty-Fifth Legislature  
of the  
**Legislative Assembly of Manitoba**

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**DEBATES  
and  
PROCEEDINGS  
(HANSARD)**

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39-40 Elizabeth II

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Fifth Legislature**

**Members, Constituencies and Political Affiliation**

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<b>NAME</b>	<b>CONSTITUENCY</b>	<b>PARTY</b>
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP

## LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, June 16, 1992

The House met at 7 p.m.

### COMMITTEE OF SUPPLY (Concurrent Sections)

#### DECENTRALIZATION

**The Acting Deputy Chairperson (Mr. Jack Penner):** Would the committee please come to order. We are now commencing consideration of Estimates for Rural Development, Decentralization. Would the minister have an opening statement?

**Hon. Leonard Derkach (Minister responsible for Decentralization):** Yes, I do, Mr. Acting Deputy Chairperson. I have a short statement to make. May I proceed?

**The Acting Deputy Chairperson (Mr. Penner):** Proceed, please.

**Mr. Derkach:** Thank you very much. I am pleased to present the Estimates for Decentralization for review. As the members of the committee know, this has been a part of the Rural Development portfolio that I assumed early in the new year. Since that time, we have embarked on several initiatives. We have had several official openings of offices that have been decentralized, and in a general tone, I might say, the entire experience has been a very positive one.

Members of the committee will know that the decentralization initiative was announced in March of 1990, and it basically had three objectives. First, it was to provide for an economic boost to rural communities and to bring services closer to the people who lived outside of the city. Secondly, the employees affected by decentralization would be treated in a fair and compassionate manner, and thirdly, decentralization would be carried out in an efficient and economic manner on behalf of the taxpayers of the province.

As I said, Mr. Acting Deputy Chairperson and members of the committee, decentralization has been a total success to this point in time. To date we have decentralized 539 positions, including 104 Crown positions. There are another 47 positions, where building contracts have been awarded, and these positions will be in place in the near future. As

well, 134 positions are currently in the process or in progress and will be relocated to rural Manitoba.

In total this brings the number to 720 and clearly shows that decentralization has given rural Manitoba a boost and brought services closer to the people of those communities. The total number of positions that have been decentralized is greater than the number of positions originally announced in March of 1990.

The Decentralization Committee has been diligently working with all departments of government and Crown corporations to identify programs that can be decentralized in accordance with the stated objectives, but none of this goes without some repercussions in terms of the effect it has on people and their lives.

To date we have had seven layoffs as a result of decentralization. Of the 211 employees who decided not to relocate, 165 have been redeployed to suitable positions within government, which represents about a 78 percent success rate.

Of the 65 employees yet to be redeployed, 46 are not scheduled to relocate until 1993, and the other 19 have not declared their intentions. I might also say that we have had some very positive feedback, or I should say that staff in the department have had some very positive feedback from employees who have decided to decentralize.

\* (1905)

I might tell you that from anecdotes that have been received, certainly there is a very positive attitude about people who have decentralized to rural Manitoba and the surroundings that they find themselves in. As a matter of fact, we now have people from the Civil Service who are calling the decentralization office and asking about opportunities to decentralize. Certainly, this was not viewed as the case when we started decentralization, and indeed, I have to tell you that the opposition made a great deal of kaffuffle about the fact that we were going to be playing with people's lives, and that indeed decentralization was not going to work and that it would not be supported.

Mr. Acting Deputy Chairperson, I have to tell you that it has been an extreme and an extraordinary success story in our province. I think that the credit has to go to the people who have worked so hard to make this come about, and there have been roadblocks put in place, and those have been surpassed in a very positive way.

On another positive note, the decentralization initiative has been carried out in a very economic and efficient manner. The total projected cost for decentralization, as members will recall, was targeted at about \$10 million. To date, the total cost associated with decentralization is \$1.283 million in 1991 and \$1.314 million in 1991-92, for a total cost of \$2.598 million. This is substantially less than what was projected in the beginning.

In a nutshell, I have to tell you that decentralization has been a major success. The initiative that the government and the people have undertaken has indeed worked for the benefit of many Manitobans, indeed, most importantly, for those rural communities that have seen a very positive stimulus in terms of how the economy of their own local communities has been affected.

Mr. Acting Deputy Chairperson, those are just a few of the opening remarks that I thought were important to place on the record. We are still continuing our work on decentralization and are pushing forward with as many of the projects as we can. I will not say that we have completed our responsibilities. As a matter of fact, it is an ongoing process. As indicated, we had identified about 650 positions for decentralization. We now have 720.

I am hopeful that in the near future, communities that may not have had the benefit of decentralization will receive that benefit as well. So with that, I have concluded my remarks. Thank you.

**The Acting Deputy Chairperson (Mr. Penner):** Thank you very much. Would the critic for the official opposition have a remark?

**Ms. Rosann Wowchuk (Swan River):** Mr. Acting Deputy Chairperson, the Minister of Rural Development (Mr. Derkach) has just indicated that the decentralization program appears to be quite successful. As a rural Manitoban, I am pleased to see that there are jobs going to rural Manitoba. As a rural Manitoban, I want to see services brought closer to the people and have services there.

The minister had said that opposition members were skeptical and people who were involved in the

move were skeptical as well. Of course, I think the minister would understand that if he was being asked to move to a new place where he had not lived before and was not sure what was going to be happening, there was bound to be some skepticism on the part of the employees who were being transferred out.

I am pleased that it has worked so well, and that those people who have taken those jobs are settling into the rural community and accepting the rural way of life because those of us who live there know that it is a quality of life there that more people should be able to enjoy.

\* (1910)

As for myself and members of our caucus, we were skeptical. I never at any point said we did not support decentralization, but we were concerned about the way it was handled and the fact that there was a bit of politics being played with it coming before an election.

One of the concerns we do have is that some of the jobs did not work out. In particular, the ones that come to mind are the jobs to Dauphin that we have discussed many times. There were many jobs promised there, and that has not worked out. As we get a little further into questioning, perhaps we can talk a little bit more about that part of it, but I am pleased that services are coming closer to the community, and I guess when we get into the questioning, I would like to ask the minister about some of the things that have been raised by people in the communities.

For example, are the jobs that are moved from one rural community to another rural community counted as decentralization jobs? There were jobs that went from Dauphin, I believe, to Minnedosa, some water resources jobs. I would want to know whether those were counted as decentralization jobs because if they were, then in reality that is not decentralization. That is moving jobs from one community to another community that are already there.

The economics of it as well, we have a few questions in that area that we will raise as we get into the questioning, and I guess whether there are concerns from any particular people who had great difficulty with the moves and how those people were treated. That would be one of the concerns I have, and some of the cost efficiencies that have happened, and we would want a little bit of detail on

the actual costs and who is picking up some of the costs, whether they are within departments, or who is having to pick up some of the things.

In reality, we are pleased that decentralization has gone as well as it has. The one disappointment I do have in the program is that it is not reaching all parts of the province. There seem to be targeted areas. It was our hope that when decentralization was being looked at, the government would look at areas of very high unemployment where there was need to stimulate the economy and need for job creation, and it appears that many of the jobs that have been decentralized have gone to areas that do not have nearly the rate of unemployment as some of the other areas in the province.

So I guess I would also like to ask the minister as we get into it if there is any consideration being given at the present time or in the future to carry on further with decentralization. Are there other departments that the government is looking at to take services out of the city and closer into the community, and if that is the case, what areas of the province would you be looking at to take these services out?

I will close my comments with that and let the other critic make his comments, and then perhaps we can ask some questions.

**The Acting Deputy Chairperson (Mr. Penner):** Thank you very much. Would the member of the third opposition have a statement?

**Mr. Kevin Lamoureux (Inkster):** I am not too sure if I am going to give the type of qualified support that was received from the official opposition, to the degree it was given. I think that the minister, when he originally set out the three things that the government was trying to achieve when it came up with the decentralization plan—they are somewhat admirable, but I would question whether or not the government in fact has achieved it.

He made reference in terms of the economic boost, and we had argued back when the government had announced the plan that, yes, there would be some economic boost. Whether it was maximum economic boost is something that we would question. If you start transferring individuals from the city of Winnipeg into rural Manitoba, are they in fact moving out to the rural communities or are they commuting?

Those were some of the concerns that we had raised when the government had made the announcement. The government talked in terms of

treating the employees well. That was another objective. I think that most are quite familiar with it. Well, the government has not necessarily treated all individuals well. When the announcement was made, I understand it was in Brandon in the late fall or winter, when the Premier (Mr. Filmon) was making an announcement, I know our Leader of the Liberal Party (Mrs. Carstairs) said that she was concerned at the manner in which the Premier would get up on a platform and say that we are going to decentralize these hundreds of positions without consulting with the Civil Service, in particular the MGEA.

\* (1915)

Mr. Acting Deputy Chairperson, I know that I had conversations with some of my own constituents which this decentralization plan had an impact on. With one individual who was married, her husband was working within the city in one of the canning manufacturers and felt that now the choice that they had is either to accept the position, to go out, or to take some sort of redeployment program if it was going to be made available.

The minister should be well aware of the fact that the government was very reluctant at the beginning in terms of giving any sort of assurances to individuals, because this was something that we had raised shortly after the announcement was made. The manner in which the then-minister, in particular the Premier (Mr. Filmon), responded to those questions did not give assurances that if people did not accept the post they were being given, that they would have a job at the end of it.

So I look at where I have had at least two calls from individuals from within my own riding where the individuals were very concerned that they were being forced to move out, pull up their families from school. In this one particular case, the spouse would have to quit work and so forth.

Then the government talks about doing it in as efficient a manner as possible. Well, I would be interested in finding out how efficient the government really has been in doing this in terms of the leasing, in terms of the time period. The government had made a commitment, and we will try to get, again, what that commitment was in terms of when these numbers of positions were going to be put out, what type of a time frame and so forth and some of the costs the government might be

incurring that they did not plan on, for example, in terms of the construction or the leasing and so forth.

**Mr. Acting Deputy Chairperson,** it goes without saying that every member of the Chamber, I believe, wants rural Manitoba to succeed and to grow, just like I am sure every rural Manitoban would like to see the city of Winnipeg prosper. What is important to us is that when the government makes a commitment to do something, that there are winners on all sides. The manner in which the government had initially introduced the decentralization plan, there were not too many winners.

I had heard of complaints not only from the people living in Winnipeg, but also rural communities, rural communities that felt, well, why do we not get some of these positions? Why is it that they are getting them over here, and so forth. There was a significant lack of communication from the government with the different municipalities, with the city, the MGEA and so forth, **Mr. Acting Deputy Chairperson.**

So I am somewhat hopeful to clarify some of the comments that I have put on the record in hopes that the minister would be able to address them, even though I know he was not the minister when it was initially implemented, and we will have a number of questions as to what the current status is.

Having said that, **Mr. Acting Deputy Chairperson,** once again, to conclude, I would say that we are in favour, as an opposition party, of the decentralization because we feel that it is something that government can do to give the rural community the boost that is in fact necessary, warranted and well deserved. Having said that, we will go into questions.

\* (1920)

**The Acting Deputy Chairperson (Mr. Penner):** Thank you very much. I understand the minister might want to introduce his staff.

**Mr. Derkach:** Yes, thank you, **Mr. Acting Deputy Chairperson.** I would like to introduce staff to the members of the committee: first of all, our new Deputy Minister of Rural Development, **Mr. Winston Hodgins;** **Mr. Syd Reimer,** who is the director of decentralization or the decentralization co-ordinator with the Department of Rural Development. Sitting at our table behind us, we have **Mr. Don McIntosh,** who is the director of personnel, who is employed with the Department of Highways. We also have **Mr. Ron Sidoryk** here, who is the acting director of

leasing contracts and expenditure controls and was the project manager for the Department of Government Services.

**The Acting Deputy Chairperson (Mr. Penner):** Thank you. Are there questions?

**Ms. Wowchuk:** Yes, I have several questions to ask, but I wanted to assure the Liberal critic that we also have made statements about the decentralization program that we have had concerns about. That is behind us now; we are trying to look more forward and trying to get more information today as to where we are going. I just want him to be assured that we have also had those concerns about how people were being treated and in fact have indicated that we will be asking some of those questions.

I want to ask the minister; he has indicated that there are 539 positions that have been decentralized and 134 to go. I want to ask if we can be provided with a list—rather than going community by community, whether we can have a breakdown list—of where jobs have gone and each community that has received jobs, and which department they are with?

**Mr. Derkach:** I would like to provide the member with a copy of the decentralized positions. However, I do not have copies with me, but I can make them available for the member and would be happy to do so.

**Ms. Wowchuk:** That is fine.

**Mr. Lamoureux:** **Mr. Acting Deputy Chairperson,** and for the minister, because of the limited time that we might have for this particular department, I am wondering, if there is information that is going to be provided for one opposition member, would it be given to both opposition members, so it prevents me from having to ask the same question.

**Mr. Derkach:** Of course, **Mr. Acting Deputy Chairperson,** when I said that we provide the information, it is to all members of the committee if they so wish the information. It is certainly to both opposition parties. [Interjection] Yes, absolutely. It is understood.

**Mr. Gregory Dewar (Selkirk):** I just want to ask the minister how many positions are being decentralized to Selkirk.

**Mr. Derkach:** We have complete and in place to date, in Selkirk, 11 positions, that have been decentralized to Selkirk: one from Agriculture; four

from Government Services; five from Highways; one from Rural Development.

**Mr. Dewar:** I remember, when I asked you this question in Question Period, you came back with 41.

**Mr. Derkach:** Forty-one? No. Either my hearing was wrong or yours was, because I do not know of any community that has received 41 positions in rural Manitoba, outside of the major centres, but if I said 41, that was clearly an error. I think I even indicated which departments staff were coming from when I responded, but certainly that can be researched in Hansard. If there is a mistake, I will correct that.

\* (1925)

**Mr. Dewar:** Well, I will be anxious to look. I am certain that is what you told me at the time. Are there any more being planned to move there?

**Mr. Derkach:** At the present time, staff are looking at other potential candidates that can be relocated to Selkirk. I can identify nine potentials, but that again is just a ballpark figure and it could involve more.

Mr. Acting Deputy Chairperson, all of this is still being worked on, and there are no definite conclusions reached on the further numbers who will be decentralized.

**Ms. Wowchuk:** Can the minister tell us, is there a cost analysis done of each department that has been decentralized?

**Mr. Derkach:** I hate to interrupt but, Mr. Acting Deputy Chairperson, I know where the 41 came from. If the member for Selkirk (Mr. Dewar) could re-enter, I would certainly clarify it for him.

Well, Mr. Acting Deputy Chairperson, 11 Civil Service positions have been decentralized to Selkirk, that is true, but there have been 15 positions in Hydro, which is a Crown corporation, and also 15 from the Manitoba Telephone System which in total brings the grand total to 41.

**Ms. Wowchuk:** Thank you, and I will relay that message to the member for Selkirk.

Mr. Acting Deputy Chairperson, I want to ask the minister, with each of the positions that have been decentralized, has a cost analysis been done? For example, can you tell us the cost in each area to set up an office? Is there a sheet that you can provide us? Can you provide us with information on what each of these decentralization projects cost and if it is possible to provide us with that information?

**Mr. Derkach:** Mr. Acting Deputy Chairperson, we had projected the cost of decentralization at \$10 million when the announcement was made. To this point in time, about a third of that has been spent, if not less. When we calculate the leasing costs that were paid in the city as compared to what is being paid in the rural areas, there is a reduction there of about 30 percent or so, but it varies from community to community.

This is a very complicated process because sometimes when we vacate space in the city, another department may take that over, or in fact, because of the lease arrangements that we have with the particular landlord, it may require that we have to pay the lease costs for a period of time before we get out of the lease. So we do not have actual costs and the savings associated with the moves in each and every case.

However, presently, as we conclude this phase of decentralization, we will be putting those figures together, so that there will be some comparisons made of the costs of leasing in the rural areas compared to the city; also, what the actual savings may have been to government, if any, for decentralizing.

Now, it has to be understood that there is a certain cost associated with a move. In my former department, that of Education, we had decentralized a fair number of positions, and a lot of those costs were fairly substantive because it means that in some rural communities, you have to hook up things like dedicated lines. There could be relocation costs associated with moving the families or the people who are moving out to the rural areas, but all of that will be tabulated in the end, and we will have those figures finalized. We do not have that at this point in time.

\* (1930)

**Ms. Wowchuk:** Are departments doing any tracking of costs versus what they were with those positions in the city versus what they are now?—and I think particularly of telephone costs, travel costs. Are those increasing? Is each department doing the tracking on that?

**Mr. Derkach:** Mr. Acting Deputy Chairperson, we do not have that information here today, but that is still being worked on because the process of decentralization is not complete. But departments do track their incremental costs, if you like, to ensure that we will know in the end what the net savings or

costs were in each category and for each department, but again, that information has not been compiled in total, so I cannot give you that figure right now.

**Ms. Wowchuk:** I did not expect the information tonight. I just wanted to know whether departments were keeping track so that we would know, and at what point a cost-benefit analysis would be done. For us in the rural community we know that there is a benefit to have jobs in the rural community, but government is always concerned about spending and budget lines. I guess what I want to know is, is a cost-benefit analysis going to be done on the whole decentralization program as a whole or department by department? If that is going to be done, would the minister be prepared to share it when it is done? I do not expect that tonight because it is not available yet.

**Mr. Derkach:** Mr. Acting Deputy Chairperson, we would be happy to share that kind of information once we have all of the specifics nailed down and available, but I can tell you that in a general sense where we see some benefit, besides the benefit to the local community, are in areas such as leasing costs where they are cheaper in rural Manitoba than they are in the city of Winnipeg. We see some definite cost benefits in that regard. I guess if you want to look at the effectiveness of the program and what it has done to our province as a whole, and I mean looking at the benefit that it has created to rural communities, we know that there is a benefit there.

Additionally, when we had projected some \$10 million of cost, we thought that we were fairly accurate in our projections, but we found that departments have worked very diligently and have had the assistance of municipalities and communities and so the cost has come in substantially lower. As I indicated, it is \$2.5 million as compared to a realistic projection of \$10 million. So I think all departments and all staff have worked very hard in coming up with a realistic figure. So we are very pleased with it to this point in time. However, in terms of the specific details, we do not have that information as yet. We will get it down the road as we wind down the 134 positions that are still to be decentralized, and then we can bring the whole package together and let members of the Legislature know what the cost benefits have been.

**Ms. Wowchuk:** The minister has indicated that he is quite pleased with the program the way it is going,

and in fact I believe he said yesterday that they were possibly looking at other departments that could be decentralized. Is the minister prepared at this time to share which other departments he might be looking at decentralizing?

**Mr. Derkach:** Well, Mr. Acting Deputy Chairperson, it is not for me to go to a department and say, well, I am looking at decentralizing your particular branch or particular branch of your department. What happens in the process is deputy ministers are always looking at ways to deliver programs more effectively. When a minister and deputy minister and staff identify a particular branch or component of a department that might be decentralized, they bring that forward. We are then charged with the responsibility of matching that particular initiative with a community, a community that will be able to handle that particular initiative and one where, either the service is brought closer to the people, or where the service can be delivered as effectively as it can out of its present location.

There have been instances. Yes, Mr. Acting Deputy Chairperson, I can point to the example, I call it the perfect example, of the correspondence branch. I can recall very vividly the verbal abuse I took from the Liberal Party specifically regarding the move of the correspondence branch and the fact that we were destroying the delivery of an effective and efficient correspondence branch to something that was going to utterly destroy the delivery. You see how the Liberals measure success. We had a 77 percent failure rate in all students who were taking correspondence courses. To the Liberals this was a magnificent success story.

We have moved the correspondence branch to Winkler. Our success rate has gone up immeasurably. The turnaround time has decreased tremendously and the services are being delivered as effectively and efficiently as they were out of Winnipeg. So to answer the member's question, regardless of where this service is located—it could be in Swan River—and if, in fact, that service can be delivered as effectively or more effectively from that point than it can right here from the city of Winnipeg, why would we not look at the potential of decentralizing that kind of an initiative?

I can tell you also that when we talk about the correspondence branch, you can ask any people who use the service in rural Manitoba today, and I have had letters and comments. I have had letters from teachers to my office, telling us how effectively

staff at the correspondence branch are handling their tasks. So, Mr. Acting Deputy Chairperson, there are many success stories and we could go on and on. I can tell you, yes, to that question, that when there are initiatives that can be decentralized we will certainly be looking at them.

**Ms. Wowchuk:** What the minister is saying—and I realize that he will not do it himself—it has to be done in conjunction with deputy ministers and departments. There are no new ones that have been identified now that the minister can share with us. There are no departments that have identified new positions that can be decentralized.

**Mr. Derkach:** Well, none that I can speak about at this time, because if I were to name a particular department or branch, I can tell you that there would be chaos in the department tomorrow, because it would be news breaking out of an Estimates process, so, no, there are none that I can speak about at the present time.

**Ms. Wowchuk:** The minister just spoke about the correspondence branch. What I want to ask is then, I was asking about tracking and about cost benefits. You are telling us this real success story that the correspondence branch is working much better than it was. Is there an analysis being done of the cost benefits, and is there anything being done to tell us why it has been more efficient out of Winkler than it was out of Winnipeg? Is that being studied, so that perhaps if it is working better out of another area, it can be used in different departments? Why is there a success story there?

**Hon. Albert Driedger (Minister of Highways and Transportation):** Because we like to get the job done through rural areas. Do you not want some in Swan?

**Ms. Wowchuk:** Of course, I do.

**Mr. Driedger:** Then why are you questioning the process?

**Ms. Wowchuk:** That is what we have Estimates for, is it not, Albert?

**The Acting Deputy Chairperson (Mr. Penner):** Are there questions of ministers of each other? If we want that debate, I will entertain the debate; if not, then I would suggest we ask the minister.

\* (1940)

**Mr. Derkach:** Mr. Acting Deputy Chairperson, I am kind of humoured by the dialogue that is going on outside of the mikes here, but let me tell you that

each department is looking at every unit that they have decentralized and doing a comparison of how that particular department or that particular initiative is functioning compared to what it functioned like in its old form. So, although I cannot tell you about the record in each and every case, they are keeping a record and they are looking at how effectively each area is being carried out, and in those cases where there may be some problems I am sure that they will be addressed to ensure that we can deliver the services effectively.

I am not going to sit here and say that 100 percent of every decentralized position or every decentralized initiative will work perfectly. I mean, that is hoping for a perfect world, but I can tell you that in a general sense the success rate, if you measure it by comparison to what has been done in other jurisdictions, in Manitoba has been splendid, and the reason that it has been splendid I think is because there has been co-operation among departments, there has been co-operation between the Civil Service and departments, there has been co-operation with the MGEA and government.

I think all of those aspects coming together and working together towards a common goal has certainly provided a success story in Manitoba that all of us should be proud of, because whether you represent Swan River or Dauphin or whichever area of this province, decentralization has worked well and it certainly has been a boost to our communities. In a general sense, it has been a boost to the province because a healthy rural environment and a healthy rural economy certainly provides for a much healthier province than just having one healthy centre and the rest being impoverished. So I think it has been a success story for all of us.

**Ms. Wowchuk:** I was not being critical when I was asking that question. I was asking it in sincerity, if it was being tracked and if there were things that could be learned from it for future projects, because if one is successful and another one is not, why is it not? That is basically what I am asking, whether it is being monitored to a degree so that we can learn from it. That is what I was looking for.

Another issue that was raised yesterday at the municipal convention at McCreary that we were both at was the moving of jobs from one community to another, and in particular there was concern about a water resources job that went from Dauphin to Roblin and jobs that went from Dauphin to Minnedosa in a different department—was it

Agriculture department? What I would like to know: Are those jobs counted as decentralization jobs when they are going from one rural community to another because if they are, in reality that is not decentralization. That is moving from one rural community to another. So I would like to have some clarification as to whether those jobs from one rural community to another are counted in the total of decentralized jobs.

**Mr. Derkach:** Mr. Acting Deputy Chairperson, in the province as a whole there have not been very many of those kinds of situations occurring. What has happened is departments have been charged with the responsibility of identifying services that could be delivered from areas within the province more effectively than they could be from the present location. I would say that in 99 percent of the cases, that has been from Winnipeg to rural Manitoba. There are a couple of examples, and I think maybe one of those is the one identified by the member, where there has been a move from one community to another, and I guess the example that the member uses is the one from Dauphin to Roblin. There was also another move from Roblin to Virden, I believe. Now those numbers would be counted in the whole total of decentralization, but in an overall scheme of things that has only been two or three positions, so it has not been major.

The other question that was asked of McCreary was, of course, the jobs that have been lost in the province as a result of reorganization of government and downsizing and that sort of thing, and I would have to indicate that is not counted as part of decentralization because that would have occurred whether there was a decentralization initiative or not. So it is outside the scope of decentralization.

**Ms. Wowchuk:** There were a certain number of jobs that were targeted for decentralization, then eliminated, but are not in the figures, in the total number of decentralized positions.

**Mr. Derkach:** Yes, there were 44 positions that came into that category.

**Ms. Wowchuk:** The minister raised another point that was raised at that meeting in McCreary yesterday, and it is something that we raised in the House, and that is the concern we have with the ratio of civil servant positions in rural Manitoba versus city centres.

We have a government that is taking credit for moving jobs out to rural Manitoba through

decentralization but then cutting many jobs in the rural community, and in reality the proportion of government jobs in rural Manitoba has decreased rather than increased.

There are fewer civil servant jobs in rural Manitoba now than there was before decentralization. No, I am sorry; I am not getting it right. The proportion of jobs in rural Manitoba has gone down in civil servants versus in the urban centre, and I would like the minister to comment on that.

**Mr. Derkach:** I am advised that overall there has been a decrease of 1,200 in government—over the last two years, is it? The proportion has not been greater in rural Manitoba than it has in urban Manitoba. When these kinds of steps have to be taken, one does not target a particular area for decreasing jobs in. Rather, one looks at the services that are being delivered and how we can better reorganize government to deliver services. Then the process takes place from there.

I do not have the figures specifically because it is not part of decentralization, as to the exact proportion of the numbers in Winnipeg as compared to rural Manitoba, but I am advised that it has not been an unfair balance, if you like.

**Ms. Wowchuk:** I was just looking through my notes here and, unfortunately, have not got the sheet of paper with me, but I would be happy to share that with the minister. It is a sheet that indicates that there are less government positions in rural Manitoba in proportion to what is in the city, and we find that disturbing. I will give that to the minister tomorrow, if I can, that shows that there are less jobs in civil servant positions.

I find that flies in the face of decentralization because, on one hand, government is saying they want to bring services closer to the people and increase their revenue and help the rural communities, and then we have numbers that show that there are less civil servant positions. In fact, I guess when we looked at the serious cuts that we had two budgets ago, many of the jobs that were cut were in Natural Resources and, I believe, Highways—I do not want to get the wrong department here—and those were rural jobs.

If the minister would like to see those papers, I would be glad to share with him, and then perhaps he can comment on that later.

**Mr. Derkach:** I would be happy to see that stats sheet and the source of it as well, but I can tell you that the impact would have been fairly dramatic for the province if we had not embarked on a decentralization initiative. Decentralization was not embarked on just for pure political reasons, and I think the member understands that.

Now, the member for Inkster (Mr. Lamoureux) is questioning the motive here, but I would have to ask him to venture out into rural Manitoba and ask the rural Manitobans whether the motive was really political because they have a different view of it.

It is an economic reality out there. That is why we embarked on the initiative. It was to provide rural Manitoba in a time of recession—the member for Swan River (Ms. Wowchuk) knows the struggle that we are undergoing in rural Manitoba just to maintain our services in our small communities and the lifestyles that we have, not to enhance them.

\* (1950)

It is regrettable that we had to downsize government, but the treasury was not big enough to sustain the kinds of Civil Service positions that we had in government. We did not want to start cutting into the tax bite again. So there were restricted alternatives that we could embark on. I can tell you that the impact would have been far more dramatic had we not embarked on decentralization. So I think, as a net, it has been positive to rural Manitoba. Down the road, perhaps, we can continue to build on this initiative.

**The Acting Deputy Chairperson (Mr. Penner):** I am going to ask whether the members around the table are hearing the same thing I am hearing. We operate on our farm a citizens' band radio. There are times when we either cross-channel or we have a phenomenon that is called "skip." I think that I am hearing a fairly significant amount of "skip" around this table at this time. I am wondering whether we can turn down the squelch just a wee bit. If we could do that, then we might continue the discussion around the table.

**Ms. Wowchuk:** The minister has indicated that this effort has been of benefit to some parts of the province. Indeed, it has. Unfortunately, there are many parts of the province that have not benefitted from it. The area that I represent, Swan River constituency, is one of those areas. I believe, if I am accurate, there were two positions decentralized to Swan River. In the whole scheme of things, that is

a very low number. If it is more than two, I would be happy to be corrected.

I would like to ask the minister if there are any plans to decentralize any positions to the Swan River area in the near future?

**Mr. Derkach:** Presently, there are four positions decentralized to Swan River, plus one in a Crown corporation, I think it is Hydro. We have three in Natural Resources, and one with CEDF, and one Hydro.

But, Mr. Acting Deputy Chairperson, let me say that when we looked at communities that we were decentralizing positions to, we looked at the number of Civil Service positions that were present in those communities when we began the initiative. We find that there are some communities which had benefitted from the decentralization of government jobs even though there was not a decentralization initiative, and benefitted substantially to their credit. When we look at a—[interjection]

Well, but it has been going on, I guess, in a different manner. Let me put it that way. Because you look at Swan River—before the decentralization initiative, they had 200 Civil Service positions existing in a community with 3,800 people.

**An Honourable Member:** How many?

**Mr. Derkach:** 200. Now, that is both federal and provincial. Therefore, by adding another four, that brings it over 200.

So, we try, as best we can, to create some form of balance in communities. In some communities, one, either Crown corporation job or Civil Service job, is of benefit to that community. We have not been able to satisfy everybody. I can acknowledge that. Down the road, perhaps, we will continue to work at it. Indeed, together, I am sure that we co-operatively can address many of the other initiatives.

**Ms. Wowchuk:** Just one more comment on that one. The minister said that there is a large number of civil servants in Swan River at the present time and he would have the figures and they are accurate. However, he has to remember that Swan River serves a very large area.

I believe one of the criteria that the government was looking at is the rate of unemployment in those particular areas. If he would look at the area that Swan River serves and the surrounding area, it is indeed an area of high unemployment and lack of

jobs. I guess one of—an area that has been let down by the government, in one sense, because we, the people of the area, were promised a lot of jobs through Repap.

In fact, the people of Swan River were told that is why they did not get decentralized jobs. Nothing was said about the high number of civil servants in the area. We were told that we did not need decentralized jobs there because we were going to get all the jobs from Repap. Well, the jobs from Repap have not materialized.

The minister says four, I question the CEDF because I think that was there before decentralization, but I will not argue about that one. I would encourage the minister when he is looking at further positions to decentralize, to look at those areas of high unemployment, and in particular I would encourage him to look at Swan River, to look at Dauphin that was promised many positions but got very few. He explained that yesterday that that was perhaps coming.

I would hope that he would keep in mind those parts of the province that have not benefited from decentralization, and if he is considering further, look at bringing some of the services that might be of benefit to that area closer to the people.

**Mr. Derkach:** It is true that when we made the announcement about decentralization one of the factors, of course, taken into account was the fact that in a community like Swan River we had embarked on an agreement with Repap that would give a fair level of employment to people in the Swan River area, but the member knows full well what has happened in the pulp and paper industry. Indeed the environmental aspect of the wood industry has had an effect on the numbers of jobs that can be identified and can be created.

