

## LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 8 July, 1986.

Time — 8:00 p.m.

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

**MR. CHAIRMAN, M. Dolin:** Committee, come to order. We're on Page 104, Resolution 103, 1.(b) Executive Support — the Member for Portage.

**MR. E. CONNERY:** I think this may be the area we talked about labour statistics. Would this be the area we could talk about that just for a second?

**A MEMBER:** There's no specific category. It's more in the philosophical end of it, and this would be the area.

**MR. CHAIRMAN:** You might want to wait for the Minister's Salary and discuss it as a general issue. Why don't you wait for 1.(a) and deal with it then since it's not under any specific column?

1.(b)(1)—pass; 1.(b)(2)—pass.

1.(c) Strategic Planning — the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Mr. Chairman, last year we spent some time questioning the Strategic Planning Department. We have a situation of \$740,700 in Salaries and I would ask, first of all, the number of people involved in that department.

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

**HON. V. SCHROEDER:** There are 16 staff years in the department in that area.

**MR. F. JOHNSTON:** 16 staff years.

**HON. V. SCHROEDER:** Plus two TAP's, Temporary Assignment Program people.

**MR. F. JOHNSTON:** Last year when we were discussing it, the Minister at that time while we questioned, he said that we were talking about: "The 370,000 . . . — this is the Minister speaking — ". . . that I mentioned is for strategic studies and it includes such things as a study that we did on the manufacturing sector in Manitoba, that was done by the Institute of Social and Economic Research, Mr. Mason. It also includes other studies that we do with respect to investment research. Also we've done some work on the telecommunications industry area."

Further on, he says: "It provides for the ability to do work on contract of a broader strategic nature in terms of the economy and specific industry sectors in the province."

Again later on: "There was the manufacturing sector one that I referred to. There was one dealing with

technology delivery mechanisms which was related to the restructuring of the Manitoba Research Council and the technology programs in the department. There was a joint investment research initiative. There was the additional one dealing with telecommunications issues," etc.

Then there was a small study of \$10,000 done by IBI Group which was looking for a number of investment opportunities in Manitoba.

I wonder if the Minister could relate to us the number of studies that are being done by this Research and Strategic Planning Committee. They obviously are working on strategic planning. Are they doing strategic planning — first a question I would ask — are they doing strategic planning for companies in the province?

**HON. V. SCHROEDER:** Mr. Chairman, if I might just quickly go over the ones that had been done last year and then get into '86-87. Would the member be . . . ?

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

**HON. V. SCHROEDER:** Okay. Last year there were a couple of studies to investigate the possible implications of a bilateral trade agreement. That was Barber, Duncan and Wazny. The cost was \$19,100.00.

There was an agriculture equipment study by David Tait, \$21,900.00. That was to develop a strategy for the medium and long-term development of Manitoba's agricultural equipment sector and that was undertaken with the Industry Branch.

There was a telecommunications strategy study which was an inter-departmental initiative with Crown Investments and Culture to look at potential telecommunications development opportunities and prospects for Manitoba in light of deregulation proposals in North America as part of the ongoing development of the telecommunications policy and strategy for the province. That was Communications Management Incorporated. It was a \$60,000 study.

There was a lease purchase study of costs and benefits, including economic implications of various options for securing government office space, comparing, especially, lease purchase possibilities presently used extensively by the Federal Government with construction and leasing options. This study was initiated in '84-85 but was concluded and paid for in '85-86. That was Appin and Associates, \$19,300.00.

There was a Western Transportation Study where we contributed to a joint provincial cost-shared study to investigate the implications of changing rates on agri-food development. That was the Trade and Transportation group and the cost was \$7,500.00.

There was a joint investment search initiative. That was a final payment for completion of a project begun in '84-85, and that was IBI Incorporated. It was a \$2,000 cost.

There was an Economic Strategy Review undertaken, again the previous fiscal year, by Dr. Tom Gunton,

Tuesday, 8 July, 1986

involving an up-to-date of his independent analysis of the government's overall economic development strategy and a presentation of a departmental seminar.

There was a Strategic Information Study by Decima. Not Decima, no. The firm contracted was PAI Incorporated, and that was \$26,000.00.

There was a strategic information firm contracted, TCSPR Limited. The cost was \$26,000.00.

In '86-87 there's a total of \$310,000 for the Strategic Studies Program, and that's appropriation 1.(c)(2).

This has been estimated as follows: One large study, \$50,000; four medium-sized studies for \$25,000 each; three small studies at \$5,000 and interdepartmental studies, \$95,000; and ongoing contracts for strategic information, \$50,000; total \$310,000.00.

**MR. F. JOHNSTON:** Mr. Chairman, there are 16 staff members in this department. In going through the studies that were just given to me, I only find three that were done by the department; the rest were all consultants that were hired to do them.

Is the staff not in the position to be able to do these studies?

**HON. V. SCHROEDER:** There are a number of other things, of course. I could go through a whole list of things that the staff has been doing and studies the staff has been doing.

The rationale for the program is that there are occasions when, for a variety of reasons, it's advisable to have a team of professionals outside the public sector research a planning or policy-related issue. That may happen when special expertise is not available, in-house is required, when an independent view on an issue is desirable, or when there is an overload on in-house capacity. In general, the program would be utilized only when at least one of those three conditions would apply.

**MR. F. JOHNSTON:** The other studies, then, with the work that the staff is doing, are the staff doing strategic studies for industry or for business in Manitoba?

**HON. V. SCHROEDER:** There's a number of areas. Just as an example, on the Canada-U.S. bilateral trade agreement, they're working in fairly close liaison with the Trade Branch of IT and T in terms of policy and strategy relating to bilateral trade and undertaking research on the impact and implications of trade liberalization.

There's the service sector strategy. There's a follow-up request from the Economic Resources Investment Committee of Cabinet to the division, and it's in the process of reviewing the role of the service sector in Manitoba and of developing a strategy and policy for us regarding the service sector.

So the regional policy analysis is another area in conjunction with other departments and agencies. We maintain a constant review of federal policies, programs and intentions to assess their regional development implications or impacts. There's the intergovernmental task force on regional development, and, as the member knows, that issue of regional development has been fairly prominent in all of the provinces and with the Federal Government in the last several years.

We've been trying to make sure that in policy formation in this country, on any issue, be it a finance

issue or an education issue or a cultural issue, whatever, that the regional development aspects be considered, so we're involved in that task force and it does well. We're involved with the review of existing interprovincial barriers and investment programs. In fact, the division has assumed a lead role on the interprovincial barrier working group.

There's evaluation of the development agreements program. Again, the development agreements we had referred to earlier. There's a number of those agreements we have entered into over the last several years with companies, we feel, would by their presence or by enhancing their operations or protecting their operations, they can be of benefit to Manitoba. At the same time we think it is important that occasionally people other than the people directly involved with that program take a second look to ensure that what we're doing really provides for incremental investment as opposed to an automatic "gimme" for someone who would have come here without the agreement.

There are a number of those areas that they are involved with. I would estimate, though, that the trade arrangements are fairly high up in terms of the time taken by people in that branch.

**MR. F. JOHNSTON:** Can the Minister advise us of what the strategic plans are going to be for the Province of Manitoba? We've had this department now for, well, it's nearly six years. It was just being developed back in 1981 and it was put into development, I believe, in 1982 or '83 and to date I don't believe I've ever seen advertised or presented to the people of Manitoba a strategy that the government is going forward with, with the manufacturing people of the province and the business people of the province.

I can recall there was a strategy before that directed us into five or six different sectors of the economy. There were groups of people set up from those parts of the industry to advise and work on it and the department development officers were instructed to work towards building up those types of industries within the province because we had felt, because of our information and studies that were given to us, that those were the ways to go.

What have we got at the present time as far as the strategy in Manitoba for the types of industries that we are looking forward to having here?

**HON. V. SCHROEDER:** We are not in a position where we're going to focus in on one, two or three specific projects as a strategy. It has developed over the years in specific sectors in different areas, be it in technology, commercialization, be it in food processing, agricultural implement manufacturing, and so on, in the sense that, and as the member knows, there are and were, when he was in office, those people who were involved with the various sectors.

We have been building the planning group to be giving backup in all of those areas. We don't view any of those areas — well, to put it from a different perspective — we see our diversification as an economy as our major strength in this province, and we must continue to build a diversified economy. That means that we may not be putting as much effort into one specific area as some might have us do. Of course, that spreads our

Tuesday, 8 July, 1986

research somewhat, as well, across the whole range of the economy.

**MR. F. JOHNSTON:** We used to have, and I think it was there four or five years ago, a direct — the word "direct" is wrong — we used to have a strategy for the transportation industry in the Province of Manitoba. The Province of Manitoba has been serving Western Canada in the transportation industry with our centres here and our trucking and what have you. We have a very good industry to be developed in this area. The agricultural equipment area is to be expanded because of the new technologies that were coming forward. The electronics industry — as a matter of fact, everything was sort of revolving around the electronics industry and has been for the past few years.

Your furniture industry in the Province of Manitoba, your fashion industry in the Province of Manitoba, your health industry in the Province of Manitoba, all had studies done on it with the Federal Government, as a matter of fact, and the direction to expand those industries was there. Those ones that I've mentioned have multi-small industries or service industries attached to it.

What is going to be the drive for the Province of Manitoba as far as industry is concerned? We have to be in a position at the present time to say that this is where we've got to go because this is natural for Manitoba. Our labour force can handle it. We are strategically located to be able to bring in the raw resources competitively and ship them out competitively.