Down the road, I think there is still reason to be optimistic about what is going to happen and the effect Repap will have on that community, but the member should understand that none of this has been stalled by our government, that indeed it is the circumstances and going through the processes that have to be gone through. The economy in the pulp and paper industry has certainly been one that has taken a turn that no one expected at the time and so this has had some impact.

Hopefully that will be regained and Swan River will be—as my area because I can say the Roblin area has been affected in the same way that Swan

River has and regrettably to the detriment of our communities, but hopefully down the road that will come.

The member for Swan River also asked the question about Dauphin. Once again, Mr. Acting Deputy Chairperson, we looked at Dauphin and certainly identified positions for Dauphin, but again, if you take a look at the total number of Civil Service positions in Dauphin, it numbers 757, whereas there are other communities that have similar sizes or close to that size who have just a very, very minute fraction of Civil Service jobs in those areas. So we have to try and create a balance to make sure that we treat communities as fairly as possible. It does not mean that we will not be looking at Dauphin. We had identified an initiative for Dauphin.

Fortunately, I guess, as we started going through these branches we found that there was an important initiative to be embarked on in Vital Statistics and that was to computerize their systems. That will take another year. Once that has been completed then a decision will be made as to where and what will happen to Vital Statistics at that time, but right now they are going through a process that has to be gone through, because it would not make any sense to decentralize it and try to do the computerization.

\* (2000)

**Mr. Lamoureux:** Mr. Acting Deputy Chairperson, I want to deal with the three concerns that I alluded to in my opening remarks. The first one in terms of the manner in which people, civil servants, were being treated. The minister made reference that one of the objectives of this government was to treat the individuals in a first-class way, if you like. I am wondering if the minister can tell how many of those individuals who were decentralized into the rural communities, that accepted those positions and actually made the move into rural Manitoba as compared to those who accepted the position in rural Manitoba, but did not actually move into the rural communities.

**Mr. Derkach:** I listened to the opening remarks of the member for Inkster (Mr. Lamoureux). He criticized the official opposition for being too positive about decentralization in the member's opening remarks, and he came on very negatively. If you listen to his comments, he talks about the fact that we have treated the Civil Service shabbily, that we have not dealt fairly with employees, that in fact we

have embarked on this without consultation, without giving any consideration to the impact that this was going to have on people's lives.

Mr. Acting Deputy Chairperson, I do not know where the member has been for the last two years, because indeed if he is just here to put rhetoric on the table regardless of whether it is fair, true or otherwise, then I really have to question his integrity, especially in the position that he holds in his caucus.

I have to tell you that deputy ministers from every department—right from the very beginning the objectives were set, that we wanted to make sure that people would be treated fairly. This was an objective of our government, more importantly a very strong objective of the Premier (Mr. Filmon). I think deputy ministers went out and met with all of their affected groups. They met with the Civil Service to explain the process. We put a process in place that said that you had to have 90 days' notice before you would be decentralized. There were endless meetings held. The Minister of Rural Development at that time, who was yourself, Mr. Acting Deputy Chairperson, met with every single municipality, I believe. One or two may have been missed, but my understanding was that every single municipality and town council was met with to discuss the decentralization initiative and to bring back information as to how we could approach it in a more timely and a better way.

In terms of the Civil Service Commission, they had put together a comprehensive package for the MGEA and for all the civil servants to make sure that they understood how we were going to embark on the process, and that the process would be fair, that employees would be treated fairly through the process and that we would make every conceivable effort to find employees an alternative where they could not relocate, because perhaps another family member was tied to a different position in the city. We offered training programs, retraining programs to those Civil Service employees who needed retraining from one job to another. I can tell you from my experiences in dealing with the deputy ministers that I had dealt with in my portfolio as Education minister and here, that they were very, very sensitive to the needs of the employees who were decentralized.

I can tell you that the director of decentralization who is at the table now was very sensitive and dealt very seriously with the impact that this was having on people's lives. Costs of moving were paid for.

We also assisted in the sale of homes where civil servants were having difficulty in moving homes, so in other words we tried everything possible to make sure that it was a positive experience for everybody.

Now, I am not going to say we never made any mistakes, because certainly we are all human and we all make mistakes no matter what we embark on. But when you take a look at the fact that after all of this there were only seven layoffs. I am sorry the member is getting a little agitated by my long answer, and I am not trying to be extraordinarily long, but I think it is important to put this information on the record.

There have been seven layoffs. The success rate is 78 percent. I believe that really spells out the kind of success it has been, and I am not taking the credit for it. I think all of us share in the benefit of this, because it has really meant that this has been carried out to the benefit of our province as a whole.

**Mr. Lamoureux:** Mr. Acting Deputy Chairperson, I guess I had somewhat anticipated that we would be getting into Heritage this evening, because there are a number of questions that we want to ask. We were feeling that there might be a will to keep the answers brief so we can get a number questions, more so, onto the record. That is the reason why. It was not to imply to the minister that there was no interest. But having said that, the question that I asked the minister he did not answer, and that was, how many of the individuals that accepted the jobs in rural Manitoba actually moved into rural Manitoba as opposed to commuted back from the city of Winnipeg to those positions?

While they might be looking for that particular number, I want to add, too—because the minister alluded to my opening remarks. My opening remarks were based on the minister's opening remarks where the minister was quite content on saying, everything is wonderful, that the government is doing a 100 percent, fantastic, super job. We should be commended and patted on our backs. This is what the minister tried to say at the beginning of the Estimates here.

What I said was that, well, maybe that is not necessarily the case. Can the minister, after he answers that specific question, tell me how much of that consulting was done prior to the Premier (Mr. Filmon) in Brandon, back in I believe it was December of 1989, made the announcement? When I recall the announcement being made,

representations that we had from the MGEA, which represents the Civil Service and so forth, I understood did not even know about it, had no idea in terms of what positions were going to be moved out to which areas or anything of this nature. You have a Civil Service of thousands of individuals that are told that significant numbers, significant percentages are going to be decentralized.

Well, Mr. Acting Deputy Chairperson, I think there would be a good significant number of those people saying, well, is it going to be me? Who is it going to be? The reason why they made that announcement is because he had a platform in which there were a number of individuals that he thought he could please. That is the reason why the announcement was made then. No doubt there was consultation afterwards, and I do not question that because the former minister—and I have seen him sit through the endless committee meetings dealing with bills and the sincerity that he approached things—I do not question that there was consultation afterwards. But originally when the announcement was made, there were a lot of civil servants that had absolutely no idea; is it me that is going to be moved? The department heads, I do not know if they were included or not. But having said that, the minister does not necessarily have to address that, and I would just go right to the specific questions of the commuters.

**The Acting Deputy Chairperson (Mr. Penner):** Before I ask the minister to respond, I want to indicate as Chair of the committee that the honourable member for Inkster (Mr. Lamoureux) is absolutely correct, that there was a gentleman's agreement in the House this afternoon that we would consider Decentralization until roughly about eight o'clock.

We would then proceed back to Culture, Heritage and Citizenship. That, of course, is still, if it would be the will of the committee, the plan. I will ask now the minister to respond to the question.

**Mr. Derkach:** We do not have a record of how many people are commuting as compared to how many have moved out to the rural areas. I suppose in the communities surrounding Winnipeg it is conceivable that some may be commuting, but I do not see that as possible in places like Dauphin and Swan River and so forth.

So we do not have that information. With regard to the second part of the issue that you addressed,

I would just like to say that when the policy announcement was made, at the same time Mr. Irving from the Civil Service Commission, I believe, had met simultaneously to give that kind of information to the MGEA, as I understand it. But, again, a policy statement can be made and then you embark on the process of how you carry it out. That is where the consultation comes in.

\* (2010)

Now, I know it would be awfully nice to get out and start consulting first on issues like that; but, as soon as you do that, you understand that the announcement then is not really an announcement because you have already made it when you start your consultation process.

So I think, in fairness, that there was a lot of thought put into how we embark on decentralization. Indeed, the minister at that time, the Premier (Mr. Filmon), I am sure had many days of agony in terms of how you embark on this without inflaming a lot of debate in the Civil Service and how you calm the waters after the announcement is made, but I think we have lived through that.

We have learned some things. Indeed, we have learned, I feel, a lot more than some of our neighbours to the west of us who tried this initiative and where it failed.

**Mr. Lamoureux:** I agree with the minister in a sense that next door it has not worked very well at all, and he has done a better job, this government has done a better job, than the province west of us. But I would suggest that there is also another way, and that is that you do not need to make a big splash, that there are other ways, if you are not interested in playing the politics of it, in which you can enter into the water gradually so that the waves that are being made are somewhat minimal.

Having said that, what I would ask—because I do want to get into Heritage, as there was a gentlemen's agreement on it—is for the minister if he could provide the opposition parties with some of the background leasing information in terms of offices for the decentralization positions, where there were leases and where there were new structures needed to be built, as I said, with regard to what I believe the member for Swan River (Ms. Wowchuk) made reference to in terms of the positions that actually have been decentralized.

Thank you.

**Mr. Derkach:** We have the project manager with us, and he is taking note of that. Indeed, when we have that information put together, we will provide it for the opposition members.

**Ms. Wowchuk:** I just have one more comment before we are prepared to pass this. The member for Inkster (Mr. Lamoureux) raised the fact that the families did face a lot of difficulty and there was a time when there was a lot of uncertainty among the civil servants about where they were going to be going and who was going to be going. That did cause some problems. Those problems are behind.

I hope that, when the minister and the department or any department looks at future decentralization, they do consider the people and have thorough consultation with those people in charge of the department, that moves not be made for political reasons or as political announcements.

The minister indicated that, I believe he was implying that, Dauphin and Swan River had a certain amount of decentralization that was going on before the announcement. I think that is what the member for Inkster was implying as well, that you can have decentralization without a big splash, as happened.

If there are things that can be moved, look where the services have to go and do it, not for political reasons, but to get the jobs to the rural community, where it will bring services closer to the people.

Looking at next door, it is unfortunate that it has gone the way it has in Saskatchewan. Maybe that is one of the reasons why it has not been successful because that decision was also made for political reasons. The announcement came before the election without very much planning, and the government lost and that plan now has to go back to the drawing board and hopefully eventually there will be jobs moved out to rural Saskatchewan as well. I think what we see in that message is that you do not do these things just for political benefit; you do it if you are sincere about bringing services closer to the people, and I look forward to hearing what future plans this government has and what this minister has for bringing services closer to the people. Thank you.

**Mr. Derkach:** Mr. Acting Deputy Chairperson, I guess I can only rebut by saying that we did not look at this as a political incentive. The member says it appeared that way, but I can tell you, if you look at what her former administration did in moving jobs to

certain locations in the province, that was political, and you can identify. I mean, you do not have to be a physicist or a sociologist to be able to say, well, why is the Civil Service so high in this particular community and who represented that community? We are trying to get away from that, and certainly you know when you look at the southern belt and you look at communities that we have decentralized too, they have not always been the communities that we represent.

Indeed, we have tried to create a balance, because every community in this province is important and we have to treat it that way. Down the road we will continue to look at positive ways that we can impact on all communities in this province. Some of the smaller ones have not received the benefit of decentralization, but indeed they need to be considered if there is any possibility as well. My role in decentralization is going to be to accommodate, as much as we can, moves to the communities that we have made commitments to, and then beyond that to carry out our duties as diligently as we possibly can.

Does there have to be a big splash about decentralization? Our communities want the splash. They want to be noticed, and they want to say, hooray, we have got a decentralization office that is opening. That is why we are having grand openings in these communities, and I invite the members of the opposition parties to join us at these openings because they are important. For that reason I have asked staff to make sure, when we have an opening—there is one on Friday—that members of the opposition be invited and especially their Leaders, because I think it is important for all of us as legislative members to acknowledge that we support the rejuvenation and the revitalization of rural Manitoba.

**Mr. Acting Deputy Chairperson,** just to conclude quickly. I would just like to say thank you to the members for their questions, but very importantly I would like to thank staff who have worked on decentralization over the past two years. They have been from various departments. We have at our table the director of Decentralization, Mr. Syd Reimer, who has spent endless hours not only working on decentralization but indeed visiting each and every community where there is any potential to locate a decentralization office. He has met with countless municipalities around the province trying to accommodate in the best way possible.

Also, people who are from other departments such as the project manager, Mr. Ron Sidoryk, whose job has been to look after the accommodations, and he has done a splendid job. Mr. Don McIntosh, the director of Personnel from the Department of Highways has certainly done a commendable job in making sure that the people needs are looked after and the personnel needs are looked after in a respectful and accommodating way. So to those people I think we owe our vote of gratitude.

Thank you, Mr. Acting Deputy Chairperson, and I have no more comments.

**Mr. Bob Rose (Turtle Mountain):** Mr. Acting Deputy Chairperson, just a couple of brief comments in response to the conversation that has been going on in the last few moments. As you know, I was not a member of the government when the decentralization program was announced, and I certainly congratulate the people who were responsible and the many people who put the program in place. I could not help but respond to the suggestion that the original announcement was simply politically motivated, if I understood that correctly.

I think the member for Swan River (Ms. Wowchuk) would understand, first of all, that there are any number of families in rural Manitoba and we are very concerned about their futures, and did not know where they might be going in the future, considering the economy. The attitude is extremely important and an announcement like that can create a feeling of optimism rather than pessimism. I think it is a worthwhile announcement to make. I suggest that the reason for the announcement to be made like that was based on that approach rather than a strictly political one.

\* (2020)

I think that the attitude in rural Manitoba is improving in the last couple of years, and I do not think that can be laid entirely at the door of the government. There are a number of things, the agricultural economy is improving, and the decentralization programs has flowed into place, and I feel that the attitude in rural Manitoba is better than it was two or three years ago. Any time we can have a feeling of optimism in the country as opposed to pessimism, I think it is something we need to promote.

**The Acting Deputy Chairperson (Mr. Penner):** Item 1. Decentralization \$2,000,000—pass.

Resolution 131: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,000,000 for Decentralization for the fiscal year ending the 31st day of March, 1993—pass.

This completes the Estimates for Decentralization. The next set of Estimates that will be considered for this section of the Committee of Supply are the Estimates for Culture, Heritage and Citizenship.

Shall we briefly recess to allow the minister and the critics the opportunity to prepare for the commencement of the next set of Estimates? Agreed? Agreed.

\* \* \*

The committee took recess at 8:21 p.m.

#### After Recess

The committee resumed at 8:24 p.m.

### CULTURE, HERITAGE AND CITIZENSHIP

**The Acting Deputy Chairperson (Mr. Jack Penner):** Will the Committee of Supply please come to order. The committee will be resuming the consideration of the Estimates of the Department of Culture, Heritage and Citizenship. When the committee last sat, it had been considering item 2.(a) Executive Administration: (1) Salaries \$228,000 on page 31. Shall the item pass?

**Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Citizenship):** Last evening, I indicated that I would attempt to get information on a question that was asked by the member for Wolseley (Ms. Friesen) on whether there had been an increase in the number of laundromats renting and in some cases exhibiting videos. I am advised by the Film Classification Board that as at April 1992 there were five laundromats which had taken out video retailer licences. In April 1991, there were only two that were licensed. These figures do include the laundromat that was mentioned in last year's Estimates.

I also indicated last evening that any retailer which rents, sells, or exhibits videos to the public requires a licence from the Manitoba Film Classification Board, and retailers are required to deny access to minors from renting or viewing any video with an age-restricted classification.

**Ms. Jean Friesen (Wolseley):** Yes, actually I did want to start out with laundromats, because I noticed a little snickering around the room when I suggested that laundromats were an issue. I wanted to make sure that the point that I was making was not misunderstood. I think that an innovative department would say we have got an audience there; we have a captive audience in laundromats for all sorts of cultural activities, whether it is photographic exhibits or whether it is certain types of videos or whatever, in the same way that people used to say, bring the culture to the shopping mall, make sure it is where the people are. Well, it is another opportunity, and if some laundromat operators are interested in that, then I would think there would be an opportunity for somebody to pick up on that.

The other concern is obviously that children are not exposed to things that in this society we do not believe that they should be. I wanted to make both of those points and thank you for the information. I suppose in that context I am sorry they have declined.

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, maybe I went in the wrong order, but there were two laundromats licensed last year; there are five licensed this year.

**Ms. Friesen:** Good, it is a trend.

**The Acting Deputy Chairperson (Mr. Penner):** Item 2.(a)(1) Salaries \$228,000. Shall the item pass?

**Ms. Friesen:** No. Wait a minute. Which line are we on? We have not passed anything yet as far as I am concerned.

**The Acting Deputy Chairperson (Mr. Penner):** Item 2.(a)(1).

**Ms. Friesen:** I am still on 2.(a)(1).

**The Acting Deputy Chairperson (Mr. Penner):** We are still on 2.(a)(1). We did not pass it.

**Ms. Friesen:** Good. Okay.

**Mr. Kevin Lamoureux (Inkster):** Mr. Acting Deputy Chairperson, I was just going to ask just for clarification given because of what occurred last night. The line in which the minister would okay questioning for the Heritage Federation is which line?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, the Heritage Federation does indeed have its own

line. It falls under Lotteries Funded Programs and it is 7.(m).

**Ms. Friesen:** Mr. Acting Deputy Chairperson, I think at the end of last time we were actually talking about the loss of \$2 million and the 29 staff years in this section of the department. I was trying to understand from the minister's perspective what losses this had incurred in service to the public. I think it must be very difficult to claim that you can lose 29 staff years and not have chosen to reduce certain areas of service.

It seemed to me from my earlier questioning of what this department is not doing is any kind of research and strategic planning in the arts, an area that I was suggesting is likely only to be done by government in this province since individual organizations do not have the capabilities and we do not have an independent public policy unit.

So I am wondering, did the minister make that choice? Was that a specific choice to say, look, we are going to concentrate on services to clients, as they are called here or citizens, and we are going to forego the research because that is a choice that we have to make given the "difficult economic times?"

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, I would just like to correct for the record the staff year decrease. It is not 29. It was 19. In fact, actual expenditures in the department from 1988-89 which were \$41.6 million rounded off, in this year's Estimates the total budget line for the Department of Culture, Heritage and Citizenship is \$58 million. I think where you might find the increase occurring is in Lotteries Funded Programs. So there has been an increase in expenditures.

\* (2030)

Yes, there was a reduction of 19 staff years. We have looked internally throughout government at ways in which we can more effectively utilize the staff resources that are available to provide the same amount or increased programming. There has been increased programming and changes in programming.

We talk about policy and research. I have been informed that before our administration took over as government, there was not that kind of policy or research being done. We are basically a granting department. We provide grants in many numbers of areas. It is not a department that does a lot of research or policy. It is a department that looks at

empowering the community and the community, in many instances, determines the needs that exist.

We try to structure our programs and our grant guidelines based on what the community wants. In fact, most of the application forms through the department look at what skills are being developed as a result of the project that grant money is being applied for and the audience participation. So all of those things are factored into the priorities of funding for the department, and we will continue along that path.

You know, I suppose when it comes to making a choice of support for communities that have legitimate needs based on their analysis of what will work in their communities, what kinds of activities their communities should undertake, I believe I would prefer to put my money—or our money, the taxpayers' money—back into the community doing very worthwhile projects and programming, based on an awful lot of volunteers within the community who do make major commitments, whether they sit on boards or are actively involved in other ways. They do a lot of fundraising.

We deal with the volunteer component throughout Manitoba in a very major way. I think they believe that the dollars they receive in grants are dollars that are put to good use, to enhance community life.

**Ms. Friesen:** Mr. Acting Deputy Chairperson, I agree with the minister that it has become a granting department, and that is pretty well all it does. That is really what I am trying to get at. I also agree with the minister that there was not much planning or research done in years gone by, and that was true I think of the previous administration. It is true of most areas, I think, of cultural planning, whether you look in the United States or you look elsewhere, for example at the federal government, most of the studies that have been done in audience participation, in sponsorship, in the economy, the economic impacts of cultural spending and the changing aid structure in its relationship to cultural spending, most of those do not really begin until about '85.

Some of the things that they do show—and I do not think we can adapt all of them to Manitoba, but some of them I think are important. One of the things, for example, is that if you look at the American studies, what they show is that 63 percent of the population—this is on a study I think from about '87 or '88—have never been to a live cultural

performance, whether it is art or dance or country music or pop music or anything, 63 percent have never been. It is those kinds of issues which I think only either a public policy institute or a government department can begin to study.

The minister says she wants to turn the money back to the communities. Yes, but which community? Is it going to the right communities? Is it going to communities that have no other alternatives? Is it going to communities which are going to, in the long run, return the monies into artistic or cultural endeavours?

For example, one of the other studies that you could find from the United States again—and the parallels are not exact, but you find that people who donate to the arts are people who have had an active interest, either through parents or through schools, but a participation in their own individual person early in childhood, usually somewhere around the ages of 11 or 12 years old, and those are the people who, in the long run, are going to contribute to the arts.

So in a province where you have a diminishing business sector, you have an aging population, you have a government with fewer and fewer resources, it seems to me that one of the best places this department could put its money is where no other agency can do this activity, and that is into some research and some planning. Maybe it can be done on a regional basis. Maybe it can be done with other provinces.

I think the minister stated very clearly, this is a granting department, but I think it could be something else. Does the minister have some response to that?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, it is interesting to hear what some of the surveys in the States have done. If I can just indicate the highlights from the Consumer Arts Profile study that has been undertaken, which are that two-thirds of Canadians over the age of 16 attended an arts performance in the last six months. It also indicated a huge interest in the performing arts. Almost three-quarters of those polled said their main reason for not going more was expense. However, although Manitobans surveyed rated the ticket prices as an important decision-making factor, 53 percent said they were slightly less likely than Canadians elsewhere to say that ticket prices are too high. The general public surveyed in Manitoba

did indicate that they paid less for a ticket than the national average, and Winnipeggers surveyed indicated they would be willing to pay \$2 to \$4 more for a ticket to the performing arts. Those are all highlights of the study that was done. That might indicate a little better statistics than what I think were indicated in the study that was done in the United States.

We, I guess, are fortunate in Manitoba to have the opportunity to have the excellence, as I said last evening, and the quality of our cultural activities. I still believe, and it might be a philosophical difference, that, in fact, we are here to provide some leadership, yes, but indeed I believe the communities throughout Manitoba know best in many instances what the demographics are, what might interest and attract people. If you have people interested in certain activities, we certainly see that arts councils thrive in many rural communities where there is a major commitment.

I guess the one issue that we could talk about is education. I think comments that were made earlier that maybe, if there were more exposure to the arts through education, people would more likely have an appreciation and understanding and possibly a desire to attend different cultural activities. I think that is something that is a long-term objective. It is not something that can happen overnight. I think our arts in the schools program is probably one of the best across the country.

But when you look at what is happening around us, there have been some articles just in the newspaper recently, talking about what has happened in Ontario under an NDP administration in the last budget. The headlines say, NDP's cultural cuts may mean job losses. About \$6 million in cuts to Ontario culture by the cash-strapped NDP government could lead to job losses at TV Ontario, art galleries and museums, Culture minister Karen Haslam said. The Toronto-based Art Gallery of Ontario, which employs 280 people, responded by saying it faces massive staff layoffs and shorter hours to cope with the government's belt tightening. TV Ontario's funding was trimmed 2.6 percent or about \$1.6 million. As well, funding was reduced by 1 percent for the McMichael Canadian Art Collection, the Ontario Arts Council, Ontario Science Centre, Ontario Heritage Foundation, the Royal Botanical Gardens and the Royal Ontario Museum.

So I think, without being extremely critical about what is happening, in Manitoba we have not made major reductions to any of our cultural institutions. We have maintained our funding. We have, in fact, streamlined the bureaucracy within government, and we do run a very lean department. I believe that we accomplish a lot, and we have a thriving arts community, so more bureaucracy and more studies do not necessarily mean that we are going to have better cultural institutions or better opportunities for Manitobans to participate.

We see, as I said, what is happening in Ontario, and those reductions will have major impacts, I am sure, on cultural activity.

\* (2040)

**The Acting Deputy Chairperson (Mr. Penner):** Madam Minister, committee members, I indicated before that we had a little something that we used on the farm; it was called a citizens' band radio. Periodically, on those citizens' band radios, we have a phenomena called "skip" where interference rose in from the outside. I detect that "skip" present in this room again, and I was wondering whether we could turn the squelch button down just a wee bit so that we can continue on with the discussion around this table.

**Ms. Friesen:** Mr. Acting Deputy Chairperson, I had hoped we would not get into this kind of discussion, because, I mean, we could bring up the loss of the Gas Station Theatre; we could bring up the loss of the Warehouse Theatre. We could bring up the 20 percent cuts to most arts organizations in this province that were made by this government last year. There really is no need for that kind of discussion. We discussed it last time.

The minister wants to talk about the Ontario budget. Well, she can talk about some of the cuts that are made. I assume that some of those cuts are based upon research, that the McMichael Collection, for example, can survive with a 1 percent cut, because it has a very extensive list of donors, some of whom are the wealthiest people in this country. In return, the people of Ontario, the aboriginal people of Ontario, will be getting their own library system, something which these people in Manitoba are very far distanced from. We can go on exchanging that.

We can look at the millions of dollars that the government of British Columbia is going to put into the film industry, based upon the research that they

have done into the attractions of that location and the existing basis of cultural industries and cultural training that they have been doing in British Columbia under both the Social Credit government and now under the New Democratic government, that they have made a strategic decision based upon research and planning in their department.

What I was trying to do was to start out with a different type of discussion with this minister and to suggest that there were some areas for other types of activity, for some research, for some planning, for a role that the free market economy which this government is so devoted to, cannot and will not play. There is a role for government in that. The minister chose to get into a discussion of different provincial planning systems. Well, we can continue on that line if she wants, but there does not seem to be much purpose.

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, I do not think that I was doing it in a terribly nasty or negative way when I indicated that things are happening across the country, even under NDP administrations. I have great difficulty in thinking that a 1 percent across-the-board cut to the Arts Council and the Ontario Science Centre and the Heritage Foundation and the museums in Ontario were researched and well thought-out and well planned. The art gallery indicates in another article that 200 jobs at the art gallery will be threatened as a result of budget reductions.

So things are tough. I do not think that I was trying to single out any one province specifically. It just happens to be the one next door to us that has articles that we have seen in the news media that indicate that those things happen. I think the member for Wolseley has given this government some credit for our increased support for film. I know B.C. has a larger film industry, and they have probably made major increases, but we have an additional \$400,000 or more that we have added through our provincial budget to the film industry in Manitoba.

We believe that there are economic impacts that do occur in the areas where film crews are working and throughout the economy. It is a real boost to our economy, and a lot of the money that we provide in the film industry for our cultural industries comes back to Manitoba in the way of taxes. So we are pleased and we are very proud of what the film industry does. We did not just put money into film because we thought it was a good thing to do. We

knew what the economic impacts were going to be. As a result of that, we were able to increase funding.

**Ms. Friesen:** Mr. Acting Deputy Chairperson, well, this is a department which claims that it maintains awareness of provincial, national and international trends in the developments within each discipline. Yet you can only come up with one newspaper clipping on what other provinces are doing. This is after an overnight break. That does not seem to me like very much of an awareness of national trends, let alone international trends. So it seems very applicable to this particular department.

Could the minister tell us what international trends this department is researching?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, I have indicated already, and lots of research and study and whatever might be all right for academics, but I will tell you in a climate where financial resources and taxpayers' dollars have to go into the most worthwhile projects and programs throughout the province and when Manitobans tell us clearly that health care is their No. 1 priority, that they want social services and education funding maintained and enhanced, and when we have a limited number of dollars, and when we look at where we want to prioritize those dollars going in the Department of Culture, Heritage and Citizenship—we have looked at areas where we believe that we can enhance our programming so that, in fact, Manitobans can benefit.

If we can receive some economic benefit from cultural industries, and that it is a proven fact, and we know what Manitobans are doing and the ability that they have to run a very successful industry, which is a cultural industry, which does impact very positively on our province, that is one of the areas we will put more money.

Many times I have said that we are not a policy and a research department. In fact, we are a department that wants to empower the community through volunteers in the community who commit endless numbers of hours sitting on boards determining the kinds of activities that should be put in place to attract audiences, to develop skills throughout the width and the breadth of our province. In fact, we will continue to do that.

We may philosophically disagree, but I do not believe that piles of dollars going into research and analysis of what is happening internationally is going to benefit Manitobans and is going to

increase, in fact, their awareness when we tell them that certain things are happening in other countries, that it is going to make people want to do any more than what the communities right here in Manitoba believe will attract audiences in the types of things that they undertake to do and the types of support that we give as a result of the communities' indication of what direction they feel they want to go.

**Ms. Friesen:** Mr. Acting Deputy Chairperson, I think the minister was too quick to dismiss research. It is not academic research I am looking for. It is research that will inform the planning of the department, and research that will assist community groups to look at where their sponsorships are coming from, how much of a proportion of it can be expected from corporations, how much can be expected from individual donors, what motivates those individual donors. For example, there is no way that a community arts organization can do that kind of research for Manitoba and to look at those kind of sources.

So that is the kind of research that I am talking about, one that seems to me every other government department would be involved in in setting policy. I am looking for some suggestions that might be of use to those community groups that we all value, to those volunteers whom we all value.

The second thing is, when I asked about international trends, I am simply quoting from the objectives of this department, which say, under 14-2A, which is the line that we are discussing, that this department maintains awareness of provincial, national and international trends and new developments within each discipline, apprising ourselves and our clients of available options.

So when the minister came forth with a clipping from The Globe and Mail on the national trends in arts, she may be right. Ontario may be the national trends. But I am simply suggesting that it would be useful for the department and for all of their clients and for all of those volunteers perhaps to have some leadership from this department in looking at those kinds of research behind policy.

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, I have already indicated and we have talked to a fairly great extent about the Canadian Consumer Arts Profile that was done. We were a participant in that. That is the kind of joint initiative, federally and across the country, that gives not only Manitobans

but all Canadians an idea of what the trends are throughout the country.

We can utilize the information that has been gathered. I read into the record already tonight the kinds of things that we know are happening in Manitoba as a result of the survey and the profile that has been done. We will utilize that information. I agreed to share that with opposition critics. We will be sharing it with Manitobans and with organizations throughout Manitoba.

\* (2050)

So we do have an idea of what is happening in Manitoba and across Canada as a result of that Consumer Arts Profile. We do not need a policy branch within the department when we can participate in those kinds of joint initiatives that are going to benefit not only Manitobans but all Canadians.

**Ms. Friesen:** It is true; there is research elsewhere. That is what I am trying to ask. Is the minister aware of those kinds of research, for example, the one that was done recently by the Rural Development Institute in Brandon, which looked at recreational, cultural and health needs in the Neepawa district? It seemed to me that there were some indications in that report of things that would have useful implications for cultural planning for a broader range of communities.

One, obviously, is the demographic profile. But another is, for example, one of the perceptions in that study was that one of the things which kept people away from some cultural organizations was the recognition that they were perhaps or the perception that they were dominated by a relatively small group. Has the minister found that this is true for other organizations? Has she thought about going outside the existing client groups who apply for the grants and create the broader community, in a sense, where they get the grants?

**Mrs. Mitchelson:** We fund through government, not through my department, but I think that it is through the Department of Rural Development, there is an agreement with the Rural Development research institute. The information that has been provided has been utilized by our department.

We do board development throughout the province. We have some expertise within that helps boards in looking at roles, responsibilities, setting goals and objectives, volunteer development, fundraising. All of those kinds of things are done

through the department. We have regional services staff people throughout the province who work with community organizations. When there is a need expressed, we try to help develop those needs into action, I suppose, through application to different programs throughout government, specifically a lot within our department, that can benefit many communities.