The other one I would mention is the aerospace industry, which we were 10 percent of and where are we on that? The aerospace industry in the Province of Manitoba is one that nearly everybody believes should be developed. We had the proper geographical position for air training. We should be into testing and we should be into manufacturing of all parts of the aerospace industry.

Has there been a report given to you on the basis of, should there be a test stand in the Province of Manitoba so that we can do the testing on the F-18 engine or the overhaul of it when Bristol gets involved with it? If we had that test stand, could the other companies be working on the larger jet engines which are going to have to be overhauled in this country or in other countries? Where do we stand on a strategic plan for the Province of Manitoba at the present time?

**HON. V. SCHROEDER:** The member has indicated precisely the point I was making earlier, that we have a very diversified economy. We are working in all sectors of that economy. He is aware, he's referred to the transportation sector. I'm not sure whether he mentioned the buses, but certainly in every area of transportation we have been working on development.

We have entered into an agreement with the Federal Government on the Urban Bus Initiative. We are talking with several bus manufacturers with respect to how we can access those funds in order to strengthen the industry here in Manitoba.

In the area of the health industries, we have a Health Industry Development Initiative which has been going on for the last several years, and indeed is producing results. We've brought companies to Manitoba, and

we're in the process of discussion with other companies we were hoping to make arrangements with. So that area is fairly healthy and I think working reasonably well.

The area of furniture manufacturing again, we're having ongoing discussions with some of the major operators in the field and as the member probably knows there's been significant expansions by some of the employers here in Manitoba.

I'm just getting some information on the aerospace industry. I was at a convention recently of the aerospace industry here in Winnipeg, people here from across the country, and there was a tour of some of the local plants and people were very impressed with the facilities we do have here in the city. I'm told in terms of the engines that we unfortunately don't have the capability to do the research and development on the engines; that Standard did look at it and decided against it.

The member refers to Bristol, which as he probably knows but possibly other members of the committee don't, they are the prime agent of a consortium of five companies which have submitted a proposal to Ottawa for the contract he's referring to; the two other competitors, or consortiums headed up by Canadair, Montreal; and IMP, Halifax; and we do expect that the awarding of that major contract is imminent. In fact I've had discussions with the Federal Government as late as Monday of this week with respect to that contract. We believe that the review team called Cast 18 will be favouring the Bristol consortium.

**MR. F. JOHNSTON:** I'm aware of where the F-18 overhaul and repair stands. Tony Bowden has been a long-time friend and he's very anxious about it, in fact Jake Epp mention the F-18 contract on the news today, but he just said it might be coming.

The thing about that is, Winnipeg has made their submissions and we always felt that because of our loss of some of the contracts on the F-18 as far as the construction of it was concerned, that Winnipeg because we have had the overhaul on the Voodoo, the F-105, that to take that from Western Canada, let's put it that broadly and Manitoba especially would be disastrous.

I'm aware of the other companies coming forward to go after it but as a matter of fact I had somebody from Quebec in the aerospace industry say to me one time that they were very foolish to go after it because it certainly should be Manitoba's and they felt that it would go that way. Your consortium that you're working with will be doing some work in Eastern Canada if they get it, if the Manitoba consortium gets it, and you say you're expecting the order imminently. What is the date? Is there a date set for the determination of letting that contract?

**HON. V. SCHROEDER:** No, my understanding is that the Cast 18 review team will be making a recommendation and then it goes up for consideration by the government.

**MR. F. JOHNSTON:** Have they made the recommendation as yet?

**HON. V. SCHROEDER:** It's my understanding that the review team has made a decision but it is unofficial,

and we have good reason to be optimistic about that recommendation.

**MR. F. JOHNSTON:** You mentioned health companies, what health companies have come here?

**HON. V. SCHROEDER:** The first one that comes to mind is St. Jude's from Minneapolis, who are developing heart valves. There's a German company, Otto Bach from Hamburg.

**MR. F. JOHNSTON:** Now, Mr. Minister, I turned the sod on that — I turned the sod and I opened it.

**HON. V. SCHROEDER:** I can't say I recall the organization. I certainly do recall St. Jude's.

**MR. F. JOHNSTON:** You were there when it opened. I turned the sod. Oh, it's had an expansion.

**HON. V. SCHROEDER:** I should add there are some active discussions ongoing with several Israeli companies, graphic controls. Toronto secured orders for Manitoba firms to produce limb bands and cables and lead wires, orders to date about \$100,000.00. North American potential for one product alone, \$200,000; impact in near term five to seven jobs.

There's the AVI Technology, \$4 million capital secured research and development facility established, staff recruitment under way. Synthetic human growth hormones and synthetic Factor Eight research under way; that plant opened February, 1986. I don't have a date on Graphic Controls. But on AVI the impact in the near term is 20 jobs; Ambutec, we're negotiating access to handicap-related products, secured a \$20,000 order for bath security grip with a potential market of \$500,000; assisting with marketing of cane investigating potential for lightweight walkers; three jobs; 3M, St. Paul, negotiations to encourage location in Manitoba of 3M production activity.

They're transferring selected health products activities to Morden, Manitoba. In addition, they've placed an order for EKG related products with another Manitoba firm; the expected impact in the near term, 20 jobs, with important future possibilities.

There are, as I've indicated previously, a whole host of areas where we're having ongoing discussions, some of which could lead to fairly significant employment, others of which could lead to fairly significant benefits to the province in terms of the delivery of our health care which is certainly a very important consideration for us.

**MR. F. JOHNSTON:** Mr. Chairman, we've kind of led to it and we get into the area of industry, I believe, of what has come or coming to Manitoba. It's nobody's fault; we just got to it.

But the Strategic Planning again, and what I would like to come back to is which industry — I mean the Strategic Planning is taking a lot of time working on the free trade negotiations and being involved with them and the effect they'll have in Manitoba.

Is there a specific industry — and there's always the advancement of a supply of our great agricultural industry — is there a specific industry or industries

that Strategic Planning says that we should be zeroing in on in the Province of Manitoba?

In other words, if they're going to be coming and looking at us, we're going to be considering any grants or any favours or any tax breaks as we have done for other companies, etc. If we're going to go out and compete with them against other provinces, which industries would we be zeroing in on or which would we be favouring to come to Manitoba?

**HON. V. SCHROEDER:** Mr. Chairman, we would not look at it on an industry basis. We would look at it on a "why not" very simply because we looked at it on a firm basis.

We want diversification. Just because somebody happens to be in a particular industry shouldn't give them some kind of a ticket if in fact the numbers show that in another industry, which may not be on that list, by providing some benefits we could create more employment and more economic activity in Manitoba, we are not going to wind up at this stage declaring that some industry is the winner and another is the loser in this province.

**MR. F. JOHNSTON:** I don't think I referred to something being the winner or the loser. I referred to industries that we would prefer because of geographical reasons, because of training of our labour force; let's say the availability of resources, etc. What industries would we be trying to look for in that respect?

Nobody's going to turn down or tell somebody to go jump in the lake, we're not going to discuss it with you. But we also have a situation where if we were just waiting for them to come to us, fine, but are we not in the situation where the Strategic Planning people are saying that we should be having our development officers look to a specific type of industry because we think it's very suitable for Manitoba?

Does that make sense? I've been trying.

**A MEMBER:** Sure, yes.

**HON. V. SCHROEDER:** Well, now that the two of you are agreed, maybe the rest of us could get in on it.

We basically are operating more on a geographic specialty, you might say, than an industrial specialty in that we have targeted, as I'd indicated previously, certain parts of the U.S. northwest. We're also looking at the U.S. west, and I've indicated Hong Kong is an area where we've done a fair bit of work. We've had a number of people coming here from there; Eastern Canada as well.

**MR. F. JOHNSTON:** That's where the markets are. I won't dwell on it and I don't seem to be getting anywhere with the answer of what businesses, because of resources and geographics and labour forces, we're going after.

Let me give you an example. We have the best Black Island sand in the world sitting up there on Black Island, which makes light bulbs, glass, bottles, anything you want to make as far as glass is concerned. We have been for years — and I asked the Minister last year — and the gentleman who's sitting down there, I used to ask him every two weeks, "When are you going to

Tuesday, 8 July, 1986

use the Black Island sand for manufacturing in the Province of Manitoba?"

Have we had anybody in the Strategic Planning Department come forward with a plan to try and use that product in the Province of Manitoba and how close are we coming to it?

**HON. V. SCHROEDER:** Mr. Chairman, I'm told there is nothing going on in terms of the Strategic Planning people with our sand right now. I'm also told that they attempted, or that the department and the government and the province have attempted for many years to do some marketing with that sand to turn it into windows and all those other kinds of things; and I'm sure Steel Brothers would be as happy as anybody if you could get something happening.

A couple of years ago — was it a year-and-a-half ago? — it looked as though we had something going, whether it was going to be in Gimli, Selkirk or I think Altona, where the three locations for — was it AFG?

**MR. F. JOHNSTON:** It was.

**HON. E. KOSTYRA:** The view expressed to me was that we probably will get a bigger bang for our buck working on a geographical basis and looking not on the basis necessarily of an industrial sector but looking at any industry that might see significant benefits to itself of settling here which could at the same time provide us with the benefits that we're looking for.

**MR. E. CONNERY:** In your Strategic Planning, do you go after companies or do you wait for the companies to come here?

**HON. V. SCHROEDER:** I just point out that's in the Industry Branch as opposed to Strategic Planning, but certainly we go after individual companies. We go into cities, we invite people for meetings, seminars, one-on-ones, anything we can do to push or pull people into looking at Manitoba.

**MR. E. CONNERY:** Does the Strategic Planning then — I'll take McCain Foods in Portage la Prairie, which is what the Member for Sturgeon Creek was saying — you look for industries that are logical to an area? Are they on the lookout to see what industries are on the expansion and what would be a logical one for Manitoba and for various areas of Manitoba?