**Ms. Friesen:** One of the basic things that report suggested was that one of the difficulties facing rural Manitoba—and it is there, of course, for many areas of government policy—is the particular demographic structure and also the income level. I looked at the Neepawa one, and I was actually very surprised to find that almost—I think it is 65 percent of the population, family income is less than \$30,000. That is family income.

It is also, of course, the usual—what has become the usual, unfortunately—demographic structure of rural Manitoba, and that is a very high proportion of people over the age of 55, a large number, proportionately, of widows and of older single people. I wonder what implications this has for the cultural planning for rural Manitoba, or recognition of cultural needs in rural Manitoba?

**Mrs. Mitchelson:** There are many communities throughout rural Manitoba, and I know that I have many colleagues who sit around our government caucus table who represent those communities and those constituencies. We realize and recognize that times are tough in rural Manitoba and the average family income is probably considerably lower than it is in many instances. We do know that there are many living below the poverty line in Winnipeg also. But it is difficult in rural Manitoba. I think that the spirit in those communities is high and that people are, in fact, looking at ways that, within their limited financial resources, they can take advantage of what their communities have to offer.

When you look at cultural programming, I guess, we could have the debate on whether it is excellence in culture, whether it is community art, whether it is community recreation, whether it is small museums throughout rural Manitoba, whether it might be walking tours that are developed to look at the history and the heritage. I know I was down in the southwest part of Manitoba last summer when the Boundaries Commission was travelling through and was able to participate in, not actively participate, but at least able to be there to congratulate those

who did venture out across the southwestern part of our province.

So there is community participation in those kinds of activities, a very large volunteer commitment, and in many instances there is not a large dollar commitment. Our department has programs that are sensitive to community needs, and we provide grants in areas that help to develop the initiatives that are undertaken. I have a lot of faith in Manitobans and their ability to work together, to bring together people within a community to provide the kinds of cultural, recreation and heritage venues, I suppose, that will be of benefit to many.

**Ms. Friesen:** When can we expect a new arts act? The minister has talked about it from time to time in passing. Is there a schedule? I assume we are not going to see it in this Legislature. I am not asking you to commit to it.

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, I suppose it all depends on how long this session continues. No, realistically speaking, and I cannot give an exact date, but that was one of the recommendations in the DeFehr Arts Policy Review Report. I would imagine that consultation on that will begin this fall, and I cannot indicate whether it would be the next session or the one following that. I would think that within a couple of years we should be able to accomplish it.

**Ms. Friesen:** Can I just follow up on that a minute? What is the process? Are you planning a white paper, some consultation and then an act? Is that the general idea, consultation before the act is drafted, in some form or other?

**Mrs. Mitchelson:** Yes, there will be consultation. I could not indicate today whether, in fact, there will be a white paper. We will have to sit down. It has been a pretty busy year for the department with the establishment of the Arts Branch and implementing the new programs that we believe will enhance the opportunity for community arts to develop and flourish throughout the province. We have undertaken that and accomplished those recommendations from the DeFehr Report, and we will begin this fall to work on some sort of consultation process. We would be able to indicate later on whether it would be a white paper or whether it will just be consultation leading to the drafting of a piece of legislation.

**Ms. Friesen:** I have a couple of other questions before I am prepared to move on. I do not know

about the Liberal critic. One is process. I would like to ask some questions about the Arts Council and the minister's relationship with the Arts Council. Where would you like to look at that, on this line or elsewhere?

**The Acting Deputy Chairperson (Mr. Penner):** I would suggest that you probably consider that under the next item, under Arts Branch, if you will.

\* (2100)

**Mrs. Mitchelson:** We could do that under 2.(b) which is Grants to Cultural Organizations.

**Ms. Friesen:** My last question, I am a bit curious about the activity identified as: "Valuing staff by appreciating commitment and competence in providing a safe, stimulating work environment." It was not in last year. Is there some particular personnel policy or strategy in place here, and is it applicable to other departments?

**Mrs. Mitchelson:** In fact, as a result of the restructuring in the Arts Branch, there was a whole new role and mission, and every single person within the division had input into that.

**Ms. Friesen:** Sorry, but input into what?

**Mrs. Mitchelson:** Into the Role and Mission Statement for the division.

**Ms. Friesen:** Though this is just specific to this division?

**Mrs. Mitchelson:** Yes, it is.

**Ms. Friesen:** I find it odd. I mean, obviously on the surface of it is what sometimes people say, "is a motherhood statement."

**An Honourable Member:** Oh, oh, oh; that is sexist.

**Ms. Friesen:** It was in quotes.

It seems a bit odd. Is there something peculiar about it?

**Mrs. Mitchelson:** I guess, in sitting down and developing a Role and Mission Statement, if staff feel it is important to state their appreciation for one another and their commitment to competence, I think I would only commend staff for taking a look at the realities of today, stimulating a good work environment and providing for a safe work environment.

If they feel that is important, and it is important to their sense of well being and their commitment to their job and to the people of Manitoba, I think it is very laudable.

**Ms. Friesen:** That is exactly why I am asking about it. Why did staff in this section feel the need to say that they wanted to provide a safe and stimulating work environment. The underlying assumption there is that it was not before. Perhaps the minister would like to correct that impression and just put something on record.

**Mrs. Mitchelson:** I can only speak on behalf of the staff that have indicated to me that it certainly was not anything negative, that they started by talking about their role and mission and the value they placed on their ability to serve the community that they dealt with. It is a pride statement, so to speak. I believe if staff do take pride and want to express that in a Role and Mission Statement that I give them much credit for it.

**Ms. Friesen:** Thank you, I am glad to have that clarification. It sticks out like a sore thumb, having been going through other departments where it is not. If the minister is putting on the record that it is simply part of a formal process within the department, not something which has been stimulated by particular events, then that is fine. I am finished with that one.

**Mrs. Mitchelson:** I would just like to say to my staff that I have a very energetic and enthusiastic and positive, forward-thinking staff that I believe has an extremely good working relationship. There are many positive things happening as a result of that. Maybe it should be an example for other departments at some point in time, too, to take a look at the positive side. So very often we hear comments like, morale is low. I would believe that morale is high and that we have a commitment and a dedication to a strong work ethic.

It might come as a result of a very lean department where we have looked at streamlining and making efficient and effective decisions. It has been a partnership of all staff working together to make it happen. So I think this statement is an indication of that commitment. So I commend staff for that initiative.

**The Acting Deputy Chairperson (Mr. Penner):** Item 2.(a)(1) Salaries \$228,000—pass; 2.(a)(2) Other Expenditures \$59,400—pass.

Item 2.(b) Grants to Cultural Organizations.

**Mr. Lamoureux:** Mr. Acting Deputy Chairperson, just a very short question, and I would ask if the minister can at least get the information off to me. What I am interested in is the recipients of the

cultural grants, both on this particular line and, I understand, in terms of 7.(a), under the Lotteries, that there are also grant monies that are handed out, if that could be made available? I understand in the past it has been done. I would just ask for the minister to provide that information sometime over this summer.

**Mrs. Mitchelson:** I can undertake to do that and provide it.

**Mr. Lamoureux:** The only other thing that I was interested in knowing is that on 32 of the Supplementary Estimates it talks about the increase in the capital grants, and there is an (a) in which it identifies why this substantial increase. All I would ask is, what percentage of the makeup of the actual \$6.8 million is being spent?

**Mrs. Mitchelson:** Repeat the question.

**Mr. Lamoureux:** In terms of the capital, how much is the Manitoba Museum of Man and Nature receiving and the Centennial Concert Hall? That is all I need to know.

**Mrs. Mitchelson:** The cladding in this year—and it is over a number of years—well, I guess for the Concert Hall this year is the last year, and that will be completed. It is \$2.5 million for the Concert Hall, and \$1.7 million for the Museum of Man and Nature for the exterior cladding this year. That will be a multiyear commitment, so there will be dollars that will flow over the next number of years.

I think that the total, final bill or the estimates that we have right now—\$9.3 million for the museum is the estimate and that will be done over several years; \$1.7 million this year.

**Mr. Lamoureux:** Finally, again, if I could just get a breakdown of the other recipients of their capital too? Thank you.

**The Acting Deputy Chairperson (Mr. Penner):** Item 2.(b) Grants to Cultural Organizations.

**Ms. Friesen:** I wanted to ask about the Winnipeg Art Gallery and how much money went to the Winnipeg Art Gallery this year and perhaps some comparison to the last two years.

**Mrs. Mitchelson:** For 1991-92, it was \$1,963,700; for 1992-93, \$1,989,200; and last year's 1991-92 grant commitment was \$350,000 more than the year before.

(Mr. Jack Reimer, Acting Deputy Chairperson, in the Chair)

**Ms. Friesen:** What is the relationship of the department to the Winnipeg Art Gallery? Does the department appoint any members of the board, or does the government, I should say?

**Mrs. Mitchelson:** Thank you, new Mr. Acting Deputy Chairperson. We are currently in the process of negotiation right now. We do have the ability to appoint one board member. We are looking at negotiating with them and possibly having the ability to appoint a few more.

**Ms. Friesen:** Does the Province of Manitoba, at the present, have a representative on that board?

\* (2110)

**Mrs. Mitchelson:** There has not been a board member for five or six years appointed by government.

**Ms. Friesen:** I believe that the board, at the moment, numbers about 20. So the minister is looking for an opportunity to appoint a portion of that, a quarter perhaps or the same? The Museum of Man and Nature has half of its board appointed by the government. Is the minister looking for a similar kind of relationship, because the funding certainly seems to be about the same proportion?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, we are not looking at appointing half of the board, we are looking at, I do not know, three or four members at most, I suppose.

**Ms. Friesen:** The minister said she was negotiating for that now. Is there a timetable on that? Are you looking perhaps for—I think they have just had their annual meeting or it is just in the process of happening this month. Are we looking at the next annual meeting?

**Mrs. Mitchelson:** We expect the negotiations to be completed maybe by August or so in that respect. They are just gearing up for an annual general meeting right now.

**Ms. Friesen:** I would like to draw to the minister's attention something which I thought I had drawn to her attention last year, but I might not have done. It is particularly appropriate perhaps under this section too, where we are looking at both the Art Gallery and the relationship with the Department of Industry, Trade and Tourism.

This is the second year running that the Department of Trade and Tourism has produced its booklet of travel, what is it called, travel cards, you know, travel bargains for Manitoba. For the second

year running their map of tourist attractions in Manitoba has managed to omit the Winnipeg Art Gallery.

I am not sure if I mentioned it in Estimates last time. The Museum of Man and Nature is there, Dalnavert is there, the Western Canadian Aviation Museum, the St. Boniface Museum and yet it seems to me the million dollars that the public is putting into this simply has not made it into the consciousness of Industry, Trade and Tourism.

Now last year I dismissed it because the map was sponsored by Safeway, and it was pretty tricky with 29 Safeway locations to actually find room for the Winnipeg Art Gallery. But this year I notice that they have dropped Safeway or Safeway has dropped us—I do not know which way it is—but the Winnipeg Art Gallery still has not made it. I would draw that to the minister's attention. Unfortunately, Industry, Trade and Tourism is happening at the same time as us, otherwise I would have—it is not specifically the responsibility of this ministry except insofar as co-ordination takes place.

I hope she will be able to make sure that next year the million dollars of public money at least has the opportunity to be drawn to the attention of tourists both inside and outside of Manitoba.

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, I cannot recall and my staff cannot recall either that that was brought forward last year through the Estimates process, but I might say it is a good suggestion, a good recommendation. I will follow up—I know you cannot be in both places at once either—and I will follow up with a memo to the Minister of Industry, Trade and Tourism (Mr. Stefanson). Along with many other initiatives that are ongoing, a lot of the market research that has been done on tourism does indicate that heritage is one of the reasons that people do come to Manitoba.

It is probably above more than 50 percent from many different areas. As a result of some of that market research, we are establishing an interdepartmental committee with Industry, Trade and Tourism to look at support and planning for future. There are many future heritage-tourism projects that merit much consideration. So I think that over the next period of time we will see some positive move in those directions. Your comment about the Art Gallery is worth also mentioning to the Department of Industry, Trade and Tourism.

**Ms. Friesen:** I did want to pursue the relationships between tourism and the department of Culture, and I notice that there is a section in Heritage where we can look at that, particularly looking at the Westman area.

I am glad to hear the minister's comments on the importance of culture, generally, and tourism marketing. I hope and wish her success in getting that across to Industry, Trade and Tourism. I thought there might have been a chink in the fish and game routine. This last round of advertising, A Place in the Heart, there is a sort of a focus on heritage slightly. I wondered if I was misreading tourism studies and whether tourism studies were saying that the fish and game and lakes and clean water, et cetera, were what people anticipated in Manitoba?

**Mrs. Mitchelson:** They indeed still are a very important factor in attracting tourists to Manitoba. As we know, our multicultural arts through Folklorama has been a major tourist attraction; but as I said, as a result of the recent market research that has been done, Heritage is an area that we need to focus on. As a result, I have a memo in front of me from the Minister of Industry, Trade and Tourism (Mr. Stefanson) inviting our department to be part of a joint initiative to examine some of the ways that we can work together towards looking at heritage tourism in Manitoba. So we are just beginning.

This was just very recent, dated June 10, and we will start that process very soon, as soon as staff from both departments get through the Estimates process and can get into meeting and trying to determine what can be done in the future. So it is kind of an exciting challenge for our Historic Resources Branch to be undertaking.

**Ms. Friesen:** I wanted to ask a couple of questions about the Manitoba Museum of Man and Nature. Perhaps in the possibility of the minister appointing members to the Winnipeg Art Gallery Board, one of the things that I would commend the Art Gallery for and have done in the past is that they do maintain a free day now that they charge admission. They still do maintain a free day, and I hope that will be maintained.

I am still disappointed that the Museum of Man and Nature has chosen to end that, given the amount of public money which is committed to that museum over the past 20-odd years. I am curious,

and I am not sure of the minister's relationship to the Museum of Man and Nature, but one of the things that struck me was that the museum has recently become a "corporate sponsor" on Prairie Public Television. Now, that struck me as unusual. There may indeed be some good reasons for it, but why is public money going from the government to the museum to an American television company?

I might say that similarly the Heritage Federation also gave a grant of \$10,000 to Prairie Public Television to do a film video on the heritage of the Exchange District. Now, I do not know the conditions of that grant and whether it is tied to local production crews or anything else local, and I do not know whether the minister wants to get into those kind of grants, but the two coming together struck me as odd.

Here is public money going to a very worthwhile American endeavour. I mean, I belong to Prairie Public Television. The issue is not the quality or anything, it is the principle of where public money is going.

**Mrs. Mitchelson:** We do not have a hands-on, day-to-day function of dealing and running the Museum of Man and Nature. They do have a board, and they have staff that do undertake that. It is 68 percent of their budget that is provincial funding, and I think it is up to about 70-some when you include federal funding. The rest comes from foundations, and of course entrance fees and that kind of thing, any fundraising that they might do, I suppose the sales in the gift shop and that kind of thing.

\* (2120)

I cannot tell you where that money came from and who made that decision, but we certainly can ask those questions of the museum, and I am sure they would be more than willing to respond to that questioning, but it would be their decision. It certainly was not a decision that was made by us in any way or we had any part of. We did not have any part of that decision making.

**Ms. Friesen:** In both cases, in terms of market niche and advertising, if that is what is intended, I can see that there are reasons for dealing with Prairie Public Television. It may be that the Museum of Man and Nature one was specifically connected to the Muppets. It may be that it is short term. I do not know, and I guess the first time I saw the Museum of Man and Nature on Prairie Public Television, I just raised my eyebrows, but when I

also saw money going from the Heritage Federation to a video, and I do not know the terms of the making of that video, essentially paying an American corporation to tell us about ourselves, well, it certainly seemed to me a general area that I would like to draw to the minister's attention. As I say, in both cases there may be very good reasons and there may be short-term reasons, and in the case of an arm's length agency, there may be particular ways in which the minister wants to address it. It is not something I would perhaps raise in a specific way, but the general issue might be one to draw to your attention.

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, I do thank the member for Wolseley (Ms. Friesen) for drawing that to my attention, and I will ask the museum and I think we could ask probably the Heritage Federation, too, for the reason or rationale that the grant was provided. I am sure both would be very willing to provide that kind of information, and I will share it.

**Ms. Friesen:** We are talking about increased production and marketing for Manitoba's cultural industries. Could the minister perhaps give us an indication of what has been happening in that area? I do not mean just film, but I guess the whole cultural area, unless that particular line just applies to film.

**Mrs. Mitchelson:** Film is in 2.(c), but I guess I would ask whether we have any more questions on Grants to Cultural Organizations.

**Ms. Friesen:** Is this where you prefer to talk about the Arts Council?

**Mrs. Mitchelson:** Okay.

**Ms. Friesen:** Then I would like to ask about the Arts Council. In an earlier discussion when we were talking about research and planning in the arts, the minister indicated that the Manitoba Arts Council had some responsibility in that area. I looked at their organizational chart and I could not see really where they had the staff or the opportunity to do that or the budget lines, and yet in the report from the chairperson, they do, in fact, talk about some reflections on policy that they have had as a board, in reacting for example, to the funding of controversial theatre pieces. Could the minister give us an indication of what she expects in terms of policy and research from this agency?

**Mrs. Mitchelson:** I am informed that there is one-half staff year at the Manitoba Arts Council who is committed solely to research.

**Ms. Friesen:** Has that, over the last four or five years produced any reports, and would they be available to the general public?

**Mrs. Mitchelson:** In many instances I am informed it is internal analysis of the organizations that they fund, and they do briefs and that kind of thing, and I could certainly ask the Arts Council whether there is anything that they could provide for us, anything that has been a public document that could be provided, and I would be prepared to attempt to obtain that for you.

**Ms. Friesen:** The report of the Arts Council, and this is the one I am thinking of, the annual report that we get in the Legislature, is there a broader report that is available to the public? It seems to me that from the perspective of the minister this could be one of the most important documents that you produce, because the range of activities, the range of programs that are presented here throughout Manitoba, the accomplishments of individual artists are enormous.

Yet, it seems to me that this gets very little distribution. Also, it is very uninformative about what the actual projects are. For example, one of them that is actually mentioned in a report is the project of Aganetha Dyck at the Brandon art gallery, and that sounded very interesting.

Would it not be useful, in the absence of the skills transfer program, for example, to have a much longer report that enabled people in other galleries and other smaller locations in Brandon perhaps, to have an understanding of what happened there, that they might be able to use that kind of information and initiate those kinds of projects? The lists of names, places, dates, length of time they are in the schools are not really helpful in expanding the understanding or pride in Manitoba cultural achievement.

**Mrs. Mitchelson:** There is not anything more extensive. I do know that they do do fairly major and extensive news releases, on occasion, when grants are given out and that kind of thing.

Unfortunately, sometimes it is not a high priority issue with the media. Those kinds of things do not get covered in the newspapers, I would say, as frequently as they should be covered; they are good news stories and they are stories about Manitobans who have made major accomplishments and have contributed much. I am sure that, from time to time—the member for Wolseley (Ms. Friesen) does

know if she has done a news release—it does not always get covered. So it is not always the best way to try to get information across to the general public.

Indeed, we try, and I guess we will continue to try. But one of the reasons, I believe, that the DeFehr Report recommended an arts act, was that it would enable a minister responsible for culture, who would be an advocate within government, to provide an annual report to the Legislature on the state of the arts in Manitoba. I think that is probably one of the most important aspects of an act.

Indeed, I would believe that that would be a very comprehensive report. Some of the things that we have just talked about should probably or should, I think, definitely be included in that annual report, indicating what the state of the arts is and what we have accomplished—and not only what we have accomplished but what Manitobans have accomplished through their contributions.

**Ms. Friesen:** I think there are two audiences. One is the general public that a state of the arts might reach. But the other is the artists and the community groups themselves, and the institutions, both large and small—I think, right from now, I do not know why it would need to wait for an arts act—who would have an immediate interest in what is being done in other cultural disciplines and what is being done in other parts of the province.

**Mrs. Mitchelson:** I think it would be a very valuable tool. I know that within this year's budget we certainly do not have the resources to compile that kind of thing within the department. I think the comments that you have made tonight about the Annual Report of the Manitoba Arts Council certainly could be passed on to them for consideration in next year's annual report. I would certainly undertake to talk to the chairperson at the Manitoba Arts Council and pass on your comments to her and see whether they merit some consideration and if, indeed, they might change their format for publishing next year.

**Ms. Friesen:** Sorry, no. I wanted to go to marketing.

\* (2130)

**The Acting Deputy Chairperson (Mr. Reimer):** Item 2.(b) Grants to Cultural Organizations \$4,265,000—pass.

2.(c) Arts Branch: (1) Salaries \$448,000.

**Ms. Friesen:** I wanted to ask about the marketing and increased production that is indicated here in one of the results of this part of the department. It really follows on from what I was suggesting for the Manitoba Arts Council report and also what to me is a fairly minimum tourism research at this stage. Well, maybe I will start by, if the minister could tell us what has been happening in marketing and increased production in this area.

**Mrs. Mitchelson:** Was that cultural industry?

**Ms. Friesen:** The minister asked, was it cultural industries? I am on page 38, under Expected Results, increased production and marketing by Manitoba cultural industries. When I first posed this question a couple of minutes ago, I asked, does cultural industries in this context only refer to film publishing, et cetera, the things that were in the cultural industries agreement or is there a broader framework in the department for encouraging increased production and marketing?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, this does include sound, film and publishing, and there has been expanded marketing through our publishing program. We have a marketing component, also through our cultural industries with some of our films like *The Last Winter* which has been seen and marketed internationally.

**Ms. Friesen:** I know that there has been an effort to increase national and international awareness of films and literature, I guess sound as well. Could the minister give us an idea of what is happening within Manitoba or is any of that marketing and increased production aimed at an internal market?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, I just happen to have a book in front of me that has books, books, books, a Manitoba publisher's catalogue, and a covering letter with a copy to me. This is the most recent book catalogue for Manitoba teachers and encourages Manitoba teachers to purchase reference titles from and by Manitoba publishers. It was made possible by funding from our department for compilation of this. So that is one example of us trying to market and enhance public awareness of what is being offered by Manitobans through Manitobans through some of our book publishing programs. I hope that many teachers throughout the province will look seriously at this catalogue and pick titles that might be very appropriate to their age group for the courses that they are teaching. So that is one example.

**Ms. Friesen:** Are there any incentives being offered as part of marketing packages for teachers and/or others to purchase Manitoba books? I am thinking, for example, remember the recent—and I will stress it is under a Liberal government before anybody gets too excited. The Liberal government of Ontario had a connection between lotteries and book purchasing. I forget how it worked, but there was a payback. I think if you bought an Ontario book, I do not know whether you got a scratch and win—no, it could not have been quite like that. Anyway, it was something along those lines. I am looking for something perhaps more unusual or innovative or incentive oriented rather than the more common practice of marketing that the minister is suggesting here which is bibliographies and compilations and simply information rather than incentive.

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, it is my understanding that under the first year or two of the agreement that, in fact, libraries throughout Manitoba were given Manitoba books with the hopes that it might encourage them to buy Manitoba and utilize the resources that were available here. I guess it did not really indicate that there was a significant increase. It was very limited success. I suppose, you know, it is something for future consideration, and as I indicated we do have this one example that I have right here in front of me, and we will have to look at ways and means that we can encourage. I receive books on a regular basis in my office that are written by Manitobans and published here in Manitoba, and I am extremely impressed with the quality.

I guess we will see, as a result of this catalogue that has been distributed, what the response will be and whether we will see an increase in the sale of Manitoba books as a result of this catalogue going out, extensive mail-outs throughout Manitoba to teachers. So we will monitor the process and get some feedback on how successful it has been.

**Ms. Friesen:** I am interested that free books did not work. Was there a study on that that indicated that?

**Mrs. Mitchelson:** I am informed that there has not been a study as to why we have a reasonable amount of purchase but it is not great.

**Ms. Friesen:** What other types of marketing have been tried in other areas, in popular music, for example, or in video or in film?

**Mrs. Mitchelson:** Basically, we provide grants and the marketing is done. I do know that we have a fairly long list of films made in Manitoba that have reached or are going to reach TV very soon. I will just read a few into the record. There is: Royal Winnipeg Ballet 50 years; A Gathering of Geese; Lost in the Barrens; Night Visions; Welcome Home Hero; Mayor of Odessa; Inuit Marble Carvers; Bordertown Cafe; Curse of The Viking Grave; The Diviners, which is still in production but it is expected to reach TV; The Last Winter, of course; The Big Top; Archangel; Mob Story.

So we have had many, many successes. That is just to name a few. I suppose that is the one venue that certainly does market Manitoba product. I would say that we have to be extremely proud of the calibre of film that has been produced. So that is a way again to market the product.

\* (2140)

**Ms. Friesen:** It is not the quality or the number that is the issue. I mean, I take that as a given. The thing is how do we market these? The minister is indicating here that some are going to be shown on TV and that presumably is to a small Canadian or regional audience anyway. How are we doing internationally?

The minister says that grants are given, but are there, for example, national or regional or provincial consortiums that could help to market a number of Manitoba cultural products? I mean, just as one example. I am looking for innovative ways to get across the quality that we have.

**Mrs. Mitchelson:** The grants that we give in cultural industries go to investment in film. We do have a distribution agreement but marketing is built into that grant, and they are marketed on an individual basis.

**Ms. Friesen:** Some of the recent studies that I have read on this suggest that this is the real difficulty, the marketing of cultural products in regions—and these are not studies actually from Canada, they are from elsewhere—but that the regional products have great difficulty in being marketed outside their own region.

It is not an issue which is alone to Manitoba, but it is one I want to draw to the minister's attention. It is something which most community organizations as well as high quality regional production agencies have great difficulty with. They focus on the product, and they are producing good products, as they are in the different regions of the United States

and France and England, but they do not concentrate on the marketing.

I think much the same kind of argument is being made about regional theatre, that the emphasis on grants, in the granting agencies, and in the structures of all of those kinds of programs, the emphasis is on the product, not upon the marketing of it. So I am looking for some kind of response from the government since it does highlight production and marketing, what other innovative ideas it has perhaps found from other jurisdictions.

**Mrs. Mitchelson:** I suppose a couple of years ago it might have been a little premature to think about marketing. I think our recent successes have shown that we do have a very marketable product here in Manitoba. It seems that those producers that have the ability to produce a good product also do have some strengths on the marketing side of things.

We have marketed, and very successfully, in Germany and Australia with *The Last Winter*, and we are making great inroads into the United States. But it takes a lot of work and we are sort of at the point right now, here in Manitoba, where marketing can be and should be an important component of some of the excellent work that has been produced. So we are just at that point now where we are achieving that excellence and a product that certainly is marketable. That will be an area that we will have to pursue into the future.

**Ms. Friesen:** Are there national consortiums that are marketing internationally, that Manitoba is a part of?

**Mrs. Mitchelson:** I am informed that, no, there is not anything nationally that is extremely successful. *The Last Winter* tried through that kind of venue and had to give up on it. They are marketing on their own, and I might say much more successfully, into the United States and they are breaking into that market in a fairly significant way.

**Ms. Friesen:** One of the other issues that I wanted to raise was the role of marketing in opening up new audiences, particularly in the area of cross-marketing, for example, using video to introduce people to Manitoba literature, or using film to introduce people to music; or by marketing in different venues, marketing different kinds of cultural activities in one venue so that the audience begins to cross over—for example, from theatre to film.

(Mr. Bob Rose, Acting Deputy Chairperson, in the Chair)

I wondered what the department was pursuing in this area. It seems to me that Manitoba, and particularly Winnipeg with such a great variety of cultural activities, would be a very important location for those kinds of cross-over marketing processes. I do not see very much of it happening, and I wondered if there was any leadership from the department in this?

**Mrs. Mitchelson:** I guess there are lots of avenues that could be explored. When we appointed the Arts Policy Review Committee and sat down and looked at ways—and that was one of the challenges I threw out to the committee, to look at innovative ways and ask whether in fact there was a willingness out there to try to be a little imaginative or creative.

The one area that came very quickly to my mind, and I threw out on the table, and we have talked about it and it has not got off the ground yet, is maybe a season ticket package for the ballet, the symphony, the theatre centre, so you could get a season ticket that might cross many different venues and give more people a little taste of everything and maybe encourage increased audience participation. That was certainly something that was discussed throughout the consultation process, and I think something that the DeFehr committee felt warranted some consideration. As I said, it has not got off the ground yet, but it is certainly something that we would encourage. You know, I have mentioned it from time to time since then, but it has not taken off.

**Ms. Friesen:** Can it be encouraged by including it in the granting structure?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, it is the Arts Council that deals with the major arts organizations. We have a new chairperson at the Arts Council that has just started, just sort of getting into it with both feet. I think that we will find that she will be a very enthusiastic and energetic person that has been extremely involved in community arts for many years. We will provide the opportunity for debate and discussion around innovative ways to deal with funding and also with encouragement of participation throughout the broad range of the community.

The Consumer Arts Profile does help us to identify certain market opportunities and Ballet in the Park, of course, is a fairly successful event. This summer

there will be three symphonies at The Forks on Labour Day as a part of Canada 125 and that will be free. There will be symphonies, the Vancouver Symphony, the Edmonton Symphony and the Winnipeg Symphony are putting on performances for Canada's 125 celebration right here in Winnipeg at The Forks.

We are pleased that that opportunity is going to be provided to Manitobans and to tourists that might want to travel to Manitoba to participate in the celebrations. That will be something that will be free. Your point, as far as marketing, is one that we need to seriously look at and ensure that Manitobans have the opportunity at least to know that that kind of activity is happening and be encouraged to attend.

**Ms. Friesen:** I am finished.

\* (2150)

**Mr. Lamoureux:** I have a couple questions on this particular line. In regard to the Prix Manitoba Award, when is the next award handed out? I know that there is a brochure that the minister has on it, if there is one that is available?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, the next Prix Awards will be in recreation sometime this year, and it has not been scheduled as yet but it will be sometime later this year.

**Mr. Lamoureux:** Mr. Acting Deputy Chairperson, it is an annual award, is it not? How often, or what is determined in terms of when the award would actually be presented?

**Mrs. Mitchelson:** There are Prix Awards for heritage which are presented on a yearly basis, and that is usually on Manitoba Day or around Manitoba Day. Every two years we have a Prix Award for multiculturalism, and that is usually done in conjunction with the Manitoba Intercultural Council's biennial assembly. We have introduced the Prix Award for recreation which is once every two years, and it will be this year.

**Mr. Lamoureux:** I would just ask if I could get a copy of the brochures. I know that the minister does have brochures on them, if that would be possible?

The other thing was in regard to the Film Support Grants. I know that the federal government had withdrawn some of their funding towards it. The minister tried to compensate for that by adding additional provincial government monies. How much of a withdrawal did we see from the federal

government? Is this a complete 100 percent compensation from the provincial government in that area?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, we are just trying to get the agreement. It was an ERDA agreement that was signed back in 1985, '86 I believe, and it was a joint venture. When the agreement was finished the federal government indicated that there would be no more support. I think we did get \$800,000. They were initially in at—okay, we were just trying to go back historically, and I think there was \$6 million for film over a period of five years, and at the end of the agreement the federal government indicated they would not be involved in a cost-shared agreement. It was a 60-40 agreement, 60 percent federal and 40 percent Manitoba money.

When the agreement ended, we last year got about \$800,000 from the federal government to contribute. This year we have nothing as yet from the federal government. We are still in the negotiation process. The federal government does know that it is a priority for Manitoba, but in fact there has not been a federal commitment as yet. I think there seems to be a sense that there might be a positive response from the federal government, but we do not know, and it would be a limited amount of funding, but we have increased our support so that we are in at about \$2.1 million provincially this year.