When McCain Foods came in, and they came into the proper area for growing potatoes, and they were in the expansion market, is the Strategic Planning Committee looking for this sort of thing, or is this not in Strategic Planning?

**HON. V. SCHROEDER:** We view for many reasons — to put it from a different perspective because really it is the Industry Branch where we should be discussing that — (Interjection) — pardon me?

**MR. E. CONNERY:** We could discuss it there, if that's where you want to discuss it.

**MR. CHAIRMAN:** It would be probably more appropriate under 2.(b).

The Member for Portage.

**MR. E. CONNERY:** Last year in the Estimates, you had budgeted \$797,100 for Salaries, and you spent 746,400, which is a 51,000 decrease in Salaries. At the same time, you're doing work on the free trade area, which is under Strategic Planning. With that sort of a reduction and another reduction this year, how are you doing all of the work that needs to be done?

**HON. V. SCHROEDER:** We've transferred an economic research analyst to the Information Technology Program. That would make up for the difference this year down from the overall of last year.

In terms of why last year we were below what we originally budgeted, I would presume that it has to do with vacancy rates, turnover. When you have several people, as I understand it, resigning, one person on leave of absence, those things can count up fairly quickly.

**MR. F. JOHNSTON:** Well, Mr. Chairman, if I were to research Hansard of 1982, I believe, maybe 1983, I know that I would find the statements about Strategic Planning that went as follows, that Strategic Planning was being developed in this department to analyze what would be the best industries for the Province of Manitoba as far as geographic is concerned, as far as the resources are concerned, as far as labour force is concerned. Also, the Strategic Planning people would make the recommendations as to what the long-term economic situation in the Province of Manitoba would be in the future.

Now we find that the Strategic Planning has not really done any of that whatsoever. We find that the Strategic Planning is not saying what is good or not good. We're not turning down anything, whatever comes to us, etc. We're not targeting on anything. And we don't have anything different than we had seven years ago as far as building the economy of this department.

I might say that the group of people who do the research in the Small Business and Development under Bill Cruse could probably put this group to shame from what I've heard here tonight. I don't like to be that way in committee in front of staff and what-have-you, but I have not had anything put in front of me or told me as I asked the questions, what the strategy for the development of the economy as far as manufacturing and large industries are in the Province of Manitoba at the present time. I don't see any change from eight or nine years ago.

I've been asking the Minister if he could just give me one or two or three industries that we are targeting for, and the strategy that we're using to go for it. He hasn't been able to do so.

**HON. V. SCHROEDER:** Well, maybe I can come at it from a different perspective. We have done the work, which shows to us what the strengths of Manitoba are. I think members probably, seeing the booklet, "Investing in Manitoba, Manitoba Aerospace Group, Helicopter Capabilities," just as an example — for another example, we know that we obviously in North America have an advantage when it comes to any firm which uses a great deal of hydro-electricity. We have a good

work force. There are a lot of those kinds of advantages to Manitoba. The cost of land is relatively inexpensive for firms wanting to establish here.

The firms which we would be looking for — if we started out from scratch in a city looking — and as I've said before, it is to a large extent a geographic strategy — we would be looking at all the — well we would try to fish in the whole lake basically to start off with, but we would be looking at the kinds of companies that would fit in Manitoba. I don't know how better to describe it, and I know I'm not satisfying him.

**MR. F. JOHNSTON:** Well, I'll leave it, but I'll just say the kinds of companies that were good for Manitoba, what are those kinds of companies? What do you see as those kinds of companies? When you say you're fishing in the whole lake, you're using bait to catch the big one. So what are we doing to bring the big one that is suitable for Manitoba? What does the Strategy Department say is the best industry for us to expand or bring here?

**HON. V. SCHROEDER:** I would say our strategy is not based again on industries. It's based on firms. We would look to firms where we see significant growth potential and investment in the province.

**MR. E. CONNERY:** What is the relationship between the provincial and the federal Strategic Planning Committees? Do you have a relationship with the federal?

**HON. V. SCHROEDER:** I'm told they're closely coordinated, and they basically think very much along similar lines.

**MR. E. CONNERY:** Then you're satisfied that the degree of fed-bashing that's going on hasn't hurt us in our relationship with the federal department?

**HON. V. SCHROEDER:** There has been no fed-bashing. There's a lot of province-bashing, but there has been no fed-bashing. If the member wants to get into that, we can get into that. But when we have agreements with the Federal Government that go back over many many years and one party continuously changes them and it's not us and we're accused of fed-bashing, I quite frankly get a little bit annoyed.

**MR. E. CONNERY:** That's all I heard all the way through the election and everything else, was fed-bashing so I can't see a healthy relationship with the Federal Department. I think the Strategic Planning Committee should analyze what damage has been done.

Thank you.