**Mr. Lamoureux:** Mr. Acting Deputy Chairperson, I know one of the concerns—I believe it was the Arts Council that actually had a recommendation with respect to concern about the national government divesting itself of some of the responsibilities, and this is one of the areas, no doubt, that they would have been making some reference to, because even though it was an ERDA agreement that allowed the monies to flow from there, I would hope that the government would continue to emphasize the importance of the national government's role in ensuring that the resources from our national government do continue to come. I know that in the constitutional debate that is going on there seems to be a lot of emphasis to do what this line has unfortunately indicated, and I think as a government, not only this particular minister but we have seen a consensus in Manitoba that we should be emphasizing that, if anything, the Government of Canada has a larger role to play.

Finally, I wanted just to ask in terms of the Project Support which went from \$98,000 to \$200,000. I

am not too sure what that is. Can the minister just explain to me what it is?

**Mrs. Mitchelson:** Although we have some difficulty in this area getting a cost-shared agreement, and throughout government we have experienced offloading in many major areas of expenditure by the federal government and it certainly is a concern across government, I do want to indicate for every dollar that we contribute provincially through CIDO, we lever anywhere from \$2 to \$4 from Telefilm, which is national or federal money for a production.

There is federal money going into film in Manitoba, but there is no cost-shared agreement at this point in time. It does not look like we are going to get any long-term commitment for cost sharing of our cultural industries, but we have stressed to the federal government that it is an industry that we believe merits consideration and support. We will continue to work to try to get federal dollars in support of our cultural industries here in Manitoba.

**The Acting Deputy Chairperson (Mr. Rose):** Item 2.(c) Arts Branch: (1) Salaries \$448,000—pass; (2) Other Expenditures \$110,900—pass.

We declare a five-minute recess.

\* \* \*

The committee took recess at 9:59 p.m.

### After Recess

The committee resumed at 10:08 p.m.

**The Acting Deputy Chairperson (Mr. Rose):** Order, please. I call the Committee of Supply to order. We are considering item 2.(d) Public Library Services: (1) Salaries \$664,700. Shall the item pass?

\* (2210)

**Mr. Lamoureux:** Mr. Acting Deputy Chairperson, I had a couple of questions on this particular line, because a while back the minister had in fact had a challenge that was put out to the Public Library Advisory Board, in a sense that they were to go out and consult and come back to the minister with a number of recommendations, with the bottom line to improving—right from her own press release—final recommendations to improve accessibility and delivery of the library services across the province.

My question to the minister is: Has she received that report as of yet?

**Mrs. Mitchelson:** I guess the member for Inkster was not paying terribly close attention to my opening statement, where I indicated that I was expecting or anticipating that report in the near future. I know that they are nearing completion of that report, and I expect that within the next few weeks we may have a report that we will be able to deal with.

**Mr. Lamoureux:** I guess it was not because of a lack of interest in terms of listening; I was talking to the government House leader (Mr. Manness) in regard to this session. That is the reason why, unfortunately, I was not able to listen to all the details. My apologies—if she feels that it is necessary to give an apology for it.

But, Mr. Acting Deputy Chairperson, I did want to pick up on a couple of the concerns. I know that there are a number of rural libraries, and I wanted to know, has there been an increase in rural libraries in the last number of years, decrease, has it remained the same?

**Mrs. Mitchelson:** Last year there was a new library established in Gretna. This year, there has been a new library established in MacGregor, and Morris and Oakbank are in discussion stages. There is a possibility that there could be establishment of two new libraries in those two areas. So they are increasing.

**Mr. Lamoureux:** It is encouraging to hear that we see more libraries, because I find that they play a major role in providing information, and not only that, but provide an excellent service to the communities.

I would ask the government, what role do they play? Do they sit down with the municipalities to try to come up with where libraries should go and so forth?

(Mr. Jack Reimer, Acting Deputy Chairperson, in the Chair)

**Mrs. Mitchelson:** It is a municipal initiative. In fact, if there is a desire to establish a library in a community, Public Libraries is approached and it goes through a municipal process, and then we go through a process of planning support and assistance to the municipalities in establishing a local public library. So there is a process when our department is approached by a municipality that does express a desire; indeed, we work with them to support and plan the establishment.

**Mr. Lamoureux:** I would then take it that the government, as a policy, when it comes to rural libraries, they are there to promote additional

libraries in different municipalities and so forth, and provide financial assistance. Is that a fair assessment?

**Mrs. Mitchelson:** Indeed, we are there to assist when municipalities express a need or a desire to establish. What happens is there are by-laws in municipalities and they have to have first and second readings of by-laws to establish a municipality.

As I indicated, there was one new one established last year. One new one is just in the process of the final reading of the by-law to establish. That is the one in MacGregor. So it is pretty well a fait accompli. Morris and Oakbank are both dealing with the department, and we are working with them to help them through the process with support and planning.

**Mr. Lamoureux:** Do we find any rural communities actually losing libraries?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, none have shut down, to my knowledge, that have been established.

**Mr. Lamoureux:** I am pleased to hear that. I wanted to move on in terms of a concern that I have addressed previously, I guess, in the Estimates, and that is in regard to libraries from within the city of Winnipeg. Understanding and appreciating the importance of the rural libraries, I think it is also imperative on us to understand and appreciate the importance of the community libraries in the city of Winnipeg. I would ask the government in terms of what it believes the future of the community libraries is like in the city of Winnipeg, given no doubt that she would have communication with the city on what the plans are.

**Mrs. Mitchelson:** We have discussed this issue over several sets of Estimates since I have been minister. I know there has been questioning in the Legislature also on, are we going to dictate to the City of Winnipeg the number of branches that they should have or whether all existing branches should remain. I have indicated in the past that those are local government decisions, that the City of Winnipeg has to determine the number of branches and what locations those branches should be in. We provide block support on libraries to the City of Winnipeg, and they determine how that money should best be utilized to serve their constituents in the city.

I have indicated in the past that it is a local government decision and the City of Winnipeg has to determine on behalf of the constituents that it represents where library branches should be, how many there should be and what amount of funding there should be for those libraries.

**Mr. Lamoureux:** I know that the government in the past has talked about the illiteracy problem within the city of Winnipeg. No doubt the availability of community libraries does have an impact on it. The government also has a role to play. We see it within rural municipalities. As I say, it is good to see the government would promote and provide services for those rural libraries, because they recognize the importance of having libraries in rural communities and encourage to see the growth of them.

I would suggest—because I know we have very limited time and there are a number of areas that we really want to concentrate on, at least we do as an opposition party, Mr. Acting Deputy Chairperson—I was going to suggest to the minister, again, that I believe that she does have a larger role to play in terms of libraries and community-based libraries, at the very least, as the government taking some sort of a position on it.

Having said that, I wanted to ask the minister what conversations she had with the city or if she has had any communication with the city with respect to potentially creating a multicultural library? I know this is something that a local councillor of mine has often talked about and, in fact, has even suggested that we might even see this multicultural library located at Burrows and Keewatin, which I would suggest is probably a very good location to have. Not only does it happen to be in the riding which I represent, but it is an area I think much deserves and warrants—if we are going to be moving toward a multicultural library or providing a multicultural library, that this be one of the areas that be given serious consideration.

\* (2220)

**Mrs. Mitchelson:** If there is a well-planned request and we can work through a proposal that might come forward to government with the community, I have heard that there has been an expressed desire. We have not had any formal proposal come to government to establish a library, but I would still believe that we could work along with the City of Winnipeg.

As I said, libraries are municipal responsibility, and if there were resources at the staff level that could work with the City of Winnipeg, we would be more than willing to help through that process. But, to my knowledge, there has not been a proposal to date, not one that I am aware of anyway, and if in fact there was an expressed desire and a commitment by the City of Winnipeg to pursue that goal, I think our staff would certainly provide support and work together co-operatively with the City of Winnipeg and the community to try to get through the hoops that might help to get that kind of a library established.

We talk about literacy, and I think I have said that buildings alone and libraries do not necessarily mean that we are going to have more literate people. It is the programs that are provided through the public libraries and through community libraries, in fact, that will determine the success and the utilization of the books that are there in a very positive way. I have always indicated that.

We may have had the conversation last year about looking at—and I know I have discussed with my colleague the Minister of Education (Mrs. Vodrey)—the issue of having school libraries more accessible to the public and maybe extended hours to provide opportunity outside of school hours for people to utilize those facilities.

I have asked the questions even of the Public Schools Finance Board on whether they are interested in looking at that, and they certainly are interested in trying to accommodate in a certain way. I do not understand even why, possibly in some areas, if there were nursery schools that wanted to utilize the public school library, those kinds of activities could not attempt to be undertaken.

We have also offered to the city, at the staff level, the opportunity to sit down at any time and meet with them to discuss library issues, and I know they have not approached us as yet. But we would certainly be prepared to work co-operatively with them on looking at new and innovative ways of trying to make books that are presently available more accessible.

**Mr. Lamoureux:** I think the minister makes my point at least in part, in terms of that there is some need to have a co-ordinated approach. She makes reference to the ideas that there are public school libraries, which, I think, is an excellent one and worthy of pursuing. But it is that sort of a

co-ordinated approach and why it is also important for the minister, as I say, to think in terms of the community-based libraries and that she might have a more significant role to play other than just giving a block grant.

Having said that, I also wanted to comment when the minister said that a building in itself does not rectify a problem, if I can put it that way, and the minister is quite right in that assessment. There are a number of factors that need to be taken into account. She points out one.

I look at the Brooklands library, and one of the reasons why that library is a library that has been rumoured on numerous occasions as being a library that should be closed is because of its circulation. Well, once again, circulation is not the only factor that needs to be taken into consideration.

We should be looking in terms of the mobility of the individuals or the people who live around the area, incomes and so forth, the whole demographics of the area in terms of the educational levels and so forth. A decision should not just be made on one factor.

Having said that, Mr. Acting Deputy Chairperson, I am prepared to pass the mike.

**Ms. Friesen:** I wanted to ask the minister what the impact of the most recent census figures will be on the libraries in rural Manitoba, particularly given the nature of the funding on a per capita basis?

**Mrs. Mitchelson:** There will not be any impact this year because we are using the old census numbers.

**Ms. Friesen:** When do the new census numbers then come into effect in the department's granting program and what studies has the department done to show what the impact will be on rural libraries?

**Mrs. Mitchelson:** Normally the new census numbers would be used for next year's budget process, but we are fully expecting that we will have the Public Library Advisory Board's report and recommendations to deal with at the same time as the new budget process for next year's Estimates will be undertaken. So I am not aware yet of what the library board will recommend to government and how we might be able to deal with those recommendations.

**Ms. Friesen:** I am sorry, I think I missed a step there. I am not sure of the connection between the two. Is the minister suggesting that there will be a new funding formula in place?

Essentially what we are looking at is a continuing decline of parts of rural Manitoba and a shift in population to Winnipeg and to south-eastern Manitoba. This presumably has implications for the funding process for those areas which are being depopulated. That is what I was getting at. Is the minister suggesting that the library board is going to look at new ways of funding?

**Mrs. Mitchelson:** I would imagine that they will make recommendations on maybe new models and new methods of funding when their report comes in. I fully expect that they will.

**Ms. Friesen:** My other question dealt with training, Red River College and training in library technicians programs. I think there is a move to expand that to a two-year program. I am wondering if the department or the Public Library Board or the strategic plan that is being developed in the department in Library Services has had any input into those particular proposals?

**Mrs. Mitchelson:** Yes, Public Library Services has definitely had input and it looks like there is consideration to expanding it to a two-year course, but we have been leading the discussions through public libraries on that issue.

**Ms. Friesen:** Is there a timetable on that? When is that likely to begin and what are the implications of that for staffing when you move from a one-year to a two-year program? Presumably there is, first of all, a hiatus, and then second of all, there is an issue of, does it lead to a different wage scale and are rural libraries, for example, going to be able to afford that? I guess there is a range of issues.

**Mrs. Mitchelson:** We actually do not teach the course. We are very highly involved in recommending a program. My understanding is that the Public Libraries Advisory Board will be dealing with that issue and how it might impact on rural Manitoba libraries.

**Ms. Friesen:** Is there a report of the Public Libraries Board that is publicly available? How do we know what they are planning and what they are proposing?

**Mrs. Mitchelson:** There is not a report but I think staff have had dealings with the discussion paper that was circulated in the community that does have an idea of the kinds of things that have been looked at. It will be a public document once the report is received.

**The Acting Deputy Chairperson (Mr. Reimer):** Item 2.(d)(1) Salaries \$664,700—pass; item 2.(d)(2) Other Expenditures \$323,000; item 2.(d)(3) Grant Assistance \$1,577,300—pass.

2.(e) Historic Resources: (1) Salaries \$1,033,300.

**Mr. Lamoureux:** Mr. Acting Deputy Chairperson, only one brief question in regard to the heritage preservation and some of our buildings. Last year during the Estimates there seemed to be a concern regarding the theatres, and I was wondering if the minister might be able to give some sort of report to the committee of what the latest is on those buildings.

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, the department has received permission to go in and take a look at the inside of the theatres and see if there has been any damage over the winter. They have not been in as yet, but they have received permission from the owners to do that.

**Mr. Lamoureux:** Mr. Acting Deputy Chairperson, I guess that in part what I was looking for is to find out if there has been damage because of being moth balled, if you will. Unfortunately, I guess we will have to possibly wait till the next time we are in session before we get a response to it, but I would ask that after her staff have gone through the building, if the opposition parties could be given a copy because there seems to be a lot of interest in terms of what was going on in that area.

The other thing that I want to touch very briefly on is in regard to Manitoba Day. What other activities—I know this year, for example, we had the citizenship court in the Legislative Building, which I thought was an excellent idea, in celebration of Manitoba's entry. I am wondering what other events, or if there is an agenda, a calendar of celebrations that are held throughout the province. If there is, I would ask for a copy of that.

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, I think all of us do recognize that there is not in many instances great public awareness of Manitoba Day, that indeed May 12 is Manitoba Day, and we have been struggling as a department over the last number of years to try to increase the profile of Manitoba Day in a significant way. Of course, we have dealt with citizenship court. A few years ago we designated this building as a historic building. There have been trivia quizzes and I think they were broadly carried by the Free Press during the week leading up to Manitoba Day and through that week,

and many people did participate in attempting to answer some of the questions surrounding the history of Manitoba that were presented.

We had a satellite TV hookup and 73 schools throughout Manitoba were linked in to watch. It was a heritage quiz so that children throughout Manitoba had the opportunity to answer questions. We talked about the newspaper coverage of the quiz and there were hand-out packages distributed to schools, to heritage and multicultural groups, to libraries, to Indian bands and MLAs and the Manitoba Heritage Council. The Prix Manitoba awards, of course, were presented on Manitoba Day, and it seems to me that we do a news release out every year talking about the recipients of the awards.

Very often, again, this is another one of those instances that is good news and does not seem to get picked up terribly broadly. I would like, you know, the media throughout the province of Manitoba to give credit where credit is due to some of the very significant people that have been judged by their peers to be meritorious of a very significant award.

It is probably one of the nicest ceremonies that I participate in throughout the year, the presentation of the Prix Awards. I do not know how we raise the profile without a sense by the media that they are important events. I think we have to look toward the future, and we are starting already to look at ways that we can heighten awareness for next year's Manitoba Day.

It also usually falls right in the middle of Multicultural Week, a week that we celebrate. Many of the schools do celebrate Multicultural Week that same week. Whatever day the 12th falls on, it is usually in that week sometime. I have tossed out the idea of a theme for next year already; I am not sure what it will be. A couple of years ago it was the 75th anniversary of women getting the vote in the province of Manitoba, so we focused on some activities. There was a play in the Legislature that many of the MLAs may have attended.

For 1993, we are looking at, without any final decision on special places, and that might be the focus for next year's activities. But I think that it is important that we get communities involved in the planning and preparation of special activities within their communities, so that it will heighten the awareness within the school system, within the educational system.

Also, maybe we can tie in the theme of Multicultural Week and Heritage Week to some degree too. There has been a suggestion for a major multicultural festival or activities on that day. That is certainly an option. It might be nice to have a different theme every year, and start planning and preparation for it, so that a broad cross section of the community will know that Manitoba Day is May 12, and that it is day that we should celebrate and be proud of who we are.

**Ms. Friesen:** Can the minister tell us what input the department has had into the new planning act for Manitoba in the Department of Rural Development?

**Mrs. Mitchelson:** There is an intergovernmental committee that is dealing with the plan. Our recommendation, of course, is that the Heritage conservation districts be included in the plan. There are continual updates, but there is not as yet a definite plan that has come forward. But we are involved on a continual basis, and that has been our recommendation.

\* (2240)

**Ms. Friesen:** It is the Heritage conservation districts concept that I am interested in particularly. I did get from the department the new proposal—it is not that new, actually; I think it has just been recirculated—for land-use planning, and I did not see anything in that on conservation districts.

So there is, in fact, a separate process that is looking at the act and one which is looking at the land-use planning. Am I right? Or is the document that is circulating now, as a draft land-use planning proposal for Manitoba, what is eventually going to become the new planning act, and is that what the department has had input into?

**Mrs. Mitchelson:** Our department has had input into both, but they are separate and apart, The Planning Act and the land use policy are separate issues.

**Ms. Friesen:** I have raised this particular question before, but I am wondering if there is any new news or good news on this, and that is, the proposals for an international world heritage site in Manitoba?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, we are monitoring the process, but there has not been anything major that is new. There still needs to be further negotiation with the federal government and natural resources on a proposed national park in the area, but as I said there has not been anything new. Negotiations are still ongoing.

**The Acting Deputy Chairperson (Mr. Reimer):** Item 2.(e) Historic Resources: (1) Salaries \$1,033,300--pass; 2.(e)(2) Other Expenditures \$195,100--pass.

2.(f) Recreation: (1) Salaries \$290,200--pass; 2.(f)(2) Other Expenditures \$159,200--pass.

2.(g) Regional Services: (1) Salaries \$933,200.

**Mr. Lamoureux:** Mr. Acting Deputy Chairperson, just one question on that particular line. Were there any staff changes in that area?

**Mrs. Mitchelson:** I would like to ask for clarification. Are you talking about the numbers of staff or a changeover in staff?

**Mr. Lamoureux:** I am thinking if there was a vacancy or if there was a changeover in staff in that area.

**Mrs. Mitchelson:** The director is on a one-year leave, and we have staff from each of the regions that are rotating and spending two months each as acting director while that person is on a one-year leave.

**Mr. Lamoureux:** Would that be the position in terms of Beausejour? Is that the area?

**Mrs. Mitchelson:** I am informed that one of the staff people in Beausejour has been brought into another vacancy within the Department of Culture and is doing some policy and planning right now.

(Mr. Jack Penner, Acting Deputy Chairperson, in the Chair)

**Mr. Lamoureux:** So then there would be a vacancy in Beausejour right now, and if there is I would ask the minister is it being planned on being filled or is it just a transfer from the town of Beausejour to another community?

**Mrs. Mitchelson:** No. It is just that it is vacant on a temporary basis while this person is in acting, getting some experience in that area, but he will be moving back into that position. He is only doing it on an acting basis.

**The Acting Deputy Chairperson (Mr. Penner):** Item 2. Culture, Heritage and Recreation Programs (g) Regional Services: (1) Salaries \$933,200--(pass); (2) Other Expenditures \$265,000--(pass).

Resolution 20: RESOLVED that there be granted to Her Majesty a sum not exceeding \$10,556,300 for Culture, Heritage and Citizenship; Culture,

Heritage and Recreation Programs; for the fiscal year ending the 31st day of March, 1993—pass.

Item 3. Information Resources (a) Communication Services: (1) Salaries \$904,700—pass; (2) Other Expenditures \$77,400—pass.

(b) Advertising Services: (1) Salaries \$634,900—pass; (2) Other Expenditures \$116,600—pass; (3) Public Sector Advertising \$2,509,600—pass; (4) Less: Recoverable from Other Appropriations \$2,631,700—pass.

(c) Information Services: (1) Salaries \$541,100—pass; (2) Other Expenditures \$163,400—pass.

(d) Queen's Printer: (1) Salaries \$1,879,500—pass; (2) Other Expenditures \$2,220,200—pass; (3) Less: Recoverable from Other Appropriations \$3,268,300—pass.

(e) Translation Services: (1) Salaries \$898,100—pass; (2) Other Expenditures \$387,900—pass.

(f) Provincial Archives: (1) Salaries \$1,359,600—pass; (2) Other Expenditures \$256,500—pass; (3) Less: Recoverable from Other Appropriations \$28,800—pass.

(g) Legislative Library: (1) Salaries \$780,800—pass; (2) Other Expenditures \$179,700—pass.

Resolution 21: RESOLVED that there be granted to Her Majesty a sum not exceeding \$6,981,200 for Culture, Heritage and Citizenship, Information Services, for the fiscal year ending the 31st day of March, 1993—pass.

Item 4. Citizenship (a) Immigration Policy and Planning: (1) Salaries \$367,800—[interjection] Sorry, you were almost too late.

**Mr. Lamoureux:** I have a number of questions in this whole area dealing with Citizenship all the way down to Multiculturalism. No doubt the member for Radisson (Ms. Cerilli) and I will both have a number of questions in this area.

\* (2250)

So we will get started off by asking some questions in regard to—the number of immigrants that have been coming to Manitoba has been decreasing. It seems that ever since 1984, and I am sure the minister will correct me if I am wrong, there seems to be a decrease in the number of immigrants that Manitoba is getting in terms of what, I would

suggest, is our proportion in Canada of our population.

I would ask the minister, in terms of what sorts of commitments does she have, and if she can give us some brief—underlining the word brief—history in terms of the numbers that have been there in the last couple of years.

**Mrs. Mitchelson:** We have indicated—and ever since Citizenship was moved over and our department was renamed to Culture, Heritage and Citizenship, we have had a more major focus on immigration. One of the first announcements that we made was the desire to negotiate expeditiously with the federal government an immigration agreement not unsiimiar to what Quebec has in place so that we would have more control over immigration, the numbers of immigrants and the classes of immigrants that might come to Manitoba.

We as Manitoba are 4 percent of the total Canadian population. [interjection] Well, for all intensive purposes, I think it is around 4 percent, and we believe that we should be getting our proportionate number of immigrants based on the number of residents with the percentage of population of Canada. That is around 4 percent.

We are down in 1991 to just over 2 percent. That is a serious concern. We have expressed that concern, and we are actively pursuing an immigration agreement that will put in place the ability of Manitoba to receive 4 percent of the immigrants that come to Canada and many other components, of course, to that Immigration Act.

We are concerned, yes. Our numbers are down. I think an immigration agreement might resolve some of that problem.

**Mr. Lamoureux:** Mr. Acting Deputy Chairperson, I know last year we had talked about it at length in terms of the percentages and so forth. No doubt I could probably go back and put together some numbers for myself, but I would ask if the minister could give us the indications in terms of the actual percentages. That would include the decimals, if you like, of Manitoba's percentage of the population of Canada as compared to the percentage of immigrants on a per capita that we are receiving that are coming to Canada and any forecasts that she might have within her own department.

I wanted to ask some questions regarding an issue that has come up with respect to the whole question of the domestics. I know the minister has

met with representatives from the domestics, some community leaders, and had given some sort of indication that she had consulted with the federal department in that there seemed to be some sort of an informal agreement that the minister would be able to look after some of the cases.

I am wondering if the minister can report back to us in terms of the number of domestics—I have heard from four to 12—in terms of the actual breakdown of what is happening with these individuals, in what stage they are at. If the minister can shed any light if these individuals have any reason to be optimistic, that we will be able to work things out on their behalf with the Department of Immigration?

**Mrs. Mitchelson:** Mr. Acting Deputy Chairperson, as a result of questions, I think, that were raised by the member for Radisson (Ms. Cerilli) initially in the House and subsequently, of course, by the member for Inkster (Mr. Lamoureux), indicating that there was some problem with domestic workers being sent notices and indications that they might not be able to apply for landed immigrant status from within the country.

I did meet with those organizations who expressed concern. We have only been able to confirm four domestic workers. We have heard that there might be more numbers, but with the two organizations there have only been four people that they have indicated have had a problem—that I am aware of anyway.

What we did as a result of those concerns being raised was contact federal officials who have agreed to a unique circumstance whereby if those domestic workers who have concern and some problems are prepared to sign a release form, that the information in the files that the federal government has can be shared with our officials at the provincial level, whereby those files can be reviewed with the person who has expressed a concern. If there is anything that we can do on behalf of that person to try to help, we would be prepared to do that.

First of all, what we need to do is get the release form signed so that the documents that the federal government has in its jurisdiction can be shared. We do not, as yet, have an agreement with the federal government that would give us control over immigration. It is still their responsibility, but as I indicated, they are prepared to share those files with our provincial officials who can, in turn, meet with the domestic worker who is involved and see if there

is any way that we can provide any support or any help.

**Mr. Lamoureux:** I was wanting to make a suggestion, and I am hoping the minister will take me up on it. I do not know the names of the individuals, with the possible exception of one, that the minister has, as a case, if you will, that is being worked on. I know of at least two individuals, personally, through some contacts that I have.

I would like to be able to contribute in some way, in being able to do what I can to see if we can help them, and to make myself available if she has a staff person who is working on these cases—as I am sure the member for Rossmere, who also knows of some individuals—that if we can sit down with her staff person and bring up the cases that we have, as opposed to just handing them off to the department, if we could have the option to sit down with the person that she has delegated and possibly arrange some meetings with the individuals who have been affected, to address the problem and possibly have these people remain in Canada without having to face deportation.

**Mrs. Mitchelson:** We would be more than willing. If any members have people that they are aware of that have problems, we would be more than willing to sit down with that person, the member for Inkster (Mr. Lamoureux), and a staff member of the Citizenship branch.

I do have to stress, too, that the person who is asking for assistance, in order for us to obtain files from the federal government, would have to sign a release form. We have sent some of those forms out to both of the organizations that represent domestic workers, but to date they have not come back to us with authorization. The only way that we can intervene is if we have the federal files at our disposal.

**The Acting Deputy Chairperson (Mr. Penner):** The hour being eleven o'clock, what is the will of the committee?

**Hon. Darren Praznik (Deputy Government House Leader):** I would ask if this committee could recess until 10 a.m. tomorrow, subject to the unanimous approval of this committee to sit at that time. I understand that there are some discussions going on between House leaders, and those are incomplete. But if we could recess subject to the unanimous consent of the committee to meet, if we

could reconvene at 10 a.m. and proceed, subject to that unanimous approval at that time.

**The Acting Deputy Chairperson (Mr. Penner):** Is it agreed that we would reconvene—

**Mr. Praznik:** Recess until—

**The Acting Deputy Chairperson (Mr. Penner):** —at 10 a.m. tomorrow, June 17?

**Mr. Praznik:** I understand that we are recessing until 10 a.m. tomorrow, subject to—

**The Acting Deputy Chairperson (Mr. Penner):** Is it agreed that we recess?

**Some Honourable Members:** Agreed.

**Ms. Marianne Cerilli (Radlsson):** It is agreed that we recess, but I would just request that it be 10:30 a.m. that we resume.

**Mr. Praznik:** I have no problem with that, if we recess till 10:30 a.m. tomorrow.

**The Acting Deputy Chairperson (Mr. Penner):** It is agreed that we reconvene at 10:30 a.m. tomorrow. Thank you.

The hour being eleven o'clock, the committee stands recessed until tomorrow at 10:30 a.m. (Wednesday)

## INDUSTRY, TRADE AND TOURISM

\* (1900)

**Madam Chairperson (Louise Dacquay):** Order, please. Will the Committee of Supply please come to order. This section of the Committee of Supply is dealing with the Estimates for the Department of Industry, Trade and Tourism.

Does the minister have an opening statement?

**Hon. Eric Stefanson (Minister of Industry, Trade and Tourism):** Madam Chairperson, I take it that the process to date has been that it is quite all right to remain seated. We can be more comfortable while we deal with these Estimates.

**An Honourable Member:** We have got lots of questions here.

**Mr. Stefanson:** Do you? I am getting nervous looking across the way.

I have a brief opening statement. I am pleased to have this opportunity to present the Legislative Assembly of Manitoba with the 1992-93 fiscal year spending Estimates for the Department of Industry, Trade and Tourism. Manitoba's economic future will be greatly influenced by our success in a very

competitive global economy. Meanwhile, our province and the nation remain challenged by a sluggish economy overall. These two elements, the drive to economic recovery and the need to be competitive in an economic world without borders, are the focus of the Department of Industry, Trade and Tourism.

However, Madam Chairperson, as we plan for the future, we learn from the past. Good government must bear in mind the cost of renewal and what the tax-paying people of this province can support. Our government is committed to fostering the economic climate for job creation through growth. My department will continue to work with the private sector to encourage co-operation and partnership in the creation of long-term jobs that will provide a foundation for the future. To that end, the Industry, Trade and Tourism department is emphasizing strategic initiatives through a more project-oriented approach. With careful planning and quality products, Manitoba industries can be competitive locally, nationally and in fact globally.

My department, in consultation with the private sector, has focused on several sectors with the greatest sustainable competitive advantages. The word "sustainable" is to be taken in the context of the long term and in the context of environmentally sound development. Examples of these sectors include aerospace, information technology, the health industries, tourism, environmental industries, food processing and transportation.

Madam Chairperson, to fulfill the mission of the Department of Industry, Trade and Tourism, we must capitalize on new opportunities. This can be achieved through the opening of markets, attracting new investment, fostering growth and new economic sectors and by promoting new technology and innovation. We must build on our strengths as a province.

The majority of enterprise in this province is small and medium in size. We are encouraging skill development for entrepreneurs and small business. For example, the Business Start program guarantees loans targeted primarily towards women and rural Manitobans. We have added or strengthened financial assistance programs to support investment and research and development in Manitoba.

The Manitoba Industrial Recruitment Initiative or MIRI provides assistance to attract new business

investment, development opportunities and related job creation.

The Crocus Investment Fund, controlled by the Manitoba Federation of Labour, is to promote employee ownership in Manitoba business.

The Manitoba Industrial Opportunities Program, or MIOP, provides financial incentives to private companies in locating or expanding here in Manitoba. Benefits to Manitoba, such as specific job creation, are required. Over the past seven years, this program and its predecessor, the development agreement program, have seen involvement in 36 projects positively affecting approximately 5,600 jobs in Manitoba. We are also promoting partnerships such as private sector consultations.

The Economic Innovation and Technology Council will provide guidance for economic renewal through leadership. The council will provide a forum for consultation and dialogue between business, industry, labour, the research and academic communities and government. The council will assume responsibility for the direction and management of the Economic Innovation and Technology Fund, providing grants and incentives. The council carries on the activities of the Manitoba Research Council, including the operation of technological laboratories and facilities.

My department will fund the Economic Development Board Secretariat, as it links the economic activities of government to the efforts of the community and private sector. The recent Doing Business in Ukraine and Russia seminar was very well received by the Manitoba business community. The Trade branch was instrumental in its success.

Talking about federal-provincial co-operation, earlier this year the province signed the Canada-Manitoba Partnership Agreement for Tourism. The five-year agreement, the third such joint venture, is intended to stimulate a refurbishing of the tourism industry infrastructure. The Federal-Provincial Western Economic Partnership Agreement, WEPA, in communications technology research and industry development, will target advanced telecommunications technologies and applications.

Talking about interprovincial co-operation, Manitoba is an active member of the Western Science and Technology Ministers Council. The

council seeks to develop projects in co-operation with the private sector in all areas of science and technology. For example, we are participating in a feasibility study on the Earth Environment Space Initiative, examining advanced remote sensing to monitor environmental changes.

In talking about province-state co-operation, Contact '92, held in Winnipeg, was a unique conference designed to explore business opportunities for Manitoba, North Dakota and Minnesota. The Red River Trade Corridor Incorporated received funding assistance from Industry, Trade and Tourism.

The Health Industry Development Initiative works to enhance our existing health technology infrastructure and seeks to develop the health industry in Manitoba.

The Manitoba Pharmaceutical Fair, the first of its kind in all of Canada, brought together representatives of the medical research community, the pharmaceutical industry and the Province of Manitoba.

The Industrial Technology Branch delivers the Manitoba Aerospace Technology Program and the Manitoba Environment Industries Development Initiative. The branch assesses and advises on proposals and actions of government, the private sector and others engaged in science, research and development, engineering and other technology-related activity.

The Manitoba Centres of Excellence Fund will continue to provide additional support to researchers who are successful under the Federal Networks of Centres of Excellence Initiative.

Madam Chairperson, my department will continue co-operation with the University of Manitoba in the development of our greatest resource, our youth, our future generation. We are providing financial assistance in this fourth of a five-year Faculty of Management Development Plan. The faculty will be able to increase staff and enrollment and expand the range of programs and services.

I am sure the honourable member for Flin Flon (Mr. Storie) is interested that our Tourism Division continues to play a critical role in Manitoba's economic well-being. We have refined our ongoing research to produce a strengthened creative strategy, adding some \$400,000 to the marketing campaign in 1992-93.

Madam Chairperson, the department has been involved in extensive consultations with the federal government regarding the North American free trade negotiations, the multilateral trade negotiations and the Canada-U.S. Free Trade Agreement. These consultations have taken place at the ministerial and staff level. During this period we have made presentations to the federal government on several issues of concern to Manitobans. The significant level of trade policy activity will continue for the foreseeable future on both the NAFTA and the MTN fronts. We are hopeful successful multilateral negotiations will place agriculture and particularly the grain sector on a more sound financial footing. We want to position Manitoba as a leader in matching opportunities for sustainable economic growth with a very high quality of life.

The Department of Industry, Trade and Tourism will continue to promote meaningful job creation in concert with the private sector. Madam Chairperson, we have formulated a prudent and responsible course of action for this department and this province which will pay dividends for Manitoba in the years to come.

**Madam Chairperson:** Does the critic for the official opposition have an opening statement?

**Mr. Jerry Storie (Flin Flon):** Madam Chairperson, as I said, it is always nice to watch the minister introduce his department. I have to say that perhaps the minister has not been through this as often as some of his colleagues, but it is always a mark of a rookie when they get you to read the stuff they prepare, and you know you should always avoid that, if possible. It is wonderful stuff, but it is usually very dry.

Madam Chairperson, I am not sure that much of what the minister said reflects the reality that most Manitobans see around them. What Manitobans see is record high unemployment, record high welfare lines, food bank lines, record high deindustrialization of the province. Yesterday or the day before we heard in this Chamber that the manufacturing base has dropped 21 percent since 1988. That is a staggering statistic and one that I hoped the minister would have addressed in his opening comments, not in a defensive sense, not in a sense that, you know, it is all the previous government's fault or it is all somebody else's fault, but in the sense that at least the government has to acknowledge where the economy stands today.

I think everyone on this side appreciates, certainly anyone that has been in government appreciates, that around the cabinet table I think there is a little more honesty than what we heard from the minister today about the circumstances that we face. We have record high unemployment, record high numbers of people on social assistance; we also have a record number of bankruptcies in the province, a record number of foreclosures in the province. There was an article on March 3 that said: Foreclosures smash records. We have seen the same kind of headline with respect to unemployment, with respect to bankruptcies, Madam Chairperson, and I think everyone in the province understands that we have some serious economic problems.

\* (1910)

People of Manitoba can no longer live on platitudes, platitudes that say we should stand aside. The government does not have a hand that can be exercised in terms of providing stimulus, in terms of providing support. I guess they also are beginning to question quite seriously whether this government has any long-term strategic view of where we should be going with what strengths we do have in our economy.

When I look through the Department of Industry, Trade and Tourism, and I went through the different sections, it is certainly hard to select from this any sense that the government really has a priority. I remember when the Budget Address was read they talked about the increase in the economic development portfolio, that there was substantial increase. Well, the fact of the matter is that in many areas in the Department of Industry, Trade and Tourism there have actually been reductions. For example, just to name a few in the first resolution, in the first section, Strategic Planning has been cut. Now I cannot imagine a more disastrous area to begin reforming government than by cutting out Strategic Planning from an area in the Department of Industry, Trade and Tourism.

If this government thinks a stand-aside philosophy in terms of planning for our economic development is good enough, they really do not understand what is going on in the rest of the world where governments are increasingly involved with the corporate sector, with labour, with the communities, different levels of government in planning. To start pulling out money in the area of strategic planning seems quite the reverse of what

both logic and experience would dictate. I do not think it makes sense.

Then we have a rather bizarre commitment made by the government before this minister's tenure in the Department of Industry, Trade and Tourism began, a \$1-million grant to the Faculty of Management, political commitment of dubious distinction that has had virtually no benefits. In fact, the department has gone for accreditation through some American accreditation scheme and failed quite miserably, and yet this minister, at a time when the economy needs the boost and at a time when he is cutting back in planning and cutting back in other areas, sees fit to give, I guess, a grant in an area where certainly there are, I think, legitimate criticisms to be made and where it is not at all certain whether the province will see any benefit. But it was a political commitment.

If you move on into the Industry and Trade division, there have been cutbacks in the Sectoral Development area, there have been cutbacks in a couple of other areas, small cutbacks in Trade division. Health Industries Development Initiative, again a couple of hundred thousand dollars in an area where the Minister of Health (Mr. Orchard), the Minister of Industry, Trade and Tourism (Mr. Stefanson), the First Minister (Mr. Filmon) have said is a priority with the government.

Well, you have to wonder how big a priority can it be when you go to move onto some of the other areas like the newly created Economic Development Board Secretariat, a board that is duplicating, theoretically, what a number of other committees in government are already doing, and the department itself spending some \$886,000.

We have a shuffling of the deck with respect to what used to be the Manitoba Research Council, now is the Economic Innovation and Technology Council and the Economic Innovation and Technology fund which gets a grand total of \$1 million. It is hard to say from those numbers that the government has any plan, or if it has a plan, is seriously funding the plan to an extent that we have any hope of success.

Madam Chairperson, the government appears not to be relying on any expertise within the department of Industry, Trade and Tourism to develop an economic agenda. It appears even from the Estimates that the government is committed to

its stand-aside version of how the economy of the province should develop.

I do not know how long the people of Manitoba can afford to have this kind of philosophy continue. I hope the Minister of Industry, Trade and Tourism is not going to stand up and spend the rest of the evening telling us how great things are or telling us how great things are going to be, because frankly we are tired of hearing that. Things have gotten progressively worse since 1988. Day after day, month after month, year after year, things have gotten worse, and what appeared to be a minor turnaround in the recession in the early part of the year has turned out to be illusory.

People have no confidence that things are going to get better. Unless someone shows some leadership, unless someone can develop a sense of confidence in the people who have the resources to spend, we are going to see the economy continue to deteriorate. If the minister does not know, the sector that has created all of the jobs in the last decade, the small business sector, has been devastated, and many companies that had a pretty good reputation, felt that they were quite solid, are now on very, very shaky ground.

The minister should know if he has talked to members of the restaurant association or the hotel association that there are still many, many of their members, the service sector part of the economy, that are teetering. The minister only has to drive down any major artery in this city or drive down Rosser in Brandon or Main Street, Dauphin, to know that the economy is struggling perhaps even more than it was a couple of years ago.

I hope through these Estimates the minister is going to (a) point out where the strategy really lies, and (b) convince members of this committee that there is a strategy and that it is funded in some sort of an appropriate fashion.

Madam Chairperson, I will spend a little more time talking about the tourism agreement. The minister referenced it in his opening remarks. He knows, as everyone else in the province knows, that it is a scaled-down version of a tourism agreement that was originally signed in 1985, that spent about \$30 million, and we are now spending \$10 million over five years. Hardly, I think many people in the tourism industry would say, a significant commitment to an industry that hoped to achieve a

billion dollars worth of economic impact by the year 2000.

Madam Chairperson, we are going to have a lot of questions. They relate specifically to the department, but perhaps more generally to this minister's and the First Minister's (Mr. Filmon) overall apparent agenda of standing aside at a time when we cannot afford to.

Although this would be viewed as somewhat outside of the immediate concerns of the department, I think we are going to talk as well about some of the missed opportunities that this minister and this government have had, whether we are talking about Piper aircraft or Purolator or Sea Inc., manufacturing jobs, important jobs to the province of Manitoba. Clearly, the government has had a lot more failures in its negotiations to attract industry than it has had successes, and we are going to want to know why this government is failing and this department is failing, because we cannot stand many more failures.

Madam Chairperson, those are my introductory remarks, and I hope that the minister will be quite flexible as we go through this and perhaps jump from area to area, although we, I gather, have an agreement to attempt to conclude the department's Estimates this evening, if possible.

**Madam Chairperson:** Does the critic for the second opposition party have an opening statement?

**Mr. Reg Alcock (Osborne):** I do have a couple of things that I would like to say, just in part by way of serving notice to the minister and the staff in the gallery about the areas that I would like to talk about tonight.

I am both pleased and saddened by what is occurring tonight. I am pleased to be coming into these Estimates. I have never done Industry and Trade before, and I asked for this department for reasons that I will discuss in more detail in a minute, because I think it is a very important department and I am saddened by the fact that it comes so late in the Estimates cycle, so that we will have less time than I would like to have to go through these Estimates.

I want to start off slightly differently than I have with other departments that I have been examining. I want to start by saying that I have been particularly pleased by the attitude of this minister and the willingness of this minister to struggle with issues

outside of this Chamber. Rather than the less, shall we say, co-operative or problem-focused approach that other ministers have tended to take in certain portfolios that I am involved with, this minister has been willing to listen to virtually anything and anybody if they have something to contribute to the debate on how we make this a better and a stronger province. I have been very pleased with that.

\* (1920)

I have been pleased by the approach that he has taken, particularly on the issues of co-operation among other provinces and other regions. I think that if a small province like Manitoba in a very large continent is to be successful, we have to find a different way of dealing with the economic issues that confront us. I think some of the initiatives that I have seen this minister undertake—I was pleased frankly with the announcement about the co-operation between Saskatchewan and Manitoba on the Piper aircraft deal.

I am pleased that this minister is chairing the task force of trade ministers to look at reducing interprovincial barriers, and we have had a couple of discussions about the prairie regional concept that I found quite rewarding.

Rather than attempt to hold this minister individually accountable for the economic ills of this province, I want to try to talk tonight, and this situation does not lend itself to a real sort of problem-solving dialogue, unfortunately. We all fall back into the positions that we hold and tend to blame those around us for what is going on. But we have got a really serious problem. We are shrinking. We have been shrinking for a while, and it is not just a loss that has occurred because of the current recession; it is a loss that has been going on for a while. It did not begin with the term of this government, it predates it. Our relative position in this country is eroding.

Now I have no doubt that over the next two or three years we are going to see a significant increase in economic activity in this province. When the minister talks down the road about a forecast, I have no doubt that we will indeed grow against the trend that we have been following. My fear though is that it will all be based on heavy, heavy hydro development and investment in the North, which is the traditional pattern that has been followed in this province for three decades anyway, and that once again, as soon as that little spurt to

the economy is over with, we will begin to fall back, unless we find a new way of building alternate sources of wealth in this province and in this city.

That is the challenge that confronts this minister. It is an enormous challenge and I realize that this province does not have the resources to buy its way out of this, that we have to be more innovative and more strategic and more creative than I think we have been in the past. I believe that with the attitude and approach the minister has taken, there is some potential for at least examining realistically some of the problems that we face. That is what I would like to do tonight. I would like to try to understand the analysis that the government has about why we are in the situation that we are in, and I would like to examine what the underlying basis is for some of the directions that they have taken.

I think it must be very frustrating, and I realize this minister has only been around for two years, but for the term of this government they have made a range of announcements, and I have made a range of orders for return. Despite the fact that they have tried a wide number of initiatives, the palpable success of those various initiatives is hard to determine. It is hard to say, well, here is an initiative we undertook and this is bearing fruit.

Nobody is going to turn this situation around in one or two or even four years. The fixes are perhaps longer term than that. I would like to try to understand the output from the range of announcements and initiatives that the government has undertaken to get a sense of the new direction that I hear talked about, but I am not certain that it has been realized in a policy sense or in an operational sense.

So I will stop it there, because with the shortness of time I would like to get to questions and get into the discussion.

**Madam Chairperson:** I would remind the committee that we will defer consideration of item 1.(a) Minister's Salary on page 104 of the budget Estimates until after all other items have been agreed to.

At this time I would request the minister's staff to please enter the Chamber.

**Mr. Stefanson:** Madam Chairperson, joining me at the table here is Michael Bessey, the Acting Deputy Minister of Industry, Trade and Tourism; Dennis Cleve, the Assistant Deputy Minister of Industry and

Trade; Val Zinger, director of our administration; and Neil Allison, director of Strategic Planning.

**Madam Chairperson:** Item 1.(b) Executive Support.

**Mr. Storle:** Madam Chairperson, I guess the first question is—I missed the introduction of the deputy minister—is the deputy minister an acting position or has that position been confirmed?

**Mr. Stefanson:** Madam Chairperson, I think this question was asked during the Estimates of Executive Council by the Leader of the Opposition (Mr. Doer). The position is acting. We are in the process, if you happen to have noticed, of doing a search for a permanent Deputy Minister of Industry, Trade and Tourism. The ads have been placed in, certainly the local media, at least one national newspaper, and we have retained a professional consulting firm to assist us with that search.

**Madam Chairperson:** Item 1.(b) Executive Support: (1) Salaries \$350,000—pass; (2) Other Expenditures \$49,500—pass.

1.(c) Strategic Planning.

**Mr. Storle:** This is one of the areas where I find it rather curious that there is money being cut, at a time when the world is becoming more complex and we talk quite glibly about globalization. Yet we are cutting our capacity within the department to deal with those complex issues, to sort of pull all the pieces together at a time when Manitoba, as my colleague from Osborne (Mr. Alcock) has suggested, is losing more than its share of manufacturing, where we are suffering on so many fronts.

I guess, two questions to the minister, No. 1, how many staff have been cut in this area? It looks like about \$180,000 or \$190,000, and No. 2, if the strategic planning is not being done in Strategic Planning, where is it being done, or is there no planning going on?

\* (1930)

**Mr. Stefanson:** In terms of the staff reductions, as indicated in the Estimates book, there was a reduction from nine to three, a reduction of six, with three being reallocated.

In terms of the functions, when you talk about trade policy, the trade policy issues, and I know the honourable member did not refer specifically to trade policy, but the trade policy issues are housed separately in the Trade division, and actually one of

the three transfers added to our trade policy capabilities.

In terms of the replacement of the Strategic Planning functions, it is our view that, with the changes that have occurred at the Economic Development Board Secretariat, with the staffing complement there, one of the major functions of that secretariat will be strategic planning and policy.

We also intend, on the innovation and technology side, to be consulting very closely with the EITC, the Economic Innovation and Technology Council that has been structured and is referred to in the Estimates, in terms of utilizing their expertise in those particular areas of strategic planning and policy advice.

So we feel that we have not reduced our capabilities to provide us with strategic planning and policy, but in fact have created just as sound an opportunity, but spread in different areas within the department and bringing different areas of expertise to the table in terms of helping us make those decisions, Madam Chairperson.

**Mr. Storie:** I do not know, the minister apparently seems to see the role of the Economic Development Committee of Cabinet and the Development Board Secretariat as being involved in the planning aspects. Certainly, from reading the Estimates books, it is not clear that that is really what its function is. Certainly, we understand that it has been running around tracking down opportunities, but I hope the minister is not confusing tracking opportunities, trying to attract investment, with strategic planning, because the two things are not synonymous at all.

Then the minister referenced only trade, but trade is not the only area where you need strategic planning. The department is continuing on with many of the strategic initiatives of the previous government. The Health Development Initiative is not an initiative of this government. It was one of the areas that was identified by the previous government. Indeed, the information technology area is an area that was identified.

So the question is: Who is now scanning the horizon, saying, where is the country going, where are we going in the economic infrastructure of the globe, and how are we going to fit in? The secretariat, certainly from what we have heard of it so far, is nothing more or less than a brokering house for the province.

**Mr. Stefanson:** I guess this is where I should attempt to make it perfectly clear for the honourable member. It is not merely a brokering house. It has many functions, of which strategic planning is certainly one. I would hope that the honourable member would agree and recognize that economic development goes well beyond merely the Department of Industry, Trade and Tourism.

In fact, most departments of government have a role to play, to varying degrees, in economic development, some more so, whether you want to talk about Energy and Mines or you want to talk about Environment, or various departments of government. Clearly, we now have, for the first time, a forum, a natural forum, that is able to pull together all of those departments, to pull together the resources within all of those departments, to formulate a comprehensive plan and policy in terms of planning for the economic future of Manitoba.

As I said in response to the honourable member's first question, we view the change of functions internally, including now the Secretariat of the Economic Development Board, including the Economic Innovation and Technology Council, the combination of the private sector and labour, and the academic and research community, that we have an enhanced capability to do that kind of strategic planning.

I want to say it once again. The Economic Development Board Secretariat, one function is clearly projects. The honourable member uses the word "brokerage," and so on, but that is only one of many functions. Certainly, strategic planning is another function that they provide.

**Mr. Storie:** Madam Chairperson, I am reading in the departmental Estimates, the Supplementary Information; it says the objectives of the Economic Development Board Secretariat are: "To serve as a focal point of the government's economic development efforts aimed at encouraging entrepreneurship, economic growth and job creation . . . ." It does not reference strategic planning. Certainly if you go through the Activity Identification it talks about integrating what is going on in other departments and task forces and commissions. That is what leaves the impression that much of the work of the secretariat appears to be geared toward project-oriented, project-based kinds of activity, which in and of itself is good.

Someone has to be there to work out the kinks and to try and make sure that initiatives progress, but it begs the question of who is doing the thinking about the next three years and the next five years in the province of Manitoba.

I remember when this government came to office in 1988 it had all the answers. It was going to create economic activity; it was going to develop the economy; it was going to work with our strengths, and what we have seen is decline.

My question—[interjection] That is right. Well, we are hoping Eric the Red will get the wind in his sails, because it is not obvious that Eric has got the wind in his sails right now. We are talking about Eric the Red, not the minister.

Madam Chairperson, the question is: Can the department, can the minister tell us today why we are mired in last place in terms of economic development across the country? What is happening in our economy? What circumstances are impinging upon our economic activity that are leaving us in last place? Do not tell me that we are trying to work with Purolator to get a company. I want to know why we are in this situation. What is the minister's analysis? What is the department's analysis?

**Mr. Stefanson:** I knew it was just a matter of time until we got on to this issue. I have to address one of the honourable member's early statements about us having all of the answers. I do not think we have all of the answers nor, I do not think, anybody has all of the answers. If we can find that person, we certainly should all be talking to him or her.

The question that the honourable member started on in terms of the strategic planning, and I will not read the paragraph, because I know the honourable member can do that for himself. If he turns to page 70, and under Activity Identification reads the second paragraph, it talks at length about preparing short and long-term economic strategy options to stimulate economic renewal, and reviewing the effectiveness of major economic program delivery areas and so on.

So it could not be more clear that the function of the secretariat goes beyond projects and gets into areas of strategic planning and economic plans, so I hope we can move off that issue and that that makes it perfectly clear for the honourable member.

In terms of economic indicators, we have had many discussions on these in this House during

Question Period. I would gladly, once again, if the honourable member would like me to walk him through all of the projections for Manitoba in terms of the economic indicators—when I talk about economic indicators, I say all of the economic indicators for Manitoba over the next couple of years. Unfortunately, as happens far too often, some members of the opposition will selectively choose one out of the approximately 18 economic indicators, and if Manitoba fairs poorly in that economic indicator, they will paint a story of doom and gloom.

Well, I will gladly walk through the 1992 projections for Manitoba in each and every one of these economic indicators and put them on the record to show the honourable member what the projections are for Manitoba in terms of how we are comparing in Canada.

If you would like me to do that, I would be more than pleased to do it again. I have done that on many occasions during Question Period, but I would gladly—

**Mr. Storie:** Madam Chairperson, if the minister wishes to have those on the record, he can certainly read them in. It will be nice to read them back to him next year when they, once again, fail to meet their projections.

**Mr. Stefanson:** I look forward to the opportunity to discuss them again with the honourable member a year from now, and we will see. We will see where Manitoba's position is within Canada. I have more confidence in Manitoba and Manitobans than the honourable member seems to have at times.

### Point of Order

**Mr. Alcock:** Just one point of order. Rather than entering into that discussion, could the minister table that list rather than take the time to read it in?

**Mr. Stefanson:** I am prepared to table that particular document that I was referring to, Madam Chairperson.

\* \* \*

\* (1940)

**Mr. Storie:** Madam Chairperson, the minister conveniently neglected to answer the question. The question is, why have we performed so poorly? If we want to deal in the realm of speculation and say, well, yes, it is estimated now that we are going to be doing better, thank you very much. That is

speculation. We want to deal with the reality of the situation, and the past four years have been disastrous. The question is, why? The minister may have a lot of faith in the projections at this point. Maybe he had faith in them last year and the year before and the year before. They failed to materialize, those projections.

We are in last place in many of the economic indicators that he talks about. What I asked was, if the Economic Development Board Secretariat is doing so much strategic planning, can they now tell us, can the minister tell us, what the problems are? Why are we performing so poorly? Just in four or five simple sort of strategic points. Now, surely with spending a million dollars a year we have those few points. We can at least identify what the problems are, the collective problems.

**Mr. Stefanson:** Madam Chairperson, we are not performing as poorly as the honourable member likes to suggest. As I indicated, there are several economic indicators, and clearly in some of those instances we are faring below the Canadian average and in many others we are faring above. During 1991 and the early part of '92 in areas like unemployment rates, in areas like bankruptcy rates, both personal and business, and in areas of some private sector investment, in various economic indicators we are faring above the Canadian average and faring quite well. On the unemployment rate—well, nobody is happy with their unemployment rates in all of Canada—we tended to be about third within Canada during most of 1991.

So, again, it is not the doom and gloom that the honourable member likes to paint in terms of all economic indicators. Clearly, in some areas we are faring below the Canadian average and in other areas we are faring above, but I have to remind the honourable member that a part of economic development and a major part of your success, in my opinion, is the economic climate that one creates in their region, in their province, to make it attractive for existing businesses to function and to make it attractive for businesses to potentially move to your province. Unfortunately, we inherited a situation in this province in 1988 where we were the second highest overall tax zone in all of Canada, a terrible position to be in. Today we are down to about the sixth in all of Canada, a significant improvement in four years.

The economic climate of this province in terms of investment for Manitobans, for people looking to

invest in the province, has increased significantly. That is one of the reasons why you are seeing the economic indicators point favourably to the future of Manitoba in almost every area, and I see the honourable members are looking at the list. Once again, I know the honourable member will manage to find, in a list of 18 or so indicators, one or two or three negative ones and he will focus on those, instead of recognizing the many significant areas where Manitoba is expected to lead the nation or be in the top portion of the nation.

We do not believe in increasing taxes and Workers Compensation rates and all of the kinds of things that occurred in our province from 1982-1988 that created an extremely unfavourable climate for anybody to want to do business in this province. We have not increased personal taxes. We have reduced them. We have not increased corporate taxes. We have increased the threshold on payroll tax. I could go on and on in terms of what we have done to enhance the economic environment in this province, and that is fundamental.

I think anybody who looks at economic success in the past will recognize that is a very important part of economic success. I know the honourable member for Flin Flon (Mr. Storie) disagrees with that. We saw what they did during their term in office. We believe that is a major part, and there are other parts to that. I can speak at length to them in terms of the other factors that lead to economic success in the future. Clearly, your environment is one of them. We have worked aggressively to improve that environment, and we are going to see the successes in the years ahead, Madam Chairperson.

**Mr. Storie:** Well, the minister goes back to that old saw about they are trying to create this climate, this supposed climate. I reference a group that the minister funds from his department and has some faith in, CanWest, the CanWest foundation which supplied the minister with some of the ammunition his colleagues used in supporting free trade, ammunition in which the powder was wet.

Madam Chairperson, CanWest just sent me, as a matter of fact, an overview of the economic circumstances in Canada. One of the interesting graphs in that document was a graph relating to net profits of companies both in Canada and the United States. Surprise of surprises, the net profit, after-tax profit of companies in Canada is higher than companies in the United States. So the

minister continues to hang all of his eggs in one basket, that if we could only reduce taxes a bit, everything would be fine. It is a ludicrous proposal.

Many countries in the world have higher tax regimes for business than we do. In fact, the Canadian Federation of Independent Business, when they did their study of the tax mess, as they called it—some sort of synonym for tax mess—in Manitoba showed that, in terms of payroll tax and provincial tax versus state tax, we were comparable to our closest competitors in the United States.

The minister still has not answered the fundamental question. I do not care whether he thinks we are doing better. I do not care if he compares this year over last year whether we are making marginal improvement. When you are at the bottom, you have only one place to go. So if you have only four jobs left and you get one more, you have a 25 percent increase.

What I want to know is the minister will at least acknowledge that we have some problems, I hope. Can he tell us what problems face the Manitoba economy? What problems has his group identified, apart from the taxation question which seems to be his answer and the government's answer to everything? What other issues, fundamental problems, do we have in our economy?

**Mr. Stefanson:** I have never suggested, Madam Chairperson, that there are not some problems facing the Canadian economy and facing the Manitoba economy, because there are. There are problems and there are challenges as a result of that. The whole issue of manufacturing employment is a problem facing the nation. I would suggest it is not something that is directly linked to the Canada-U.S. Free Trade Agreement as some members in this House attempt to always do when they look at manufacturing. [interjection] Well, I will address that.

I think it is more. In some of the recent information that I have been provided with, a result of at least two occurrences in our economy—one, the recession, and I will not talk at length about the recession, but I would like to think that most in this House would acknowledge that Canada has been through a serious recession, not a great deal different than the early '80s.

I know certainly the honourable member for Flin Flon (Mr. Storie) was around at that time, I believe. I can go back and point to the economic indicators

at that time, and I can point to the loss of manufacturing in jobs in Canada on the heels of that recession, which I believe were in excess of 300,000 in Canada as a result of the recession. A lot of them came back, but clearly the recession has had an impact on our economy in total and certainly on our manufacturing sectors.

The other interesting aspect to note, and that is why the honourable member says "partly" in terms of the Free Trade Agreement, is the United States have not been without losses in manufacturing either. In the last two years, in terms of manufacturing factory jobs, or in the first two years of the Free Trade Agreement, the United States lost 716,000 jobs. So clearly they are faced with a problem in that area as well, and recession has been part of it. But part of it is the adjustments that are taking place in the global economy. You are seeing growth in some manufacturing jobs in some of the other less developed parts of the world.

In that particular sector of our economy, that has been an economic reality that has been facing Canada, has been facing the United States, and is being faced throughout the world. So that whole area of the change in the environment from manufacturing in terms of movement to other parts of the world creates a challenge for us as a government in terms of moving into other areas. We can get into that at length in terms of what we see as other opportunities in the whole field of information processing in the environmental industries and in the new initiatives and the new opportunities that exist.

\* (1950)

Clearly, it is fundamental for a nation and for a province to be able to adjust to those emerging opportunities and take advantage of them.

That is a challenge facing us, and I feel what we are doing in terms of the economic climate with the kinds of financial programs we have now put in place, and we can talk about them again in a few minutes, in terms of not only the traditional programs of MIOP and so on, but the new programs with the Manitoba Industrial Recruitment, which is a new program; Crocus Fund, which is just coming on stream, which is a new program; the continuous opportunities under Vision Capital, that we have the capital resources available and, therefore, have the expertise and the opportunity to move into emerging areas, not backing off on continuing to pursue

manufacturing opportunities, but recognizing that it is a problem area that is not unique to Manitoba and it is not unique to Canada. It is a problem facing many parts of the worlds and has to be addressed.

I could go on at length, Madam Chairperson, but I am sure the honourable member has another question.

**Mr. Storie:** I do have some other questions, but we are not going to be able to answer them all. We could probably spend a whole evening on this. My colleague from Osborne has some questions in this area, I think.

**Mr. Alcock:** It strikes me that before you can begin to build a strategy to get us out or to address some of the deficiencies that we are experiencing in the economy, you have to have a sense of what they are. I know from other conversations that there is some appreciation of the weaknesses in our current position. I want to first pick up on the question that the member for Flin Flon (Mr. Storie) was asking about the impact of the Free Trade Agreement on this particular province. I also want to talk a little bit about what this branch has been finding in some of the analysis that it has done relative to the economy of Manitoba, but firstly the free trade question.

OECD established an industrialization index, 1985; Stats Canada, which has probably the best reputation for economic statistics in the world, adopted it as a measure. Canada and U.S. ran parallel in that index right up until '88. U.S. was a bit ahead, Canada was a bit ahead; post-'88, post the signing of the Free Trade Agreement, Canada has dropped dramatically. The minister is quite right when he says that there are recessions in both countries, and there are job losses in both countries and everything else. But the reality is that this country has fared worse; it has fallen further than any one of the G-7 countries.

When I look at that information, and I have spent a fair bit of time thinking about and looking at some of the analysis of free trade in the global context, there is no question there are strong, strong arguments in favour of the free movement of capital and goods and people. We do not have that with this agreement. There would seem to be evidence that this country is losing industrial base, not just losing jobs like the minister referenced from the '81-82 election, but losing base, in that jobs are being shut down that will not come back.

I would like to ask the minister if the evidence that his department has collected has led him to alter his strong feelings of support for the Free Trade Agreement.

**Mr. Stefanson:** In terms of answering the honourable member for Osborne's question, there is a restructuring occurring, I think, in our economy, and as I alluded, at some length, to the honourable member for Flin Flon (Mr. Storie)—and I gave some numbers in terms of what we saw happening in the manufacturing sector—it is not unique to Canada or even North America, the shift from the traditional manufacturing resource base to the more information-technology, human-resource side in terms of the economic opportunities. That does represent an incredible challenge to us as a province and, I think, as a nation. We will get into R & D and those kinds of things over the course of tonight's Estimates.

But in terms of the attempted empirical data that have been done by the Royal Bank, by Strategic, by the University of Toronto policy branch, most show negligible or slight gains to Canada under the Canada-U.S Free Trade Agreement. I have nothing that points to Canada-U.S. free trade in any way driving that shift or that restructuring, that it is other factors that are causing that, not the Canada-U.S. Free Trade Agreement.

**Mr. Alcock:** Given that, then, and as I mentioned before, it is true that many parts of the world have been experiencing recession and the kind of restructuring the minister is talking about is taking place throughout the industrialized world. But the empirical evidence suggests that it is happening, the impact, the degree, the depth, the amount of restructuring, the proportional size of the restructuring is much greater in this country than it is anywhere else among the G7 countries. Now, if it is not a result of the trade agreement, then to what does the minister attribute it?

The question is, if we accept your argument that it is not the Free Trade Agreement that is causing this, and I accept the fact that the restructuring is going on throughout the industrialized world but the impact here is much greater. Proportionally it is bigger, and in any way you want to measure it, the impact has been much, much stronger in Canada, and the degree of change has been much greater, the degree of loss, if you measure that as being an indicator of the restructuring.

If it is not a result of the trade agreement with the U.S., what is causing it to impact so much more severely on Canada than on other countries?