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

**MR. F. JOHNSTON:** No, I didn't say pass.

**MR. CHAIRMAN:** Oh, sorry. The Member for Sturgeon Creek.

**MR. F. JOHNSTON:** What is the position of the Provincial Government on the free trade at the present

time? If the Strategic Planning Department is working on that particular strategy, what are the recommendations at the present time?

**HON. V. SCHROEDER:** I'm sure the member has seen a number of documents we have put out on the issue. We have continued to have meetings with industry in Manitoba. There has been no official evolution of that position from the last federal-provincial conference of which I'm aware, so that officially we are still where we were with the last First Ministers' meetings — was it at Halifax — in any event, if you want us to go . . .

**MR. F. JOHNSTON:** Wasn't there a position after the Western Premiers' meeting in Swan River?

**HON. V. SCHROEDER:** In Swan River there were no changes in the Manitoba position from where we had been previous to that.

**MR. F. JOHNSTON:** The Manitoba position is that they are for free trade providing there are things written in the agreements with the United States — or that Canada negotiates, let's put it that way — from a point of view that there is some funds or plan available to help people that could be displaced or companies that might be harmed. Am I close?

**HON. V. SCHROEDER:** That's part of it. But clearly the Federal Government has said what they want is an agreement where every region of this country will benefit. Clearly there would have to be net benefits to Manitoba. We have said, before you get into an agreement, it's very hard to be for or against it until you've seen the document, it's just like any other agreement. We have always had the caveat of — and I think the Federal Government agrees with us, no compromise on Canadian sovereignty — a consultation process must be full with the provinces, with labour, with farmers, with business.

There must be adequate safeguards which the member referred to; an appropriate period of adjustment; proper adjustment programs; social programs such as U.I. and Medicare non-negotiable — and that's in accordance as well, as I understand it, with the federal position; agricultural stabilization programs; orderly marketing arrangements are not negotiable; cultural industries are to be protected; and very, very strongly we feel — I mentioned regional development previously — that regional development should be an aspect of every basic decision in this country and we, in no way, want to see the ability of Canada to ensure that the regions which aren't as well off, can be helped along.

In no way do we want to see that right which we now have, diluted in any way by an agreement with another country which may well not have similar programs, but has other programs such as its procurement policies, in terms of the military as an example, which it can use in those fashions; and it does use procurement in that fashion. Those are things that we feel fairly strongly about.

We believe our Research Department and the work they have done has persuaded us that the benefits of trade liberalization will be modest. So to us it's very

important that Canada not concede too much in the negotiations and that trade liberalization again, not be seen as a substitute for strong job creation efforts or regional economic development policies. You've seen, I'm sure, the research papers on free trade and the results of a survey of Manitoba manufacturers, and if you don't have them, I would be pleased to provide them to you.

**MR. F. JOHNSTON:** Does your Strategy Committee just take a look at the basics regarding the market? Manitoba has a market of one million; Western Canada probably has with B.C. another market of five or six million. In Canada we have 26 million, approximately. We don't have much hope of shipping into Ontario and we just won't be able to, to any great extent. What does your Strategic Planning people say about having a market of 226 million people to supply?

**HON. V. SCHROEDER:** As I've indicated, they view the likely overall benefits of trade liberalization to be, and I'm quoting, "rather modest". I emphasize that we already have a whole host of areas where trade is going on quite nicely between the two countries. Agricultural implements are obviously one of the big items. There's a whole host of — no, I think there are some tariffs on furniture — but we're still able to ship into the American market.

I've met with a number of people in the fashion industry, some of whom can ship into the U.S. notwithstanding tariffs of 25 percent and up to 50 percent; others of whom say that even tariffs as low as 12 percent would prevent them from exporting and of course, there is always the other side of when you take the walls down, will the flood come the other way. But I emphasize, all the research we've seen indicates that benefits would be rather modest.

**MR. F. JOHNSTON:** Manitoba wouldn't have to have any manufacturing plants whatsoever to speak of if we just supplied a million people. We have been an exporting province to Western Canada and to Southwestern or Central United States and we have been exporting to places in other parts of the world of mainly agricultural equipment that we're famous for. If we don't expand our markets with the technology of plants today, a plant that used to be — a plant can be one-quarter of the size it used to be and still produce more with the technologies we have today. If we're going to keep up with technology and we don't have expanded markets, where does the Strategy Department say we're going to go?

**HON. V. SCHROEDER:** We've said all along that the research organization has been telling us we should be, as a first priority, viewing the multilateral talks as an important area for Canada, and certainly we're not asking to go backwards in terms of our relations with the U.S. We're working hard in that area, to certainly keep it where it is, or as we've indicated, more open. Certainly modest benefits are better than negative benefits and that's why we have attempted to encourage the Federal Government to walk carefully.

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

2.(d) Communications — the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** I haven't seen any communications or publications to speak of from this department regarding programs and policies that Manitoba has for them to be known to investors. Now, are you advertising in magazines, or what is the Communications Program of the department at the present time?