**Mr. Stefanson:** Madam Chairperson, I have to admit that is a good question. I want to start by suggesting that while some might say we have slipped a little more than the United States, I am not so sure that it is as dramatic as some might like to suggest. Not to bore everyone with statistics, in the first quarter of '81 there were 106 manufacturing jobs in Canada for every 1,000 in the United States; in the fourth quarter of 1990 there were 103 manufacturing jobs in Canada for every 1,000 in the United States. Confirming that there has been more slippage in Canada in the manufacturing sector, recognizing that both countries have slipped, I am not so sure that it is as dramatic as some might like to suggest.

In terms of the root of the question, why the difference, I feel there are several reasons and probably two of the most important would be during that time frame, the Canadian fiscal policy—we came through a period where we had significantly higher interest rates, certainly if we are comparing ourselves to the United States, than the United States. The gap was wider than is often even the norm, and during that time we also ended up with an exchange rate where the Canadian dollar was that much stronger relative to the United States.

So, looking at our opportunities to export and so on, some would argue that the fiscal policies of the federal government in terms of bolstering the economy of southern Ontario and that part of Canada in some respects were at the expense of the rest of Canada, regions like ours in Manitoba.

So I feel that was one of the causes for the shift, but another important one is our ability to shift from a resource-based manufacturing economy to an information-based economy. When we were at a recent science and technology ministers' meeting last year comparing Canada to other parts of the world, that we are more of an adapt or an adopt nations in terms of taking abilities that exist elsewhere and adapting them to our nation, taking technology that exists elsewhere and adapting it to our nation.

That comes back again to the issue of research and development and innovation and technology and part of the reason for our enhanced focus in that area, because Canada as a nation has been slower

to adapt to the shift in terms of the shift away from the resource-based economy and has been not faring as well as other parts of the world in terms of innovation and technology, that we have applied the technology created in other environments. So those would be, in my opinion, two fundamental reasons that have led to the kind of gap that the honourable member is referring to.

\* (2000)

**Mr. Alcock:** I thank the minister for that answer. Rather than get into that particular debate—I mean, I think the minister has identified certainly a part of the problem—I would like just to reference the indicators that the minister tabled. I will not try the patience of all of us this evening by debating them. Let us assume that what the minister has tabled is accurate for the purposes of this discussion.

In the Manitoba rank 1991 column, we have some pretty ugly numbers: 10th in private sector investment, 10th in GDP, 10th in manufacturing shipments, ninth in manufacturing investment, et cetera. As the department and as the minister are doing their analysis about the situation here in Manitoba, now when we move into Manitoba and away from the—unfortunately, the only really good trade statistics are the national ones, it is harder to get a real handle in Manitoba—but when we look at the economic performance figures in Manitoba, what, in the minister's opinion, has put us in that position? Why did we end up 10th out of 10 in those areas?

**Mr. Stefanson:** I guess the simple answer is the cyclical nature of some of those economic indicators, focusing in on private sector investment as an example. [interjection] What was that? Private sector investment, you will see in 1992 that we are going to be second in the nation. An industry like our mining industry, which is an important industry in Manitoba, we will be the beneficiary of recent developments in Flin Flon, Inco in Thompson, that obviously will significantly move us in that economic indicator.

Really, it is the fluctuating nature of some of them and the timing of the investments of the private sector in areas like that to a significant extent, when they are able to make their investment, when they are able to make the decision to move forward with their project. So, clearly, in that economic indicator, that is a part of it. In fact, you will note that the three that the honourable member for Osborne refers to,

private sector investment we will go from 10th to second in the nation, gross domestic product we will go from 10th to third in the nation, and manufacturing shipments we will go from 10th to 4th in the nation are the predictions certainly in 1992.

I could certainly see what additional information we might have to provide some of the whys of where we end up being positioned, but a major part of it are fluctuations that occur in terms of the timing of investment and I guess adding to what I have suggested that the confidence and the kind of economic climate that we are creating here in Manitoba is starting to show signs and that confidence is now being demonstrated in the economic indicators in the next two years.

**Mr. Alcock:** Madam Chairperson, I have no doubt, as I said in my opening statement, that Manitoba is going to, over the course, hopefully later this year, probably not until next year and then the year after, show some fairly strong growth and some fairly positive growth against the total creation of wealth in Canada. I am concerned about two things.

I think it was Clarence Barber, who some 20 years ago made the statement that the Manitoba economy is never very dramatic, it never grows very fast, it never sinks very fast, it just sort of pokes along. I think that view is not true today. I think, while we do not have the dramatic escalations that are essentially population driven in Vancouver and Calgary and the like, this economy has not been as steady and reliable as we might have liked it to have been in the last couple of decades. We, in fact, have gone, technically into a recession in real terms more frequently than the national economy has. Part of that is because of the effect of the agricultural sector, but it has been in part due to the losses in mining.

The problem is that, as we come into the investment pattern that is coming—and we have talked about this before—if Repap gets up off the mat and does actually make the investments that it is talking about making, as the Inco investment gets going, as the smelter investment gets going in the North and with new mining activity, and once the Minister of Northern Affairs (Mr. Downey) has forced Conawapa through the environmental impact process and we get that going, then we will indeed experience very positive growth, in fact, probably stronger growth than we have seen in the last couple of decades in this province.

Again we encounter the problem, after we go through two or three years of that, then we just fall right back into our more traditional pattern and begin to sink once again relative to the rest of the country.

The question that I have is, in the understanding of the department that has been grappling with this problem surely for the last many years, why has Manitoba not been able to capitalize on these booms that are created by these huge investments in the North? Why have we not been able to stick any of that or use that economic surge to build on our industrial base in this province? Why do we always come to the end of those booms with just a further decline?

\* (2010)

**Mr. Stefanson:** I think, during the honourable member's preamble, he partly answered his previous question as well and raised some good points in the areas of agriculture and mining and the importance those sectors play in our economy and how cyclical they have been in the past. Going back to his question, 10 out of 10 in terms of gross domestic product last year, certainly a major part of it was both of those sectors in terms of how they fared. In terms of the projections in those areas, obviously they are predicted to improve significantly. We feel, I will not speak for the Minister of Energy and Mines (Mr. Downey), but with the kinds of things we are doing in that particular industry, we will have enhanced activity here in our province.

In terms of the cyclical nature, I think part of it has been the dependence on significant public capital investment in the past, without being too political, in terms of not creating the appropriate climate for sustained private sector investment and/or opportunities to enhance that, such as are being created in the area of mining now by our current minister with the mining incentive act and the R & D incentives that are being provided to create opportunities for companies to sustain investment in our province in research and development and so on, but another part of that as well is the whole shift to innovation.

We feel by shifting the focus into that area we have the opportunity to be in an area that can be sustained and does not develop a dependency on public capital investment. So those are some answers to the honourable member's question, Madam Chairperson.

**Mr. Alcock:** One very brief question for the minister, and I will pass it back to the member for Flin Flon (Mr. Storie) for a minute. The question is more of a procedural one to the minister. I am cognizant of the fact that time is short, and I do want to spend a considerable amount of time on this question of R & D and the council and the output of some of the new programs.

Is the minister prepared, within the limits of staff having to move in and out of the room, to move around a little bit in the Estimates and to discuss some of these various areas?

**Mr. Stefanson:** By all means, Madam Chairperson.

**Mr. Storie:** I guess just one other question that follows from some of the points that my colleague was making but, before I ask the question, a comment about the minister's reference to mining and the investment that appears to be going on in northern Manitoba.

First of all, I think it is quite clear that Repap is not prepared now or certainly in the short term to continue with its investment. I think they have made that quite clear that that is not likely to happen in the near term, certainly before the next election.

No. 2, the minister referenced mining. It is true that the government was forced essentially into making a commitment after three years of delay, which some people would say cost the community its life. The fact is that when this modernization is completed, there will be approximately 450, perhaps more, jobs lost in the mining industry.

Since this government took over, there are approximately 1,000 fewer jobs in the mining industry. As of the end of 1993, there will 270 fewer jobs in Snow Lake, and the community will be effectively closed as a mining community. Namew Lake mine will have closed, and the modernization itself will cost 150 jobs approximately in Flin Flon.

So depending on how many of those actually take place, we could have anywhere between 450 and 600 jobs lost in the mining industry. So while it is an important investment in terms of the long term, it is certainly not going to add significantly to the economic activity in the province. It is basically a hold pattern. So I think we should be clear on that and, certainly, the private sector investment figures that have been used in the past few years have, I think, rather optimistically included those numbers

in their projections. Perhaps they are doing the same this year, in terms of Repap at least.

I guess the question is, the minister referenced, and it is referenced in the Detailed Estimates about the co-operation, the co-ordination of efforts between departments. I am wondering how that co-ordination takes place. Is there a deputy ministers' committee? How does that co-ordination take place between the economic secretariat and the department?

**Mr. Stefanson:** Madam Chairperson, I am tempted to take the honourable member's preamble, but I know we are operating under some time lines, and his comments about Repap. We could talk about the positive steps of this government to stop the bleeding, so to speak, and create the opportunity for future investment, and in terms of the mining, the problems with resource dependency, the kinds of incentives that are being brought in by this government in terms of the mining incentive act, in terms of additional research and development and so on.

I will go very quickly to the specific question about the co-ordination between departments and how the secretariat performs that function, and it does so in various ways. It has the mandate and the opportunity to second individuals from various departments on an as-required basis. As an example, one of the staff complements has been filled with a secondment from Energy and Mines, coincidentally.

There are also specific deputies' committees to deal on an individual project or issue basis. We have some in place dealing with some specific issues at hand. It also is—as much the identification at this forum now does exist both at the political level and at the administrative level to perform that very function—that there is a body that can be turned to co-ordinate activities between the departments. It has the mandate to draw on information, to draw on resources, to draw on whatever is required to deal with other departments in terms of putting together either a project or a policy or a program as it might relate to a series of departments.

I am sure the honourable member from his days in government can recognize that often it is very important to have the co-operation and expertise that exists within various departments when you are dealing with economic development, and that is now

structurally in place and providing that to our government.

**Mr. Storie:** Well, Madam Chairperson, I do not know when actually the Economic Development Board Secretariat was sort of structured. I know the announcement was made at least six months ago or eight months ago, but it is important. I agree with the minister, there needs to be that kind of co-ordination. The minister referenced the great things the government has done. It has not escaped notice in northern Manitoba that the Mineral Exploration Incentive Program that was announced, not this budget but the last budget by the government, was set up in a way that excluded Hudson Bay Mining and Smelting, and Inco from using it.

\* (2020)

Now, the question is: If you ignore the needs of your two largest and now almost only employers in mining in the province, really, what have you accomplished? The minister will know exactly how much money was actually spent out of the \$14.5 million that was budgeted under the Manitoba Exploration Incentive Program, and I think zero is the sum that comes to mind. So that does not speak very well of any kind of co-ordination, it speaks of bungling, quite frankly.

I know that the government—and I have said publicly, have indicated to the Minister of Energy and Mines (Mr. Downey) and will applaud the government for a number of its initiatives in terms of mining exploration development incentives. I think they will be effective over the long term perhaps, but of course it is another case of too little, too late for at least three mining communities in the province who have disappeared since this government took office.

I want to leave that. I am prepared to pass 1.(c)(1) and 1.(c)(2), Madam Chairperson, with the concurrence of my colleague.

**Madam Chairperson:** Item 1.(c) Strategic Planning: (1) Salaries \$160,400—pass; (2) Other Expenditures \$143,300—pass.

1.(d) Finance and Administration: (1) Salaries \$677,400—pass; (2) Other Expenditures \$288,100—pass.

1.(e) Grant Assistance - Faculty of Management.

**Mr. Storie:** Madam Chairperson, I have looked at this political commitment for the past number of

years with sometimes dismay and many times disgust, because I do not believe it is a good investment of the taxpayers' dollars. This government is going to be spending upwards of \$4 million or \$5 million for a development plan in a faculty that is, I do not think, progressing at all. If anything, it is going backward.

I am wondering how the minister can justify spending 2 or 3 percent of the department's budget in an area with very little return to the people of Manitoba, how he can justify spending a million dollars of taxpayers' money to fulfill a rather pathetic political promise.

**Mr. Stefanson:** Madam Chairperson, first of all I should correct the honourable member. He referred over the term of this agreement being \$4 million to \$5 million. The dollar amount over the five years is \$3,668,800. This is the fourth year.

**An Honourable Member:** Plus interest.

**Mr. Stefanson:** No interest. That is the amount.

This is the fourth year where we are contributing \$998,800 as part of that agreement, and really what it is doing is it is creating an environment for the development of business and entrepreneurial expertise here in our province. It is elevating our Faculty of Management in the eyes of many, and I am sure that one of the next questions might be a recent article that many have disputed, but it is certainly elevating our faculty to among the top in the nation and will continue to do so. So in terms of creating the kinds of opportunity for Manitobans, and particularly our youth, to develop the expertise in the areas of management which are going to be important aspects of economic development, certainly for our province and our nation, we will be able to do that right here in our province.

Reminding the honourable member that this enhancement is not being funded solely by the Province of Manitoba, 40 percent of it is coming from the province, 20 percent is coming from the associates of the faculty, which is the business community here in Manitoba, 20 percent is coming from the students themselves. The students within the faculty voted and supported the enhancements in this particular program, and 20 percent is coming from the University of Manitoba. It is a program that has the support of our government, has the support of our business community, has the support of the students who are enrolled in the program and will create an enhanced opportunity to develop

expertise. I could certainly walk through some of the specific accomplishments to date if the honourable member wishes me to.

**Mr. Storie:** Madam Chairperson, the minister may have a list of accomplishments provided to him courtesy of Dean Mackness. I do not know that they hold much credibility, given the experience and the reputation that the faculty enjoys.

I just point out for the minister's information that he is now spending more on a grant, on a political grant, to the Faculty of Management than the Province of Manitoba is spending on Industry, Sectoral Development, on Investment Promotion, on a whole host of other programs designed to support the infrastructure of industry in Manitoba. It is just inconceivable that this minister, who did not make the promise incidentally—I am not holding the minister accountable for the promise; I am only holding the minister accountable for defending it and continuing to defend it when there is so much obvious need in other areas of our economy this department is supposed to be addressing. It is inconceivable that this kind of boondoggle continues under this ministry.

Industrial Technology is spending less money. Tourism Division, there is less money planning the tourism promotion campaign, marketing, Madam Chairperson.

**Mr. Stefanson:** Madam Chairperson, I think that is an unfair comparison the honourable member does, because when he talks about the investment promotion and he is looking at it within the Estimates, he is dealing with the operating function in terms of the salaries and some of the expenditures that accompany it, but he does not take into consideration the pools of capital and the various financial programs that are available to that same division. What he should be looking at is that the Industry and Trade Division, as a total division, has gone from \$16,289,000 to \$19,534,000. It has gone up in excess of \$3 million, almost I would suggest—I do not have a calculator—20 percent in terms of an increase in that division's overall expenditure, certainly showing the commitment of our government to that very important area.

The other comment I have to take some exception with is the suggestion about the perception of this faculty. Even though an article appeared in *Canadian Business* that was less than complimentary, 19 of the 26 business schools that

were surveyed in that particular article have signed letters which denounce the analytical techniques used to establish the rankings and state that the rankings have no validity and stand as a major disservice to management education in Canada.

That came from 19 of the 26 schools that were in the survey, no matter where they ranked, whether they were in the top couple or they were at the bottom. So clearly the schools themselves, wherever they fell in the rankings, have indicated that survey was flawed in many respects. We have additional information, and I could certainly go through it in great detail for the benefit of the honourable member that points to the many positive attributes of that faculty and the job it is doing here in Manitoba.

So in terms of the comparison of this \$998,000 support to our Industry and Trade Division, and I only touched on our Industry and Trade Division, I also did not mention the increase in our Strategic Development Initiatives which goes from \$3.3 million to \$4.7 million, an increase of \$1.5 million, approximately, again whatever that translates into, about 50 percent. Those are resources that are available to investment promotion and so on.

So I think, so that the honourable member is clear on that when he is doing that comparison, that we have significantly enhanced those areas within the department in terms of the resources available to them, Madam Chairperson.

\* (2030)

**Mr. Storie:** I recognize that talking about the people who are in marketing, for example, does not include the dollars that are actually available through tourism to the Canada-Manitoba tourism partnership of the agreement. The fact of the matter is that we have significantly less money being devoted to marketing an industry that is one of our most important than we have to a relatively small, and quite frankly, relatively insignificant faculty at the University of Manitoba, a faculty which can get its funding and has for many years, through the normal process of the Universities Grants Commission.

The minister obviously is going to continue to defend it, and I guess he can continue to defend the indefensible if he wishes, but it does not make any sense in terms of the overall importance of these other areas to Manitoba's economy which should be

the minister's primary concern, not keeping a rank political promise.

Madam Chairperson, I am prepared to pass this section.

**Mr. Stefanson:** Not to prolong this discussion, but I have already pointed out the significant increases in Industry and Trade and Strategic Initiative, but I also would point out, since we are talking about the marketing of tourism, on page 53 of the Estimates book, it shows that last year the marketing was \$3,399,000, it has now gone to \$3,805,000, an increase of \$400,000, in excess of 10 percent over last year and significantly higher than the \$998,000 support provided to the Faculty of Management. So I was not clear what the point that the honourable member was making in terms of the marketing in the Tourism division, but clearly it is significantly more than the support being provided to the Faculty of Management.

**Mr. Storie:** The point was the personnel who go into, not the dollars that are being spent. What the minister is buying in his grant to the Faculty of Education is staffing, by and large, expertise. I am saying the expertise is needed in developing so many other sectors of our economy, but I see we are not making any headway. The minister is never going to admit that he is categorically wrong as is the government. So we will go on to the next section, Madam Chairperson.

**Mr. Stefanson:** We will not prolong this but, of course, we will not admit that we are categorically wrong when we are not categorically wrong in terms of what we are doing for this faculty. The honourable member is now splitting hairs and referring to staff complements in the marketing, recognizing that many of the expenditures that go with the other almost \$3 million that are spent by the department go to organizations and so on, that also have staff elements involved, that we are drawing on expertise in our community in terms of providing marketing.

So I do not think we need to debate this any longer, but clearly we are spending an awful lot more in the Marketing division of Tourism than we are in support for the Faculty of Management.

**Madam Chairperson:** Item 1.(e) Grant Assistance.

**Mr. Alcock:** Madam Chairperson, I simply want to make a couple of remarks just so that I not be completely associated with the comments of the

member for Flin Flon (Mr. Storie), much as I have enjoyed our new-found collegueship.

I am of mixed opinion on this, and I would like the minister to give me a little more detail about the productive side of this arrangement on at least one particular area. I think it is important, when we look at the research that has been done on how we stimulate the development of new business and new opportunities, there is something to the provision of training and focus on the whole question of entrepreneurship.

It is not something that rises quite as spontaneously as most would like, and it is something that, I think, if we can identify a lack of in this province, there is significant strength to the argument that suggests that we have been a little too dependent upon government, on grants, on support, on safe ways of doing things. So to the extent that this is an attempt to address that problem and strengthen an organization that does provide some support for entrepreneurs and some recognition of the value and the contribution that they make to the community, I think that this is a very positive initiative.

I would like the minister, though, if he can, just tell us a little bit about what the predicted output is at the end of this five-year period?

**Mr. Stefanson:** Madam Chairperson, at the outset there was and is a development plan that indicates that the funds are to be used to increase faculty members, to increase the level of student services and benefits, to provide a research fund, to initiate a Ph.D. program and to provide additional support to the library and increase access to data services.

With those objectives in mind, to date a summary of the accomplishments include: 13 of the 17 positions included in the plan have been filled, and all new recruits have either completed or are close to completing a Ph.D. in a business discipline; the undergraduate enrollment under the plan will increase by 60 in September of 1992; the first Ph.D. students will be admitted in September of '92; there was expenditures made on database acquisitions in the last year of some \$34,000; the funding of the plan has allowed for the expansion of book, journal and other holdings by the library, and library hours have been extended as a result; the placement centre continues to assist management students in finding employment; and 16 distinguished scholars and senior business executives visited the faculty

last year. Those are some of the accomplishments that point to the progress being made in the faculty.

**Mr. Alcock:** Madam Chairperson, in the agreement around the sale of Manitoba Data Services, was there not the provision of a portion or an amount of research money relative to database technology, I guess, and access to mainframe time and allocation of time? Was any of that directed at this faculty?

**Mr. Stefanson:** The short answer to the question is yes, Madam Chairperson, that there was an allocation made at the time of the divestiture for the opportunity for the computer services department and this faculty to access computer-related technology, and that has been taken advantage of to a certain extent to date. If the honourable member is looking for exact dollar amounts to date, I do not have them here this evening, but I could certainly undertake to provide him with the value that has been utilized to date.

**Mr. Alcock:** I would be interested if the minister could provide some detail on that. Also, he mentioned one portion of this initiative was the establishment of a research fund, and I would be interested in knowing—I do not want to use up time just reading these things into the record now, but if the minister could provide some greater detail on what that research fund has been directed towards, what issues they are looking at, and what the size and depth of that particular initiative is, I would be quite interested in that.

I am interested, though, when you look at the creation of something, whether it be the creation of a new company, a new product, a new way of doing business, whatever, that creative ability is based on the energy, talent, skills, knowledge, that intangible that we keep calling entrepreneurial spirit, and it is something that, I think, is increasingly recognized as fundamental to the process of creating growth, and yet we do not quite understand how that is created. It is part science and part art, and I am wondering, while the intent of this seems to be to develop more of that, whatever that may be, whether there is a research component in this project that looks at this question of exactly how they do train to build that level of entrepreneurial energy or spirit or that intangible quality that leads to the creation.

**Mr. Stefanson:** Madam Chairperson, well, that leads me into once again citing that the Economic Board recently had the Department of Education in

to talk about the many aspects and the role that education has to play in terms of economic development. I am not here to speak to the Estimates of Education, but I think the honourable member is aware of a new course being offered, I believe, starting at the Grade 10 level, that talks about skill development, and a component of that is an entrepreneurial aspect, so we are starting to see some evidence now of opportunities for our young people to be exposed to it in the high school.

\* (2040)

We contributed some financial assistance to the hosting of a Young Entrepreneur Association National Conference here in Winnipeg a couple of weeks ago, and I had the opportunity to attend and say a few words. They pulled together various groups from across our province, students from high schools, students from Junior Achievement. So I guess the short answer is a continuing focus in this area through the Faculty of Management, through initiatives at the high school level, through organizations like the Young Entrepreneurs and—I agree with the honourable member—the continual importance of that kind of expertise which to a certain extent can be trained and probably more importantly to expose individuals and particularly our young people to it to create that kind of culture and climate. It is an area of continued expansion, Madam Chairperson.

**Madam Chairperson:** Item 1.(e) Grant Assistance - Faculty of Management \$988,800—pass.

2. Industry and Trade Division (a) Industry and Trade Administration: (1) Salaries \$199,000—pass; (2) Other Expenditures \$7,400—pass.

2.(b) Industry: (1) Sectoral Development \$971,000.

**Mr. Storie:** Madam Chairperson, this is where I was trying to make my point with the minister. In the Expected Results in the Detailed Estimates, it suggests that this department branch will be involved, "in the creation of 900 jobs and new, private sector capital investment of \$750 million." If this department actually did that—and I am not suggesting they did not—with a budget that is now established at \$971,000, the question is: What could we do with twice that much money? Does it not seem that those kinds of outcomes are far greater than what you would logically expect from any kind of contribution to the Faculty of

Management? That was my point. It is a question of whether it is the best use of resources.

I will leave that argument. I do not think the minister is so dense that he did not pick up the gist of my question before. I think he is very capable about understanding it, and I think he is defending a political commitment.

Madam Chairperson, I guess the question is here: What role is this group playing in the activities in other parts of the department, for example, the Health Industry Development Initiative? How do they co-ordinate their activities, or are these two separate entities?

**Mr. Stefanson:** Madam Chairperson, I have to take the bait on the preamble, unfortunately, that I am sure the honourable member recognizes that this is the staff component basically. In terms of the kinds of job creations and investment, that a major part of creating that is through some of our financial programs that our staff utilize as instruments to create that. As I have already indicated, if you look at this division in total, there is a significant increase in this entire division.

In terms of the specific question, once again, there is a great deal of co-operation between this branch and our Health Industry Development Initiative, but for all intents and purposes they are two separate divisions with, obviously, the Health Industry Development Initiative focusing specifically on that strategic area but working co-operatively on an as-needed and on some projects with the sectoral division. So they are separate, but there is certainly a strong element of co-operation between them on an as-required basis.

**Mr. Storle:** Madam Chairperson, could the minister give us some sort of overview of the current projects that this branch is working on?

**Mr. Stefanson:** Is the honourable member looking for project names? Because if he is, I am sure he knows from his prior experience that in many instances, when you are dealing with companies, they want it kept confidential for obvious reasons, so I am assuming he is not asking me to say what companies we are negotiating with.

**Mr. Storle:** The sectors and the types of projects.

**Mr. Stefanson:** I am not sure if this is in our Detailed Estimates books, probably not. The simplest might be if I were to circulate a copy of our organization chart that breaks down the development officers by functions. For instance,

we have a development officer for aerospace and government offsets.

**Mr. Storle:** Just for clarification, I would like to think and I am sure Manitobans would like to think that the department has some prospects, that we are working on food processing and perhaps something to utilize sugar beets or some product, some manufacturing potential.

What I was looking for was some sort of idea of where the department is in terms of prospects, what sectors and what kind of project? I do not need to know that it is Carnation or McCain's or a name, I want to know what areas and what prospects.

**Mr. Stefanson:** I do not have a problem suggesting this, but I am not sure how useful this will be for the honourable member. In terms of the kinds of areas that we are currently negotiating with companies: in the information technology area, in the pharmaceutical area, in the agricultural and food processing, in chemicals, in transportation equipment, in agricultural equipment, in forestry, in aerospace, in space, in apparel and textiles, to name some; and I am sure there are more.

But that gives the honourable member a flavour for some of the sectors that we are currently negotiating with companies in terms of existing, expanded or relocation to Manitoba.

**Mr. Storle:** Yes, that is a little broader than I had perhaps—it may not be possible for the minister to be any more specific without, I guess, identifying those projects.

This sector appears to duplicate what the Economic Development Board Secretariat does. I mean, it says that it is out there promoting industrial and commercial opportunities in Manitoba. In fact, it says, if you go on further: It is the source of intelligence within the provincial government. We wondered where it was, and now we have it. It is there.

**An Honourable Member:** We found the source of intelligence.

**Mr. Storle:** Yes, we found the source of intelligence. Can the minister explain why we should not believe that this is overlap, that in fact there is some duplication here?

**Mr. Stefanson:** I can assure the honourable member that it is not overlap, but quite the opposite, working co-operatively towards success in the end. Clearly, this department has many functions. It has

the ongoing, day-to-day interaction with the various sectors that they are responsible for, including the existing businesses that are functioning here in our province.

A major part—and I am sure again that the honourable member is aware that while we all like to talk about the businesses that governments are attracting or attempting to attract or whatever—of our economic activity are the businesses that already exist in our province, that are doing business, but might have some area of support that is required. Clearly, this sector can provide that assistance and that expertise on a day-to-day basis with existing businesses.

A part of it is clearly recognizing opportunities and dealing with opportunities for existing companies or companies that are looking in Manitoba. It is more so in that area, where they will work co-operatively with the Economic Development Board.

\* (2050)

You asked a question earlier about the function of the Economic Development Board being a project driven and solely projects. Well, projects are a part of the function of the Economic Development Board. On certain projects, depending on the nature of the project, the magnitude of the project, whether or not it relates to more than one department beyond Industry, Trade and Tourism, there can be a role for the Economic Development Board Secretariat to play, particularly where it is straddling other departments, which happens quite frequently, particularly in some of our focus areas, such as the Health Industry Development Initiative, and so on. That gives you a flavour.

**Mr. Storie:** Madam Chairperson, I guess there are some of us who are more dubious about the need for the Economic Development Board Secretariat than others, and that perhaps some of us believe that the acting deputy did not have enough to do, and he had to have something additional. [interjection] That is right, I have seen that.

I would just ask one other question on actually the next section, on Investment Promotion, and then turn it over to my colleague. This particular branch has an office in Hong Kong and contract representatives in London and Tokyo. Is Mr. Walker still manning the office in Hong Kong, and who are the people Manitoba has contracted with in London and Tokyo?

**Mr. Stefanson:** Once again, in terms of the preamble, without taking the debate at length, I am confident that the establishment of the Economic Development Board, the establishment of the Economic Development Board Secretariat and the Economic Innovation and Technology Council will be structures that will remain in place in this province for many years to come, hopefully, under the particular government that is in place today.

But many years in the future, whatever party might govern this province, will see the merits of the kind of structure that has been put in place in the last few months. In terms of the specific question, yes, Mr. Walker still runs the Hong Kong office. In terms of our contractual arrangement in the United Kingdom, it is with an individual by the name of Mr. Watson Laing. In terms of our relationship in Japan, it is a contractual arrangement with Richardson Greenshields that is shared with the Department of Finance.

I could give you the exact breakdown, I believe we pay a little better than half, I think. We pay 60 percent; and Finance, 40 percent, something like that in terms of the allocation of the contract cost.

**Mr. Storie:** I guess, Madam Chairperson, there are many provincial governments that have offices in numerous other parts of the world. There are some provincial governments, in Ontario and Alberta, certainly British Columbia, have many, many trade offices. I guess the question is, how are we assessing the effectiveness of these offices?

Certainly I know the circumstances of the Hong Kong office because I was minister when that office opened. I know the rationale for having the office there. I am wondering whether we are still seeing the same kind of return from the office, is there still significant investment flowing from Hong Kong to Manitoba, and what criteria are we using to judge the effectiveness of the other offices? Are they having the same kind of success? I guess the final question, are there other areas the government is contemplating establishing trade offices?

**Mr. Stefanson:** That is a good question, and it has been a topic of conversation recently at Trade ministers' meetings in terms of, as the honourable member for Flin Flon (Mr. Storie) suggested, many provinces have significant presence.

We have just seen the Province of Saskatchewan basically shut down all of their international offices, other than, I believe, one they have in New York, I

think they have kept open. So it is something that provinces and the federal government are wrestling with and addressing in terms of seeing if there are more areas for co-operation, more areas where we can work with the federal government, maybe some areas where we can work with one or more provinces collectively.

So that is a growing area of evaluation in terms of getting the best value for our dollars, and in terms of co-operation. But in terms of the specific questions, Hong Kong, besides having responsibility for that region, has responsibility for Korea, Taiwan and mainland China. So it is a fairly extensive area.

Clearly we feel it is still important to have presence there in terms of issues that are still outstanding with the changes that are going to occur in 1997 in Hong Kong. What we are seeing is of course the activity through the Immigrant Investor Program, through the Entrepreneurial Program and actually exports of Manitoba companies have significantly increased into those parts of the world.

So we use a series of indicators to gauge the success and the need for the office, and in the case of Hong Kong being the activity under the Immigrant Investor, the Entrepreneurial Program and the level of business that is being done between that part of the world and the Province of Manitoba.

In terms of the United Kingdom, it is very directly related to economic performance. Again, we have a significant degree of activity with the United Kingdom, the parent companies for some of our major aerospace companies are headquartered in the United Kingdom, so we have ongoing opportunities we are pursuing there. There is a strong medical community in the United Kingdom that we are continuing to work with. The success of Medix corporation coming to Manitoba in part is as a result of working with our agent in the United Kingdom.