The development officers are continually going out, working with people, but advertising, as this particular statement says, "Provides professional support to assure that departmental policies and programs are made known to investors and clients." Thank heavens I don't see expensive television ads and what have you from this department, but the communications are to clients and investors. What are we doing in that respect?

**HON. V. SCHROEDER:** There's a whole host of things that we are doing. There's a film presentation produced of Manitoba-made farm equipment and components, and that supports the trade branch market initiatives, especially in the United States Midwest, but also in Western Canada and in targeted offshore markets.

We produced a major industrial development booklet and film on investing in Manitoba, to attract investment interest to the province. They produced a brochure on health industry capabilities. There's advertising, printed literature, and public relations requirement for programs administered by the department, including development agreements, the InfoTech Centre, Information Technology in Deer Lodge; Technology Commercialization Program; the Strategic Research Support Program; the Technology Advocacy Program; and Technology Dialogue Program.

There were also targeted industry sector ads to promote the sale of Manitoba goods and services in out-of-province markets. They coordinated the second annual Manitoba Export Award Program to recognize outstanding export performance by Manitoba companies.

There were a number of exhibits and displays produced for trade shows, and they include West Patch (phonetic) Three in Edmonton, Alberta; Chamber of Commerce Business Show in Winnipeg; the Manitoba Economic Conference; Montreal International Software Market; Western Canada Farm Show in Regina; Ag Quip in Australia; Centrex, Winnipeg; Agri-Trade, Lethbridge; Canada Farm Show in Toronto; Agri-Trade Exposition in Billings, Montana; and so on. There were a number of other trade shows.

They're continuing to develop targeted ad campaigns to support the Industry Branch activities, including, as indicated previously, where we're working on Minneapolis and Chicago, so they're supporting that program.

They're providing Canadian overseas postings with information packages on trade and investment opportunities in Manitoba, and we think one of the more positive things that are happening outside of this country is that our federal people are putting trade-type individuals into our embassies and consulates overseas, and looking specifically at working with the provinces at developing trade and investment.

Agricultural equipment, food products, electronics, health products and other priority sectors have received

and will continue to receive promotional support using appropriate media, given whatever particular attempt is being made at a given time. That's some of what they're doing.

**MR. E. CONNERY:** That sounds to me more like marketing than communications. If they're going to trade shows and that, that's marketing. Is marketing within this section?

**HON. V. SCHROEDER:** I'm sorry, maybe I didn't explain that well enough. They produce the visuals and whatever is to be set up at the trade shows, the exhibits and the displays. They're not the people who go to the trade show; if it's an agriculture show, Mike Wallace, or whoever might be available. You send the people who are knowledgeable in that particular field.

**MR. E. CONNERY:** These films and so forth, are they to show the potential in Manitoba for investors to come into Manitoba, or are you showing people what is being produced in Manitoba and can they purchase it?

**HON. V. SCHROEDER:** Both. There was a film produced several years ago in a number of different languages, including Japanese, Chinese, German, French, and so on, and it was very much an investment in Manitoba movie. I think it was an excellent movie which, in fact, I think would be a good idea if we could show it sometime so members of the Legislature could see what we're doing. We don't really do it in Manitoba. It's happening in other parts of the world and one of the reasons members don't see our ads flooding the market is that we find our research says that general national outlets are not cost effective.

**MR. E. CONNERY:** Could we get copies of what brochures and so forth that you have put out? Then last year, I think out of this area, there was a major industrial development booklet prepared at the beginning part of this fiscal year. Was that booklet prepared? It would be nice to have copies of the various brochures and folders that you have to have an understanding of what you're doing.

**HON. V. SCHROEDER:** The one the member is referring to, we happen to have here; and we have several others I'd be delighted to pass over to you.

**MR. E. CONNERY:** So then in this area, you are selling the potential for industry to come to Manitoba, rather than selling the goods produced in Manitoba. Am I correct in that? If you're doing both, then you have a marketing aspect to it, and I wonder if this is where marketing should be. Maybe it is.

**HON. V. SCHROEDER:** The member can take a look at some of those pamphlets and get a pretty good idea as to what we're up to.

**MR. F. JOHNSTON:** Well, the Minister named off a very large area of activities of this department. Then he said that this department only prepared the displays and did the display work because, if they were to do all of the things like the software, the show in the Agri

Equipment, the software show, the fashion industries and display ads, I don't think \$212,000 would do it. So this really boils down to the group of people who put this material together for the department and development officers, etc.

**HON. V. SCHROEDER:** Well, Mr. Chairman, the things I've listed off are the things that they do, and I'm told that although there are only several people there — there are three SY's — they're very good.