Once again, it is evaluated to a large extent on economic performance as it relates to business opportunities and business creation, both here in Manitoba and opportunities for Manitoba companies. The one in Japan, the Richardson Greenshields arrangement is a combination of both investment opportunity as it relates to our department and the financial aspect from the Department of Finance.

As the honourable member knows, some borrowings have been done from that part of the world in the past, and clearly there is a need for a liaison into Japan through the Department of Finance, and clearly they represent a significant market for the Province of Manitoba.

They obviously have investments here in Manitoba and exports into Manitoba, so again, from our perspective, is monitored on the basis of the economic activity, and the success of that activity will determine the kinds of relationships we have in the future.

**Mr. Alcock:** I would like to pass the mike, if you like, to the member for Portage la Prairie (Mr. Connery). I should say though that I think I may have misled the member for Portage la Prairie earlier who did express an interest in asking some questions on the FTA and the NAFTA, and I note that in the Industry and Trade Division, Administration line, which we have already passed, that is actually where that is referenced, as opposed to under the Trade section. So I am wondering if the minister would allow the member for Portage to ask a few questions on those particular topics before we move on.

**Mr. Stefanson:** I have a problem doing it now. I am anticipating we are coming to the Trade section very shortly, and knowing questions that have occurred in this House previously, that probably there will be questions from all three, but if the honourable member wants to ask his questions now, that is fine with me.

\* (2100)

**Mr. Edward Connery (Portage la Prairie):** Madam Chairperson, it does show on page 20, the North American Free Trade Agreement, in your book, so whether we do it now or do it later, I guess it really does not matter, but it is in there.

Can the minister tell us where we are at with the North American Free Trade Agreement?

**Mr. Stefanson:** Madam Chairperson, the federal government continues to negotiate with the United States and Mexico, and they have made it perfectly clear on many occasions at Trade ministers' meetings that ultimately it is their issue and their responsibility.

(Mr. Ben Sveinson, Acting Chairperson, in the Chair)

Having said that, they are consulting extensively with the provinces. They have had a series of Trade ministers' meetings. We have had a whole number of administrative meetings that have occurred on this issue. They shared a copy of the draft text with us not long ago which all members of this House are aware of, so they have shared information to allow us to continue to address concerns on behalf of Manitobans.

Certainly, all honourable members know the position of our government, that we do not support North American free trade unless six conditions are met, and I will not read those six conditions into the record again. I have done that before. In terms of where they are at in the process, it remains to be seen.

There have been suggestions that the three countries could reach a tentative agreement as early as in the next few weeks. Procedurally, that would still mean, within Canada, coming back to the Parliament of Canada. I would imagine that there would be a time lag when there would be an opportunity obviously for provinces such as ours, where we have made our position very clear, to evaluate that agreement as to whether it meets our six conditions or not and so on and also an opportunity for us to go back to the community, to Manitobans, not unlike we did a year ago when the issue first surfaced, where we went out and we consulted with the various sectoral organizations. We consulted with the academic institutions, we consulted with labour and got the first blush, so to speak, the first impressions and the first views of our community.

Our intention would be to do that again at the point in time when we have something that we can publicly go to the people with, that the government has produced at this point. That is one of the dilemmas we are faced with, that there is information in the system, information that the federal government has generated and has provided to us in confidence, and we are not in a position that we can take that forward to the public and share it yet. We look forward to the opportunity when we can do just that to solicit further input from Manitobans.

**Mr. Connery:** Mr. Acting Chairperson, when we had the U.S.-Canada Free Trade Agreement, a policy that I personally supported, the federal government was to give the provinces some assistance in, I think, labour training and adjustment and in business.

How has the federal government lived up to the U.S.-Canada Free Trade Agreement and the promises made at that time?

**Mr. Stefanson:** A good question, and certainly we have expressed concern about the labour adjustment provisions to date as provided under the Canada-U.S. Free Trade Agreement, not so much with the types of programs put in place, but the level of funding as it relates to Manitoba.

It was partly for that reason that one of our six conditions in terms of a North American Free Trade Agreement is that there be adequate labour adjustment provisions to address any shifts that might occur in Manitoba's economy and in Canada's economy. That is certainly going to be, as I have already touched on, one of our six conditions.

That is part of our ongoing analysis and review that is being done right now, is both the comparison to some of the weaknesses in the previous program and our concerns about adequacy if an agreement is reached in terms of labour adjustment provisions for the future.

**Mr. Connery:** Mr. Acting Chairperson, I guess it is my philosophy that a promise made is a promise kept. What is to say that promises made in this new agreement will be kept? We have not seen the federal government keep their promises of the original.

Also, I am not sure if one of the six conditions—and I should remember, but I do not—was it that there would be no changes to the Canada-U.S. Free Trade Agreement? If that is the case, the feeling that I get is that in this North American Free Trade Agreement, there will be changes to the Canada-U.S. Agreement.

**Mr. Stefanson:** The honourable member raises a legitimate concern that we share in terms of the issue of adjustment provisions, in terms of our concern with the adequacy as provided under the previous agreement, and he raises, obviously, a very important and valid point about concerns about the future. I think the same concerns could be raised in a whole range of areas, where we deal with another level of government, where we deal with the federal government in terms of commitments, and we have seen recent examples here in the House with Family Services and the treating of federal support for Treaty Indians off reserves and so on.

So clearly that is one of our six conditions. It is an important condition, and we will look for

solidifying those assurances as much as we possibly can, recognizing that sometimes in the final analysis, it comes down to the good faith between governments and the working relationships between governments. So it is a valid concern, one we share and one that we will do our utmost to develop as much certainty to as we possibly can.

The honourable member is also right that one of our six conditions is that there be no renegotiation of the Canada-U.S. Free Trade Agreement.

**Mr. Connery:** What worries me, I guess, is that some of the ability for us to challenge decisions of the Americans, and we see this in the shingles and the pork and so forth, where they impose tariffs. Then you have to go to a tribunal to see if the tariffs were fairly imposed, and then you find out six or eight months later that those tariffs should not have been imposed.

We find that not working all that great because the damage has been done. The Americans are great at nontariff barriers, and that is one area where they lose; they have to take off the tariff or refund the tariff, but in the interim, they have put businesses out of business.

I think that we have to have a federal government that is tough enough to stand up to that sort of thing. We see in the produce industry, where they will put loads of produce under detention for residue testing. It can take anywhere from a week to two weeks to do the residue testing. Meanwhile, we have not had one load in the many, many years that we have shipped to the States, where there was any finding of any residue.

There was no cause to the continuous harassment, and the Minister of Agriculture (Mr. Findlay) has also addressed this issue, but they continue with that sort of harassment. I guess it is very frustrating for business people, whether you are in agriculture, processing, manufacturing, anything, to try to develop trade with a government that continues to allow their industries to badger and use nontariff barriers as a means of discouraging trade, yet we do not retaliate.

\* (2110)

We just seem to be the little doormats at times for the big American companies, and I think it is time that the federal government stood up to their obligations and supported Canadian industry.

If we cannot have an agreement that is going to work well for both and fairly for both in the already

signed U.S.-Canada agreement, what are we going to have in a North American Free Trade Agreement?

**Mr. Stefanson:** Well, the honourable member raises some legitimate concerns that have been expressed certainly at trade ministers' meetings and by the First Ministers to various degrees. The issue of border inspections has certainly been discussed at trade ministers' meetings in terms of the concern the honourable member expresses, and I believe that Michael Wilson has been carrying that message forward in very specific terms, Mr. Acting Chairperson.

In terms of dispute settlement, while none of us are pleased with having to deal with dispute mechanisms, to a certain extent, we now have this structured environment that provides us with an avenue to deal with them. While we are not happy that we end up in some of the situations dealing with them at panels and so on, there now is this formalized process that allows both countries the opportunity to deal with them at that kind of level, and clearly, while we see on the one side some of the panels initiated by the United States, I could certainly provide a summary of instances where have been initiated on the Canadian side in terms of triggering panels.

So that aspect is not all one-sided. There clearly have been issues that we have taken forward, and I would be pleased to provide the honourable members with details on some of the specific panels that have originated in Canada.

**Mr. Connery:** Well, to wrap up on the free trade side, I just want to put on the record, Mr. Acting Chairperson, my long-term concern with going into a new North American Free Trade Agreement when we are not satisfied with the current U.S.-Canada agreement. So I would like to just make sure that my concerns that I have raised before are on record.

I think we are moving far too quickly, that we are not ready. We have not adjusted to the American trade deal. We are dealing with a completely different environment in Mexico. We are dealing with environment standards, labour standards, business standards that are totally different than what is in Canada and the United States.

We talk about them catching up and the big population down there, but as the minister knows, there is not a great deal of trade currently with Canada and Mexico, so we do not have a lot in

common, although we find in horticulture that there are some crops now that are starting to get a high degree of pressure from Mexico. Some of the crops that were grown in the very southern states are no longer to be found or very little production to be found, and they are in Mexico.

I am told by people who have wintered in Mexico that they are building all kinds of bridges over the Rio Grande River so they can get the movement of product in from Mexico. I am sure there is not going to be an awful lot going the other way. I do not see the agreement with Mexico allowing for a great deal of flow, especially from Canada. Also, the trade with Mexico, from a Canadian point of view, we are exporting on a declining scale but importing on an inclining scale so that we see the two going opposite ways.

Canada is selling less to Mexico and importing more over the last five years. That I have seen from the graphs that I have looked at. So just for the record, I am very, very concerned that we not go into an agreement with Mexico at this stage until we have our other agreements in place and that our government vigorously lobby the federal government on this North American Free Trade Agreement.

Our environmental problems, we are taking drastic strides, which I support, in the use of CFCs in refrigeration and freezer plants. Will those same regulations be enforced in Mexico? Will the wage rates which I am told are about 10 to 20 percent of Canadian and American labour rates—and it could decimate our lower-paying jobs in Canada and Manitoba. We still have to have jobs. Not everybody has the ability to be a rocket scientist and export high tech, and only be a high-tech country. We still have to have lower-tech jobs for people that may be unfortunately all that they may attain. So we have to be very careful what we do in a balanced position.

Those are my comments, if the minister cares to respond, but I would have, after that, another question on the aerospace industry, if that is appropriate in this section.

**Mr. Stefanson:** Mr. Acting Chairperson, I do not think I need to respond at length. I know we are working under a time line. The honourable member raises some legitimate concerns that we share and we have expressed and will continue to pursue with the federal government.

**Mr. Connery:** Would this be an appropriate place to ask a question on the aerospace industry? We seem to be in Industry and Trade Division. [interjection] Okay, I guess then, having had that agreement—there was an announcement made in Portage la Prairie some months ago. It was a joint announcement with the industry, the federal government, provincial government on a \$6-million aerospace training initiative.

It indicated that the bulk of the training would be at the Canadian Forces Base, Portage, or Southport, as it will be called after this. Some concern has been raised to me. Is that initiative still on track? Is it still going to have the bulk of it? I guess the bulk means somewhat more than 50 percent.

The Minister of Education, after he had made the announcement, responding to a question in the House by myself, indicated that, yes, the bulk would go to Portage. Is that initiative still on track as far as the Minister of Industry Trade and Tourism is concerned?

**Mr. Stefanson:** The short answer is yes, and we expect to have some further announcements as it relates to Southport and that initiative within the next two weeks.

\* (2120)

**Mr. Connery:** Just as a final comment, Mr. Acting Chairperson, that in my estimation and the estimation of many people in the Portage area—when I talk about the Portage area, and we start talking about a major industry or major thrust, I think we can take an area from Elie to Austin, from St. Claude to Amaranth, in that area, where people are within driving distance, so the economic thrust would be to a large part of central Manitoba—that the aerospace industry is the one opportunity for that part of Manitoba to really move ahead and grow.

I have had many discussions with the minister, and I think I have had very good responses, but I just wanted to put it on the record that that is an area that can really make a difference to central Manitoba, Portage being the centre of that area, but west of Winnipeg, for a large number of people, and to allow for a lot of our young people who are graduating from schools and universities to maybe get some high-tech jobs and be able to stay at home and have a good job and still be in the community and to make the community grow.

As the minister knows, some rural areas of Manitoba have declined in population since the last census. Portage had lost only 12 people, but no growth means death in the long run—and other areas like Brandon. So I would hope that we would have a thrust that would allow those areas that are struggling to really come to the fore, and it is an opportunity for us.

**Mr. Stefanson:** I agree with the honourable member. We have an excellent nucleus to build around, with the awarding of the Military Flight Training to Canadair, and as I indicated, I expect some further specific announcements in the very short term.

**Mr. Storie:** Mr. Acting Chairperson, if the minister will allow this, perhaps we can deal with the trade issues right now, seeing as the member for Portage la Prairie (Mr. Connery) has raised it.

I am not going to be asking a great number of detailed questions, but I want to put on the record, has that this minister, on a number of occasions, has been asked to share with us any kind of analysis that has been done on the impacts of the Free Trade Agreement.

It seems to me that after two and a half years now of free trade, we have to have some sort of objective assessment of where we are being hurt.

I recognize that there are all kinds of other factors that impinge on our performance, but it seems to me that some of the events of the past couple of years are directly attributable to the Free Trade Agreement. Businesses have moved their operations south of the border because they now can, because the tariffs are being reduced, because they see the long-run cheaper operating costs in the southern states in particular.

What caused me to ask this question, Mr. Acting Chairperson, was the minister's comment to the member for Portage la Prairie (Mr. Connery) about the North American Free Trade Agreement. The minister said, well, we have had some information from the federal government about the trade negotiations. We have asked about Manitoba's assessment of the impact of the North American Free Trade Agreement on our economy.

The minister said, well, you know, we have been doing our studies and generally without being, I think, impolite, has danced around the issue and in some cases attempted to leave the impression that there was some sort of objective analysis of this

agreement and its impact on sector by sector in terms of the province. I do not believe that is the case.

I know that the minister has done some polling. I know that there has been a survey of business attitudes, but I am not sure there is any concrete evidence. So when the minister tells us that he really is not at liberty to share this information with us, it causes me a great deal of concern because that is exactly what happened with the Free Trade Agreement.

I want to go a little further than the member for Portage la Prairie (Mr. Connery) in chastising this government because, yes, they have six conditions, and on paper those six conditions look very tough. But the real questions have not been answered by the government. The real question is what is going to happen when we get into free trade? Why do Manitobans not have a right to know what the impact is going to be? Why can that kind of analysis not be done and why can it not be shared with us?

What is the government going to do when the inevitable day comes that North American Free Trade Agreement is signed over the objections of the member for the Portage (Mr. Connery), over the objections of this member, over the objections of perhaps the majority of Manitobans and Canadians? Is the government going to continue to be the kind of patsy they have been in the past?

The member for Portage la Prairie raised the question about the federal government being a patsy with respect to the obligations of both countries with respect to free trade. This government is being a patsy in its dealings with the federal government, because while it wants to pretend and make public pronouncements about how sincere and how concerned it is about what is going on in North American free trade, they have yet to tell this House, question after question, what they are going to do.

It is not good enough for the people of Manitoba to object, to say, well, we object—first refuse to give us information on why and what we should be concerned about, and then not tell us what you are going to do when the federal government finally pulls the plug. The question is, why are we not stating categorically, given what we already know about the negotiations, that it is going to reopen issues raised under the Free Trade Agreement, that it is going to further undermine our own economic

independence? Why do we not just say, no? Why do we not set out a plan of action like we did under CF-18? Get Manitobans together, get people together who have a vested interest in protecting our economy and go down in an effort to stop it or at least to derail it for the time being.

Mr. Acting Chairperson, the bottom line, and the member for Portage (Mr. Connery) I think raised the points that I was going to make: The Free Trade Agreement has not been good for Canada. It has not been good. Now, the minister can shake his head. He can say, oh, that is not the case, but the facts indicate that it has.

The minister said, well, the United States has lost 700,000-and-some jobs, I cannot remember exactly, but 700,000 or 800,000 jobs in this free trade period, partly due to the recession. Canada, with a population of one-tenth, has lost half as many jobs. What the minister did not acknowledge in his comments is that those jobs are not coming back.

In the '81-82 recession, the vast majority of manufacturing jobs that were lost came back. Sixty-five percent or 70 percent came back. The Conference Board of Canada has estimated that only 25 percent of the jobs we have lost—and it is more than 500,000 now—are coming back.

The question has to be asked, at what point is the government going to pull its head from the sand and say this agreement is not working? It is not working the way we thought it was going to work. It is not being implemented. There is not the same sense of urgency on the part of the United States to make it work. When are we going to come to our senses and say, let us get out of this, or let us restructure this deal? Let us get out of it, preferably.

Mr. Acting Chairperson, the fact is that there is and continues to be harassment of Canadian manufacturers, Canadian food processors, you name it, and there is no evidence that is going to end. The fact of the matter is that the agreement is going to work against our interests, most people would say across the board, whether it is energy or manufacturing or the service sector, you name it. What will it take for this minister and the government to get serious with their federal colleagues about the impacts of the agreement, and when can we expect the facts?

**Mr. Stefanson:** Mr. Acting Chairperson, I am not so sure if that was a question or a speech or what that was, but I have to respond to some of it.

Unfortunately, the honourable member sort of mixes the Canada-U.S. and the NAFTA in terms of his confusion over what reports have been done and what reports are available and so on.

\* (2130)

I will speak firstly to the Canada-U.S. agreement. As we see so often in this House, members of the official opposition come with their blinders on, and their pure ideological point of view on free trade, opposing a Canada-U.S. free trade, wanting to put the barriers around the Province of Manitoba, wanting to put the walls up, not having confidence in Manitobans' ability to compete, creating an uncompetitive environment during their term in government to make it more difficult for Manitobans to compete. We do not believe in that. We believe that Manitobans can.

I can tell the honourable member for Flin Flon (Mr. Storie) is listening closely to what I am saying because he has not heard this before. I am sure he would like to hear it, probably for the first time.

In terms of Canada-U.S. free trade, in terms of the changes that have occurred in terms of manufacturing employment and in terms of the adjustments in terms of our trade deficit, we discussed at some length earlier, from questions from the member for Osborne (Mr. Alcock), in terms of other issues that are affecting the economic environment, in terms of the recession, in terms of high levels of interest rates for a period of time, in terms of the impact of the GST and other factors, in terms of value of the Canadian dollar, and so on—but even with all of that, the exports from Manitoba to the United States from '88 to '92 have gone up by some \$100 million. So, clearly, our exports are growing which translates into job opportunities for Manitobans, and while they are not significant, they do create opportunities.

I think it is time that the member for Flin Flon (Mr. Storie) and the opposition party recognize that it is becoming a global economy, and the days of thinking that you can put walls around your province and spend taxpayers' monies to create a false economy never should have existed in the first place and certainly cannot exist today. Hopefully, they will come to that realization one of these days.

That is on Canada-U.S. free trade, but I want to move to North American free trade, because the honourable member made some incorrect comments. We have not been doing any polling on

North American free trade. We consulted back in July of last year, as I have already suggested, with sectors of our economy, with academic institutions, with labour in terms of helping us formulate the position of the Manitoba government. That was the basis for our position of opposing the North American free trade unless six conditions are met.

I really take offence to his suggestion about being patsies. He should contact some of his colleagues in other provinces, because if there has been any one province that has led on issues like the environment and labour and the concerns of Manitobans and of Canadians, it is the province of Manitoba.

I think it is time that the honourable member for Flin Flon recognized that. He should be picking up the phone to phone some of his colleagues and give them the kind of advice that his Leader seems to be giving when he gives them advice two weeks in advance of them taking their official position.

Mr. Acting Chairperson, we have made our position clear on North American free trade in terms of opposing it unless six fundamental conditions are met. We have put those conditions on the record extensively. It is based on consultation with Manitobans. It is based on some internal analysis. That is the one document that I have indicated that we are looking toward making available for members of the opposition. I will continue to work toward providing that document.

Unfortunately, the honourable member for Flin Flon (Mr. Storie), in his preamble, mixed and added confusion with his comments on what research has been done on Canada-U.S. versus what research has been done on NAFTA, Mr. Acting Chairperson.

There has been some work done at the national level by organizations like the Royal Bank, by Strategic, by policy branch within the University of Toronto and by others in terms of attempting to quantify the Canada-U.S. trade agreement, recognizing—and I would think the honourable member for Flin Flon would recognize, because of all these other variables, that is a difficult thing to do.

I can assure you, Mr. Acting Chairperson, when talking to Manitobans about the impact of Canada-U.S. free trade and the impact on their businesses, that is not the issue they point to that has caused difficulty. Other issues have caused some difficulty for business, issues such as the recession, issues such as the kind of economic

environment that was created from 1982 to 1988 under the NDP with the kind of tax policies that they implemented here in our province.

Those are more fundamental issues to Manitoba businesses in terms of creating opportunities for them, and we will continue to address those concerns.

**Mr. Storie:** Well, Mr. Acting Chairperson, I guess we expected the minister to defend the policies of his federal cousins. I guess I continue to say that I share the concerns of the member for Portage la Prairie (Mr. Connery) and the vast majority of Canadians who opposed the Free Trade Agreement and obviously the North American Free Trade Agreement effort. I think the vast majority of Canadians now oppose the agreement, and I think for many legitimate reasons.

The member for Portage la Prairie talked about his own experience, and I think the minister will acknowledge that the member for Portage la Prairie has some expertise when it comes to international trade, has some expertise. His experiences are exactly what we predicted would happen under the Free Trade Agreement and now under the North American Free Trade Agreement.

I can tell you that I told the member for Portage when the Free Trade Agreement was signed, I said, you can say good-bye to food processing in Manitoba. It is gone. There will never be another plant here. What we have seen is a whole series of plants disappear. The member for Portage just confirmed what we said would happen. He said our exports are going down, and our imports are going up on a whole range of products. When the seasonal tariffs on vegetables, on produce, disappear in now another 18 years finally, the hope that we will ever have a food processing plant or that we will succeed to any extent with the production of produce is very remote.

The member for Portage la Prairie (Mr. Connery) already talked about the potential for the disruption of Manitoba crops by Mexican imports. The bottom line is that this process is going to continue. We had all hoped that this process would be slowed down, but it is actually accelerating. The signing of a North American Free Trade Agreement is going to accelerate it further.

There is one other issue and then we can move on, Mr. Acting Chairperson. I hope the minister was not confused about my request. Yes, the federal

government did a sector-by-sector analysis of free trade which was nothing more than a propaganda effort. Certainly, if the minister has studies that he has at his disposal with respect to the impact of the Canada-U.S. Free Trade Agreement, I would certainly like copies. I assume that given that we are two and a half years into the agreement, that those should be able to be made available. I hope there is nothing secret in those documents. I would like to see those.

Number two, I am not sure whether the minister indicated the department or the government has done any analysis of the impact of the Free Trade Agreement. We have asked on a number of occasions on what basis they continue to support it. Hopefully, the province has its own analysis. It certainly would be in its own interest to have that kind of analysis. I think we deserve, the people of Manitoba deserve that kind of information.

Finally, the minister talks about, you know, we cannot build walls around our country. Well, it was an interesting debate that the member for Arthur-Virden (Mr. Downey) and I had in Pierson, Manitoba with respect to that issue, the Free Trade Agreement, the globalization of the economy and the question of supply-managed industries.

I would be interested to know what the Minister of Agriculture (Mr. Findlay) and the Minister of Rural Development (Mr. Derkach) have to say about supply-managed industries, which really are the kinds of principles that are supported by economic nationalists. I am wondering how that fits in with free trade. Is the minister now saying we are going to abandon, as some people have suggested, supply-managed industries? Can the government continue, ideologically, to have it both ways? Which side of the fence are we on on this?

**Mr. Stefanson:** Mr. Acting Chairperson, I will not prolong the debate on it, but the honourable member is absolutely incorrect in terms of his analysis of opportunities in the Agri-Food business. I guess the future will show what opportunities do exist and will exist here in the province of Manitoba.

\* (2140)

In terms of his request for an internal document on the impact of the Canada-U.S. Free Trade Agreement, I have already indicated to him that there have been extensive national documents prepared that we utilize as a resource, that any analysis would be hinged on the assumptions you

make as it relates to the recession and other factors that are out there. Clearly, there is no way of quantifying what the impact of the recession, the GST or other issues have been.

To the best of my knowledge, no province has undertaken to do an impact analysis of the Canada-U.S. Free Trade Agreement, but rather are dealing with studies done nationally and are dealing with issues in terms of improving the economic opportunities in their own provinces. That is the fundamental issue at hand.

In terms of supply management, we made our position clear, Mr. Acting Chairperson, at GATT, at Trade ministers' meetings, that we support the strengthening and clarification of Article 11 under GATT which is the protection for supply management. That is the position taken by the national government, and that is the position they are taking forward to the discussions as part of the Uruguay round, and we support that.

Just again, I alluded to it, in terms of the growth in our exports over the last period of time, we continue to grow in terms of our foreign exports. For 1991, we are now up to \$3,055,000, an increase of some 2.9 percent; all provinces combined, a decrease of 2.6 percent. So our exports, the exports of Manitoba businesses and Manitobans, have grown over the period of time from 1988 to 1991, clearly creating economic opportunities for Manitobans.

While the growth might not be to the level we all would like—we all certainly would like to see additional growth—it is certainly heading in the right direction in providing opportunities, unlike some other areas within our country.

Clearly again, the honourable member comes with his ideological bent but has yet to point to any empirical data or anything to suggest that the Canada-U.S. Free Trade Agreement is working to the detriment of Manitobans, nothing but the usual ideological verbiage that we hear from the member from Flin Flon (Mr. Storie) and the opposition party.

**Mr. Alcock:** I would like to just continue a bit on the NAFTA, and I would like to do it from a couple of perspectives. The minister has repeated several times in this House the six conditions, and has indicated that if the six conditions are not met, then they will not support the agreement. We can debate whether or not they will be met. I mean, there is a great deal of evidence that suggests that they will

not be met, that, in fact, decisions have been taken already that violate some of the conditions.

(Madam Chairperson in the Chair)

Let us leave the minister in the position of being able to say: No agreement has been finalized; therefore, it is difficult. Or you can take the position that it is difficult to say whether or not they have or have not been met.

I would like to ask him this question. If the six conditions or one or two or three or four or all of the six conditions are violated, what form will your disagreement take?

**Mr. Stefanson:** I outlined earlier with the question from the honourable member for Portage la Prairie (Mr. Connery) what we see as a potential process unfolding in the weeks and months ahead if a tentative agreement is, in fact, reached in terms of opportunities for governments to respond to that tentative agreement.

Our position obviously would be communicated certainly at trade ministers' meetings and to the federal minister responsible for international trade, Michael Wilson, at a minimum. Obviously, there are other avenues to convey the position of our government, but clearly that has been the process to date.

The issue has remained at trade ministers, and certainly our position would be communicated at trade ministers' meetings, and in writing to Mr. Wilson which we have done on several issues over the course of these negotiations, besides raising the issues at trade ministers' meetings—issues of concern that arise during the course of, in part, some questions asked here in this Legislature, feedback from our own community. We certainly corresponded to the federal minister those concerns.

**Mr. Alcock:** President Bush has now stated publicly that once the Mexican agreement is completed, Chili is the next country that they are going to open negotiations with. Has the preliminary indication of that been conveyed to you?

**Mr. Stefanson:** The issue of additional countries becoming a part of any agreement has been discussed, and there is discussion and review of the possible inclusion of an access clause in a North American Free Trade Agreement. So that will be one issue certainly for further review and comment on in terms of having an access clause, whereby the opportunity could be there for countries to become

a part of that agreement with the terms and conditions of that agreement without going through the kind of prolonged and detailed discussions, meetings and so on that take place. So it has been discussed in that context, the possibility of an access clause.

**Mr. Alcock:** Is the minister in possession of any drafts of such a clause?

**Mr. Stefanson:** No, Madam Chairperson.

**Mr. Alcock:** I realize this is contained within the clause on the violation of the FTA—at least, that would be a debatable point—but the issue of some change relative to cross-border transmission of water has been raised within the NAFTA, and the minister had indicated that they would be reviewing that and getting back to me with some information. I am wondering if he is able to do so at this point?

\* (2150)

**Mr. Stefanson:** I recall the question in the House, and I thought the second time I responded to it, but there is no obligation relative to the export of water under NAFTA, not dissimilar to the Canada-U.S. Free Trade Agreement, other than the issue of bottled water which is addressed under the agreement.

**Mr. Alcock:** Although there is one change that allows for the cross-border transmission through pipelines of substances other than oil and gas?

**Mr. Stefanson:** That obligation is only as it relates to pipelines operations and not an obligation to any export of commodities. That would still be under the decision making of the provincial governments.

**Mr. Alcock:** I am sorry, I wonder if the minister could clarify. He is saying then that any decision to ship water south would be a decision of the provincial government? There is no obligation to ship water? You could make the decision, but there is no obligation for you to provide water?

**Mr. Stefanson:** I am not sure what, specifically, the honourable member was looking for, but there is certainly no commitment, no obligation in any way whatsoever to export water. It remains under the jurisdiction and control of the province.

**Madam Chairperson:** Item 2.(b) Industry: (1) Sectoral Development \$971,000—pass; (2) Investment Promotion \$929,700—pass.

**An Honourable Member:** You could now read the resolution.

**Madam Chairperson:** Oh, I am sorry.

**An Honourable Member:** It is not the end of the resolution—

**Madam Chairperson:** Item 2.(c) Financial Programs: (1) Salaries \$770,200—[interjection] Wishful thinking. (1) Salaries \$770,200. Shall the item pass?

**Mr. Storle:** Thank you, Madam Chairperson—yes, wishful thinking.

I have not a lot of questions on the salaries but would deal with financial programs generally. There is one program that is obvious by its absence, I guess, and that is what used to be called the Manufacturing Adaptation Program. It was in the Estimates, I believe, last year.

I am wondering what has happened to that program, particularly given the comments the minister made somewhat earlier about the importance of the manufacturing sector and the government's interest. I am wondering what program has supplanted that one or what other initiative the government has to deal with the introduction of new technology into our manufacturing plants.

**Mr. Stefanson:** The program still exists, only it is now part of the Manitoba Business Development Fund which incorporates that program, I believe the Technology Commercialization Program, feasibility studies, technological studies, the health industry's development.

I am just highlighting them again, Madam Chairperson. The Manufacturing Adaptation Program is included under the Manitoba Business Development Fund, along with the studies and the equipment loans. The sectoral feasibility studies is under that fund; the Health Industry Development Initiative including feasibility studies, design assistance, strategic studies and marketing support; Technology Commercialization is there; and Strategic Planning and strategic studies are there, all housed under one Manitoba Business Development Fund.

So if the honourable member were to track back, he would see the accumulation of these programs into this one fund, allowing some additional flexibility to be better able to meet the demand as it occurs and the opportunities as they occur.

**Mr. Storle:** I have not yet found it in the detailed expenditures, but I will look it up later. With respect to the Manitoba Industrial Opportunities Program, I am wondering whether the minister can tell us: Was

the Dow Corning pilot project funded through this initiative? Can the minister sort of give us an update on where that project is?

**Mr. Stefanson:** It is under the Energy Intensive Industrial Program allocation of \$1,743,600. That is where the support for Dow Corning is located. In '92-93 our allocation for that project is \$1.7 million. I think, as the honourable member probably recollects, that the total commitment is \$6.6 million from the fiscal year '89-90 to '93-94 for the pilot plant. Of that \$6.6 million, \$2.5 was disbursed up to March 31, '91, by the previous Manitoba Energy authority; \$2.4 was disbursed in '91-92, and the remaining \$1.7 is allocated in '92-93.

**Mr. Storle:** Can the minister tell us then what stage this project is at? There was a pilot project. Is it producing now the material that it was supposed to produce and is it operating as expected? When can we expect a decision now with respect to, I guess, a major production facility?

**Mr. Stefanson:** The pilot plant is just about to start production I understand any day now. Their pilot period is 18 months, and it will be during that time frame that obviously their analysis will be done and will lead to decisions on the future for production opportunities.

**Mr. Storle:** Can the minister just sort of refresh my memory on what product is actually going to be produced in this plant? Was it related to material that goes into heat-resistant ceramic bowls and what-not, Corningware, or was this the one that was producing ceramic material for super conductors, that kind of technology?

\* (2200)

**Mr. Stefanson:** Madam Chairperson, it is the production of silicon metals that are used, I believe, in excess of some 500 different products from industrial to commercial to a whole range of uses. We could certainly provide further details on the product uses to the honourable member if he so wishes.

**Mr. Storle:** I was just trying to pursue where this product would be used. Dow Corning has a number of manufacturing facilities in the United States, and I am wondering is this product being developed for their domestic market or is it for export to Japan for the production of heat-resistant materials and what not.

**Mr. Stefanson:** As the honourable member is aware, it is a development of the new technology for

the production of silicon metal which will be primarily utilized internally in terms of other products produced by Dow Corning.

**Mr. Storie:** Madam Chairperson, I would like, I guess, sort of a rundown at some point of the various projects that have been funded by these different programs. The Industrial Opportunities Program, for example, references some 36 projects. Each of them has its own separate projects that they are funding and working on. I know that many of the Orders for Return filed by the member for Osborne (Mr. Alcock) dealt with these programs, and I am wondering whether the minister would undertake to update us and give us a revised list. I know that last year he did present us with a list of the projects being funded by some of these programs, and I am wondering if he can give us an updated list on the projects, the amount of dollars that are being spent on each project, and a list of projects that are ongoing in their development.

**Mr. Stefanson:** Madam Chairperson, we have two options. I have all of the information before me, which would be probably quite time-consuming if the honourable member wants me to walk through each of our programs and outline the support provided in 1991-92. I can undertake to provide him with the details of the support provided during the last fiscal year if that is acceptable.

**Mr. Storie:** Madam Chairperson, the minister can provide us with that information at his convenience over the next few days. It does not have to be immediate.

I just have one further question on this section. That is on the Manitoba Industrial Recruitment Program, and the government has set aside \$1.5 million for that program. I am wondering whether, in fact, there has been any allocation of this fund. Have we been successful? If so, perhaps the minister can let us know who or what were the beneficiaries of these grants.

**Mr. Stefanson:** As the honourable member is aware, this is the first time this program is appearing in our budget. It is a new program meant to focus primarily on information technology, in part to overcome some differentials that occur with the Manitoba location as it relates to other part of Canada in terms of Telecom costs. At this point in time, we are dealing with various companies in terms of providing support under this program, but to date we have not accepted any, and certainly

when we do, not unlike other announcements of support, we are more than prepared to release the details at that time. We are currently under negotiation with some companies as it relates to utilizing this fund; but, to date, unlike the request of the honourable member for information on MIOP, which we will provide, and other programs, no company has received financial support under this program.

**Mr. Storie:** I maybe will ask one more question, I guess, ask that we not pass this section. I am not sure whether my colleague from Osborne (Mr. Alcock) had any questions here, but perhaps move onto Trade.

The question was related to the Manufacturing Adaptation Program, and the minister had indicated it is sort of subsumed under the Manitoba Business Development Fund. I would wonder whether the minister could indicate what kind of dollar allocation there is for that program for 1992-93?

**Mr. Stefanson:** Madam Chairperson, as the honourable member I am sure is aware, one component of the Manufacturing Adaptation Program is the opportunity to provide loans with a period of interest forgiveness. A loan authority for '92-93 is \$1.5 million. The operating side included in our budget—the combination of interests, some operating costs, some funds available for feasibility studies under this program—the Manufacturing Adaptation Program is approximately \$285,000.

**Mr. Storie:** Madam Chairperson, is the Manufacturing Adaptation Program the main program then under the Manitoba Business Development Fund?

**Mr. Stefanson:** No, the largest fund under the Manitoba Business Development Fund is the Health Industry Development Initiative which is in excess of \$800,000. Actually, the next largest is the Technology Commercialization Program which has approximately \$360,000. So I guess Manufacturing Adaptation would be the third largest.

**Mr. Storie:** Yes, I am just wondering whether the minister has given any thought to rethinking that program, redeveloping it, expanding it, given, I guess, the relative importance of technology to our competitiveness in the manufacturing sector?

One of the things that virtually everyone in the industry has talked about was the need for Canadian business, and Manitoba business as well, to start to utilize the latest technology and the latest

manufacturing and processing equipment. I think the Porter report, that multimillion-dollar report, identified that as a need. It strikes me that we have a Manitoba Business Development Fund and the Manufacturing Adaptation Fund is not taking the lion's share of that fund, it is trailing the pack. I am wondering, given the importance and the experience in the last few years of our manufacturing sector, whether it is not time to dress that up and perhaps create a focus around the need for new technology to make our manufacturing sector competitive to the extent that it can be.

**Mr. Stefanson:** I feel to a large extent, we have addressed the concern that the honourable member raises, only in another area. We will get to it later in the Estimates, but through the Economic Innovation and Technology Council, we have provided an additional million dollars of operating funds to be directly related to Economic Innovation and Technology developments. They have a million dollars of operating funds; they also have a further million dollars of loan authorities. So there is an enhancement of \$2 million through the Economic Innovation and Technology Council that really is addressing the kinds of areas that the honourable member just referred to.

\* (2210)

**Mr. Alcock:** I believe I heard, although perhaps not clearly enough, the member for Flin Flon (Mr. Storie) indicate to the minister or ask the minister for some details on the operations of some of the various funds that have been referenced in this section. I believe the minister agreed to provide some detail over the next few days. Did I hear that correctly?

**Mr. Stefanson:** I agreed to provide a summary of support provided during the last year under our financial programs with as much detail as we were able to in terms of who the companies were and so on.

**Mr. Alcock:** That is good. That will save me a lot of questions relative to a few Orders for Return that I have on the Order Paper right now.

I would like to ask the minister about one, I had expressed an interest in the operations of the Vision Capital Fund some time ago. In fact, if memory serves me, it could be as long ago as the Throne Speech Debate in December. I recall very clearly the Finance minister (Mr. Manness) standing up in the House and saying to me: We have a very

positive story to tell; we will get that information to the member immediately.

Six months later I am still asking the questions, and I guess the question I have in addition to the details of the information which I am sure the minister will table for me is, why does it take six months to get a simple answer to a question as to how a particular program is performing?

**Mr. Stefanson:** Madam Chairperson, that is a good question. There is no easy answer. Just, obviously, the fund managers have to compile the information, and we receive and review it from a confidentiality point of view, but the point is well taken. It should not take that long to compile the information. I have to admit I am not underestimating the importance of providing that information, but in terms of the many issues that we are addressing it is one of many, but the point is well taken.

**Madam Chairperson:** Item 2.(c) Financial Programs: (1) Salaries \$770,200—pass; (2) Other Expenditures \$37,000—pass; (3) Programs \$13,285,600.

2.(d) Trade: (1) Salaries \$971,100—pass; (2) Other Expenditures \$634,200—pass; (3) Grants \$195,500—pass.

2.(e) Business Resource Centre: (1) Salaries \$902,300.

**Mr. Storie:** Madam Chairperson, just a couple of questions here. It may be under other sections, but can the minister indicate whether in fact there are still business resource centres operating under the department in Brandon and Dauphin?

**Mr. Stefanson:** Madam Chairperson, we have a regional office in Brandon that covers a wide range of services from Industry, Trade and Tourism beyond the programs offered in the Business Resource Centre.

**Mr. Storie:** The minister is indicating then that there is no business development centre per se in Dauphin?

**Mr. Stefanson:** That is correct.

**Mr. Storie:** Madam Chairperson, I guess it would be safe to say that small business is probably more important in rural Manitoba than it is in the city of Winnipeg. It is the lifeblood of a lot of communities.

I guess I am wondering whether in fact the department or this branch is developing expertise in delivering small business programs using the kind

of technology the Department of Education is using to deliver courses, Distance Education technology; specifically whether—and this is a clear crossing of boundaries here—we are using the technology that is available through the Infotech Centre to deliver small business programs.

\* (2220)

**Mr. Stefanson:** To date, the program is primarily delivered through our rural counselling program where the consultants go directly to the communities and spend a period of time in the communities and meet with individual businesses and so on. There is no program in place utilizing Distance Education and/or technology through Infotech. As I touched on to an earlier question, that is an area that we are continuing to see progress in, and issues such as the one you address are under review at this time.

**Madam Chairperson:** Item 2.(e) Business Resource Centre: (1) Salaries \$902,300—pass; (2) Other Expenditures \$601,000—pass; Grants \$30,000—pass.

Resolution 88: RESOLVED that there be granted to Her Majesty a sum not exceeding \$19,534,000 for Industry, Trade and Tourism, Industry and Trade Division, for the fiscal year ending the 31st day of March, 1993—pass.

Item 3. Strategic Development Initiatives Division (a) Administration: (1) Salaries \$106,800—pass; (2) Other Expenditures \$10,000.

**Mr. Alcock:** Perhaps I can just ask a couple of questions at the beginning of this before we get into the specific programs. The Manitoba Centres of Excellence fund, Manitoba's involvement in the federal government's national network of Centres of Excellence Program, can the minister tell us the status of that particular initiative right now?

**Mr. Stefanson:** The five networks that are being represented through the University of Manitoba are the following: (1) The genetic basis of human disease, innovation for health care; (2) The microelectronic devices circuits and systems for ultra-large scale integration; (3) The neural regeneration and functional recovery; (4) The respiratory health network of Centres of Excellence; (5) Promoting independence and productivity in an aging society. The projected cash flow for '92-93 is \$177,300.

**Mr. Alcock:** Yes, I believe Manitoba—what was it, five out of 14 possible networks?

**Mr. Stefanson:** Five out of 15 networks, Madam Chairperson.

**Mr. Alcock:** It struck me at the time, Madam Chairperson, that this was a relatively low number given the scope of the program. Am I correct in that assessment?

**Mr. Stefanson:** In terms of the allocation to Manitoba under this initiative, we are not satisfied with the allocation to Manitoba. I believe, using an approximate percent, we have received from the federal government approximately 2 percent of the overall allocation, which is unacceptable. So we are not pleased with the allocation.

**Mr. Alcock:** Has the minister sought an explanation of why Manitoba receives such a relatively small percentage of the total program?

**Mr. Stefanson:** Madam Chairperson, of course, the allocation was not made on a regional population basis. It was made on a project-by-project basis, based on a review by a board established at the time, which, I believe, Manitoba was represented on. While we are not pleased with the final outcome, that was the process that took place, and there was input from Manitoba. It was on a project basis. As I have said, we are less than pleased with the allocation, but we were given an opportunity to put forward projects. We also were represented and, obviously, only received about 2 percent of the allocation.

**Mr. Alcock:** I believe it was an assessment of what a local site would add to the research quality or the capacity to participate in the network in a given field. We were given access or we were considered to be acceptable to five out of the 15.

Were details provided as to why we were not considered acceptable in some of the others? Presumably, some of them were simply outside the scope of our research interest in this area. I mean, there may have been one in fisheries or something of that nature that was more Atlantic or Pacific coast-based. It would be interesting to know why we were considered unsuitable in 10 out of the 15 areas.

**Mr. Stefanson:** I believe, Madam Chairperson, at the time that the allocations were made, obviously, while it was announced what the successful projects were, the rationale was not provided at that time. The basis, obviously, was supposedly reasons like quality of projects, the regional networks and so on, but there was no rationale provided as to the

projects that were turned down. If the honourable member would like, I would be more than pleased, if he does not have it already, to undertake, recognizing these were done in October '89, to provide a summary of the projects applied for and which ones were not accepted.

\* (2230)

**Mr. Alcock:** Yes, I would be interested in that.

Could I ask the minister to tell us the current status of the TR Labs proposal? As I understand it from some of the discussions we have had here in the House and discussions I have had with people in the community, TR Labs is a telecommunications research project that brings together industry, government and the universities. Right now in two of the three prairie provinces, the federal government has invested in the project. The universities, the Manitoba Telephone System, in discussions I have had with the minister responsible for the telephone system as well as the senior management and that organization and others, have all spoken very positively about this. I believe the minister himself spoke quite supportively about this in the House on the occasions when it has arisen.

What I would like to know are two things. Has the request—as I understood it at the time, what we were awaiting was final approval from the province as to the level of support and the allocation time frame, that sort of thing—has the project passed Treasury Board? What is the nature of the financial arrangements? How much is being put up by the federal government, how much by the province, and over what period of time?

**Mr. Stefanson:** Madam Chairperson, as the honourable member alluded to, we had a brief discussion about this not long ago. As part of the process we are currently negotiating both for a private-sector partner, and we are also negotiating for the aspect of small business organizations being a part of the network. We are currently in discussions on a communications agreement with the federal government which would include a contribution from them to the TR Labs and from us.

As soon as that has been finalized, I would be more than pleased to provide the honourable member with the final levels of financial support, but it should form part of that final agreement.

**Mr. Alcock:** Madam Chairperson, when this was previously discussed, it was indicated that the

federal government had committed its funds, that the university was supportive, the MTS was supportive, and I believe the TR Labs personnel came into town and currently have a list of a dozen or so private-sector groups who are prepared to participate, and that the only outstanding item was the level of provincial government support to this program. Is that the current status?

**Mr. Stefanson:** The honourable member is mostly correct, except the federal support is going to come under the communication agreement. So it still is a part of the finalization of the communication agreement, the contribution from the federal government and the contribution from the Province of Manitoba. An amount has been suggested from that agreement over the five years as the federal contribution, but we also have to relate that to what the private-sector contribution is going to be.

I think, as I indicated in this House and to the honourable member, I have a meeting scheduled shortly with TR Labs and at least one private-sector company.

**Mr. Alcock:** Madam Chairperson, I believe the federal government committed now—I trust the minister will correct me if I am wrong—something in the order of \$5 million in Alberta, \$5 million in Saskatchewan and had on the table, at one point, \$5 million for Manitoba. Has that changed?

**Mr. Stefanson:** Madam Chairperson, I believe when the honourable member suggests that, he is referring to the overall agreements in each of those provinces, and he is correct in terms of the overall communication agreement.

**Mr. Alcock:** So just let me clarify this, just to be clear. The federal government has been prepared to put \$5 million into each one of the three provinces. The provinces, then—now in the case of TR Labs, TR Labs would not access all of that \$5 million. It would pick up some portion, let us say, for wont of discussion, \$1.5 million, which would then be matched by the federal government, or that would be matched by the province, I should say, and then there would be some additional involvement of the other parties. Of that total \$5 million, other portions of that \$5 million might go into other kinds of telecommunications research, for example, let us say antennas or something else.

I would just like to get clear in my own mind, though, the status of the funds that have been

committed by the various partners. Has the federal government committed its portion of the \$5 million?

**Mr. Stefanson:** Madam Chairperson, the federal amount has been allocated but technically is not finalized until the agreement is put in place. But they have allocated an amount to TR Labs.

**Mr. Alcock:** Has the provincial government allocated its \$5 million?

**Mr. Stefanson:** We have a tentative allocation at this point as well, subject to the conclusion of the agreement and the other issues that I have already touched on.

**Mr. Alcock:** Madam Chairperson, I noticed some further discussion. I wonder if the minister wanted to enlarge upon his answer.

**Mr. Stefanson:** We initially allocated an amount, but it is subject to the conclusion of the agreement and the finalizing of the private sector contribution that I referred to earlier.

\* (2240)

**Mr. Alcock:** I will make this my last question on this particular topic, although I do want to underline one concern I have. Finalization of this has dragged on somewhat longer I think than was anticipated. Part of this initiative involves the recruitment and support for faculty and graduate students in the universities to conduct research over a period of time in telecommunications, on telecommunications issues as part of this western network. I note that we are well past the recruitment season for this fall. So if we are going to recruit in off season, we are already far behind the available supply of high-quality students within this year.

I would like to get some idea from the minister as to when they anticipate having these agreements concluded, No. 1; and No. 2, how long after that point it is anticipated it will take to get the project up and running so they are in a position to begin offering positions to qualified graduate students and faculty. Are we five months away, six months, a year, or is this just remaining a figment of somebody's imagination while TR Labs negotiates with the province of British Columbia?

**Mr. Stefanson:** We would expect a concluded agreement hopefully within the next couple of months, and then the opportunity for recruitment occurring very shortly thereafter. As I have indicated, there are preliminary allocations from the federal government, from ourselves and from the

private sector, and it is a matter of finalizing all of those commitments.

**Mr. Alcock:** Just to clarify or end on the one point: Has the minister offered any advice or recommendation to the federal government as to the allocation of its \$5 million?

**Mr. Stefanson:** Yes.

**Mr. Alcock:** I wonder if the minister would care to fill in the blank between yes and the period?

**Mr. Stefanson:** Madam Chairperson, until an agreement is finalized, it would be premature for me to outline the projects that are in there, but clearly the federal government outlined some specific projects that they feel are important. We had an opportunity to review them and concur with them, and that is exactly what we have done.

**Mr. Alcock:** Let me seek this assurance. The minister in offering advice to the federal government, has he, in offering that advice, confined it—and confining the question to the \$5 million that the feds have got allocated for communications research, has his advice been such that that entire \$5 million would be spent in the area of telecommunications research?

**Mr. Stefanson:** I am not entirely clear on the honourable member's question but, yes, we do support the allocation of \$5 million in federal money to research and development and communications.

**Madam Chairperson:** Item 3.(a)(2) Other Expenditures \$10,000—pass.

3.(b) Health Industry Development Initiative: (1) Salaries \$443,500.

**Mr. Storie:** Just one quick question to the minister. I am sorry, are we on 3.(a)(2)?

**An Honourable Member:** No.

**Mr. Storie:** We are on Health Industry. Just a question, the minister was part of an announcement not too long ago with Mead Johnson—an agreement. I do not know whether they got any support of any kind. I do not believe they did out of this, but it is related to this area.

I am wondering whether the minister can tell us what has happened with that agreement and perhaps just sort of expand on what a qualified supplier is and what differing access Mead Johnson has because of this agreement.

**Mr. Stefanson:** Madam Chairperson, a qualified supplier provides assurance for the opportunity to

bid on hospital contracts. I can provide the specifics of the commitments made in terms of a dollar amount being attached to research and development, which I do not have here this evening. I will gladly provide that to the honourable member. Also commitments to look for further investments here in our province, we have had some discussion with them as it relates to at least one aspect of their business and providing investment here in our province.

**Mr. Storle:** Madam Chairperson, I guess this is another one of those announcements that are suspect. What exactly is a qualified supplier? Does that mean people that are not "qualified suppliers" cannot bid on a bid to supply materials to our hospitals? I am not sure that we want to get into any kind of exclusivity in our hospital system, and if it does not give exclusivity, then what exactly does it give? Perhaps the minister can sort of explain how that works. Either we are giving exclusivity or we are not. If they do not have it, then what exactly do they have?

The second point is I understand that the commitment or the undertaking to locate a supplier for certain products, particularly with a company, I understand, in Portage, has fallen through. In fact, there is no agreement to manufacture any product here, and I am wondering whether that affects or how that affects this so-called agreement?

\* (2250)

**Mr. Stefanson:** As I outlined to the honourable member, it is not an exclusive contractual arrangement. It is an assurance of an opportunity to bid. They will have an equal opportunity to come forward and subject to price, quality, and so on, they are not overlooked in any bidding process. They are assured the opportunity to be at the table.

The honourable member is correct that we are pursuing a specific initiative with them, and we contacted a company in Portage la Prairie. The details could not be worked out in that particular location and with that particular company, but we continue to pursue that initiative with Mead Johnson and are looking at other opportunities here in Manitoba to perform the function that we were looking at in Portage.

**Mr. Storle:** Madam Chairperson, it was a beautiful announcement.

**Madam Chairperson:** Item 3.(b) Health Industry Development Initiative: (1) Salaries \$443,500—

pass; (2) Other Expenditures \$307,700—pass; (3) Grants \$1,000,000—pass.

Item 3.(c) Industrial Technology: (1) Salaries \$470,100—pass; (2) Other Expenditures \$424,200—pass.

Item 3.(d) Information Technology: (1) Salaries \$314,800—pass.

(2) Other Expenditures \$1,707,100.

**Mr. Storle:** Can the minister explain the increase?

**Mr. Stefanson:** In seven words or less, it reflects \$1,621,200 for the Linnet agreement.

**Madam Chairperson:** Item 3.(d)(2) Other Expenditures \$1,707,100—pass.

Resolution 89: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,784,200 for Industry, Trade and Tourism, Strategic Development Initiatives Divisions, for the fiscal year ending the 31st day of March, 1993—pass.

Item 4. Tourism Division (a) Administration.

**Mr. Storle:** Madam Chairperson, we are prepared to pass this resolution. I do have some comments and some thoughts on tourism, but perhaps we can share them in the Minister's Salary and not keep staff unduly long. I know they are anxious to sit in and participate for several hours into the early hours of the morning, but we can dispense with that perhaps.

**Madam Chairperson:** Item 4.(a) Administration: (1) Salaries \$257,200—pass; (2) Other Expenditures \$23,900—pass.

4.(b) Marketing: (1) Salaries \$518,800—pass; (2) Other Expenditures \$3,286,900.

**Mr. Alcock:** Madam Chairperson, just to facilitate things, I think there is an agreement. To save the staff jumping in and out, is there agreement to pass it up to the Minister's Salary, and then we will put a few remarks on the record—to save people sort of leapfrogging in and out, and Mr. Bessey can go back to work.

**Madam Chairperson:** Item 4.(b) Marketing: (2) Other Expenditures \$3,286,900—pass.

4.(c) Development: (1) Salaries \$678,200—pass; (2) Other Expenditures \$484,100—pass.

4.(d) Canada-Manitoba Partnership Agreement in Tourism: (1) Salaries \$45,000—pass; (2) Other Expenditures \$171,000—pass.

Resolution 90: RESOLVED that there be granted to Her Majesty a sum not exceeding \$5,465,100 for Industry, Trade and Tourism, Tourism Division, for the fiscal year ending the 31st day of March, 1993—pass.

Item 5. Canada-Manitoba Tourism Agreement 1985-1990 \$0—pass.

Item 6. Manitoba Horse Racing Commission (a) Grant Assistance \$4,781,000—pass.

Resolution 91: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,781,000 for Industry, Trade and Tourism, Manitoba Horse Racing Commission, for the fiscal year ending the 31st day of March, 1993—pass.

Item 7. Manitoba Bureau of Statistics (a) Salaries \$413,300—pass; (b) Other Expenditures \$52,400—pass; (c) Less Recoverable from Other Appropriations \$60,000—pass.

Resolution 92: RESOLVED that there be granted to Her Majesty a sum not exceeding \$405,700 for Industry, Trade and Tourism, Manitoba Bureau of Statistics, for the fiscal year ending the 31st day of March, 1993—pass.

Item 8. Economic Development (a)(1) Salaries \$466,000—pass; (2) Other Expenditures \$420,000—pass.

(b) Grant Assistance - Economic Innovation and Technology Council \$3,985,500—pass.

(c) Economic Innovation and Technology Fund \$1,000,000—pass.

Resolution 93: RESOLVED that there be granted to Her Majesty a sum not exceeding \$5,871,500 for Industry, Trade and Tourism, Economic Development, for the fiscal year ending the 31st day of March, 1993—pass.

Item 9. Expenditures Related to Capital (a) Capital Grants: (1) Canada-Manitoba Tourism Agreement \$0; (2) Canada-Manitoba Partnership Agreement in Tourism \$344,000—pass.

Resolution 94: RESOLVED that there be granted to Her Majesty a sum not exceeding \$344,000 for Industry, Trade and Tourism, Expenditures Related to Capital, for the fiscal year ending the 31st day of March, 1993—pass.

At this time, we will refer to item 1.(a) Minister's Salary, \$20,600. Shall the item pass?

**Mr. Storle:** Just before we conclude with the formality of passing the minister's salary, I did want

to put on record a couple of comments specifically related to issues that we have gone over rather quickly, simply because there was not sufficient time to go into detail.

\* (2300)

There are three areas that I wanted to talk about. One of them, of course, was the area of Economic Development. I indicated I was not prepared to see the \$886,000 that was designated for the Economic Development Board Secretariat passed, Madam Chairperson, simply to make a statement that this is another shuffling of the chairs. This government has had four years to develop a strategy. Every time they had an opportunity they blew it, and they think by creating some sort of new entity they are going to create magically some sort of activity. What it requires is commitment. What it requires is planning. I should say first what it requires is planning and number two is commitment.

I am not convinced that this government has any real sense of how to plan strategically for economic growth. Many of the areas that are succeeding right now in the province of Manitoba, Information Technology, the Health Industry Development Initiatives, including trade promotion in other parts of the world were initiatives that were started by the previous government.

In Energy and Mines when we talked about the Manitoba Energy Authority, I identified projects including the Dow Corning project, which is one of the few new initiatives this government has had anything to do with, as initiatives that had been identified by the previous government. When I asked the minister responsible to identify any new initiatives, he could not identify a single one, and that is the problem we have right here.

This new initiative is not going to work either unless there is some sort of strategic planning and a willingness to carry out that plan including invest money that is necessary. This government has blown many, many, many opportunities already, and the minister is aware of many of the ones that we have referenced before. Perhaps we are not even aware of all of the ones, but this board is not going to solve the problem that the government I think has in terms of an attitude, in terms of its strategic approach or lack thereof.

The Economic Innovation and Technology Council, again, a rehash of something that already existed called the Manitoba Research Council.

Yes, they have some wonderful people on it, and I have said that before, but this group is not a decision-making body, nor is it a strategic body in that sense. So I think the government has to rethink its own strategy, because it is not clear that whatever strategy it thinks it is using is working.

Tourism, Madam Chairperson—and I want to correct the minister on one point. Some time ago, I asked the question about the impact of the lack of American tourists on northern lodges. He indicated my statistics were wrong when I said that 80 to 90 percent of the people who are using lodges and outfitters in Manitoba were American. He said that was not correct.

Well, I confirmed it with the Manitoba Lodge and Outfitters Association. In northern Manitoba, in eastern northern Manitoba, the northern two-thirds of the province, 80 to 90 percent of our lodge visitors are American; in some cases, 100 percent. The impact of the lack of American tourism and the lack of success of this government's program in promoting wilderness adventure and sports angling is having an impact. It is not clear again, given the relatively small commitment to tourism, that we are going to be seeing any dramatic improvement in that area.

Horse racing—this government has lost another industry. Most people in the province do not recognize it, but the harness horse racing industry has folded in this province. Hundreds of job opportunities have been lost. An industry has been lost, and the minister and the government must take some share of the blame in the loss of that industry.

Madam Chairperson, overall when you exclude the Horse Racing Commission from this set of Estimates, when you exclude some of the administrative, I guess, parts of this department's program, you have very little new initiative. You have the hope of spending some money with some of the new programs, such as the Industrial Recruitment program, but as the minister acknowledges, nothing has been spent.

This government, if it is going to take Manitoba out of the recession, has to be much more strategic, much more aggressive internationally and amongst the provinces, or it is going to continue to lose businesses like Purolator to New Brunswick. It is going to continue to lose businesses to the United States. It does not seem ready to come to its senses in terms of the policies that its federal

counterparts are following, the Free Trade Agreement, the North American Free Trade Agreement, deregulation, Madam Chairperson, so it is going to have to fall to its own devices to stimulate opportunity where it can.

I think this government has a record of more misses than hits when it comes to taking advantage of opportunities. Piper Aircraft, SEA, numerous others, so we are not going to recommend, I am not going to recommend that we reduce the minister's salary.

I am prepared to give the minister some additional time in the portfolio, but I think Manitobans expect some results. The 52,000 people who are unemployed expect some results. The small businesses who are struggling expect some results. The tourist operators who are struggling, particularly in the North, expect some results. The hundreds of miners who have lost their jobs in the last four years expect some results. It is not good enough for the minister to stand up and say, well, we have projections which show—that is not going to wash anymore. We want some results. That is what we expect from the department and certainly that is what we expect from the minister.

I have a lot of confidence in the minister's common sense. I hope that he will match that common sense with, I guess, some commitment to take the province in a new direction, to utilize our resources and to take some chances, take some risks and invest on behalf of the province like many, many, many other jurisdictions are doing. We cannot afford to sit on our hands. We cannot afford a stand-aside government. No other jurisdiction is making any headway with that kind of government. Nor can we stand a government that is not prepared to plan strategically with its partners, business and labour. Government is a partner, and we should never forget that.

The countries that are succeeding have government as a very important, if not predominant partner. This government's philosophy and maybe this minister's is at fault, not the programs of the department. We are looking for some improvement; we deserve some improvement as a population.

Thank you, Madam Chairperson.

**Mr. Alcock:** I will be very brief. I would like to conclude, as I started, I think, thanking the minister for his candor and his willingness to discuss issues

at Estimates. I am saddened, frankly, that we get to this point in the Estimates on a department that I think is so important with so little time to have the—and I do not hold any individual, I am as much at fault for that as anybody else, but it is a shame, given the seriousness of the issues and the complexity of the issues, that we take so little time to deal with them in this forum.

I am somewhat comforted in doing that, given the attitude of this particular minister and the willingness of this minister to work towards solving problems and to step aside from ideological positions and be a little more fact-based in the analysis and the approach that he takes to solving problems.

I am concerned about two things. One is a propensity on the part of the government to focus a little more on sizzle rather than steak on the imagery of change, as opposed to the very tough reality of change. I have heard some things from the minister tonight that suggests that he is a little more reality-based, so I am somewhat comforted, but there is very narrow, very small amounts of money attached to some very serious commitments. I hope the minister will have some success over the next year or two in convincing his cabinet colleagues that if you are going to get serious about research and development, if you are going to get serious about carving a niche for yourself in new technologies, that takes significant investment.

The second thing that is an area that I am still concerned about is one of the problems that is identified as you go through any of the economic or industrial development literature, one of the problems that governments in North America have, democracies that have the changeovers in governments that we do, is the very short horizons of the four-year planning horizons. They are simply not long enough, and we need to look at mechanisms that allow us to step back from the political processes as we make significant economic

decisions for this province, so that they will survive government to government. I talked a bit about that when I talked on Bill 9 and would like an opportunity to discuss that further.

But, on balance, I am quite confident in this minister. I am quite satisfied with the work that has gone on, and I am particularly pleased with the willingness to provide information and defend positions. With that, I shall conclude.

\* (2310)

**Madam Chairperson:** Item 1. Administration and Finance (a) Minister's Salary \$20,600—pass.

**Resolution 87:** RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,688,600 for Industry, Trade and Tourism, Administration and Finance, for the fiscal year ending the 31st day of March, 1993—pass.

That concludes the Estimates for the Department of Industry, Trade and Tourism.

**Hon. Clayton Manness (Government House Leader):** As agreed to in the Assembly earlier on this afternoon, there will be a meeting of House leaders at 9:45 a.m., tomorrow (Wednesday). I am asking that this committee recess at this time, and at that time it will be determined whether or not there is unanimous consent to come back in this section of the Committee of Supply at 10 a.m. tomorrow to consider the Estimates of the Department of Natural Resources.

So, this committee is summoned at 10 a.m. for tomorrow (Wednesday), but requiring unanimous consent.

**Madam Chairperson:** Is that the will of the committee?

**Some Honourable Members:** Agreed.

**Madam Chairperson:** Committee is accordingly recessed until 10 a.m. tomorrow (Wednesday).

**Legislative Assembly of Manitoba**

Tuesday, June 16, 1992

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