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

1.(e) Financial and Administrative Services — the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** I really don't have anything on this. I note that they're still doing the Industry, Trade and Technology, and the Business Development and Tourism administration. The only question I would have is that the Salaries are up. I don't know whether that's just the increment or not, but the Other Expenses are down. As a matter of fact, we see the Other Expenses situation down in most areas. Can the Minister give me some explanation of that?

**HON. V. SCHROEDER:** There's an additional Clerk 3 position. There have also been two reclassifications, and the rest of it is related to the general salary increase and the annual increment.

**MR. E. CONNERY:** This is the department that I assume the Minister is working on to improve. It's the one that supplies information for the Estimates that the Auditor referred to?

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

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

2.(a) Industry and Trade Division, Administration, 2.(a)(1) — the Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Now, I'd just like to be clear on the administration group in this department. We asked some questions on it briefly last year. Just what does this group do? I know the development officers are working on their own, are working up through the Industry, Trade and Health Departments, but what is the administration group here? Is it secretaries?

**HON. V. SCHROEDER:** This is my Assistant Deputy Minister and a secretary. It's the administration of the Industry and Trade Division to coordinate and initiate the development of policies, proposals and programs in the Industry and Trade Branches, and to provide the overall management function for the Industry and Trade Division.

**MR. F. JOHNSTON:** Who is the Assistant Deputy Minister in this department?

**HON. V. SCHROEDER:** That's Hugh Eliasson. If I could possibly, just so the member can see exactly what it's about, pass the organizational chart to him. I think it would make more sense.

**MR. F. JOHNSTON:** That would be a good idea.

Tuesday, 8 July, 1986

**MR. CHAIRMAN:** 2.(a)(1)—pass; 2.(a)(2)—pass.  
2.(b) — the Member for Portage had some questions in this area, 2.(b)?

**MR. E. CONNERY:** No.

**MR. F. JOHNSTON:** Well, this is the area that we kind of branched into when we were talking about Strategic Planning. How many development officers do we have at the present time?

**HON. V. SCHROEDER:** We have 13 in the department here, and I'm just checking to see whether the SY for the Hong Kong office is included in that. Yes, 13.

**MR. F. JOHNSTON:** Well, there are 13 development officers, and then there's the support staff. How many are they in there?

**HON. V. SCHROEDER:** There are five, Mr. Chairman. In addition, there's a director.

**MR. F. JOHNSTON:** Who is that? Who is the director?

**HON. V. SCHROEDER:** Bob McLeod.

**MR. F. JOHNSTON:** Now, are the development officers assigned to specific industries? I wonder if we could have the rundown, if they are; or if there's a chart which shows who they are.

**HON. V. SCHROEDER:** Yes, I have a chart here. You can keep that.

**MR. F. JOHNSTON:** All right, thank you.

**HON. V. SCHROEDER:** It's just Ed's.

**MR. F. JOHNSTON:** I wonder if I could just have a minute to read this.

**MR. E. CONNERY:** What's the role of the development officer?

**HON. V. SCHROEDER:** They become quite knowledgeable. I think one could classify them as experts on the specific industries they are put — I guess, in charge of, is not the correct terminology — but they work with, as an example, someone in the food processing sector would be knowledgeable of processes, be it in meat packing or potatoes, drying, freezing, frying, whatever, and all of the areas in the whole food processing industry in the province. They would be expected to know the industry, its strengths, its weaknesses, what's happening, who's thinking about expanding, where are the problems, what might be done to solve them, where can we be looking in terms of attracting people from the outside, or encouraging people who are already here to expand who might be in the mood for whatever internal or external reasons.

**MR. E. CONNERY:** Would Mike Wallace be one of these development officers? Is that the type of person you're talking about?

**HON. V. SCHROEDER:** Yes, he would be in that specific area.

**MR. E. CONNERY:** You have programs, include methods to attract U.S. and targeted offshore companies in Manitoba. You've talked some about that. What role is the Jobs Fund playing here now? Have you got certain areas targeted with the Jobs Fund?

**HON. V. SCHROEDER:** The Jobs Fund would come into play after discussions with someone who shows interest in Manitoba. We feel that the only way we can get them to come here is if we negotiate a development agreement.

We prefer to attract people, obviously, without that.

**MR. E. CONNERY:** Would the Jobs Fund be on top of DRIE money and that sort of thing? Would they tandem them?

**HON. V. SCHROEDER:** Yes, it would ordinarily be DRIE. It would ordinarily be on top of that, but it would also be coordinated with them. That is, the agreement arrived at by DRIE with a business would generally stipulate that provincial assistance could not be greater than a specific amount and there would be discussions by staff. In fact, one of the first things we would do, assuming an industry is eligible, is start them off with DRIE before we would get involved in terms of any discussions of a development agreement.

**MR. E. CONNERY:** The local RDC's are — I know the one in Portage is working with the Federal Government and it was called LEAD and they changed it to something "Communities," — are you familiar with that? We have the Federal Government looking to encourage industry and I know Portage has a \$100,000 grant from the Federal (Government) to work to analyzing the communities within the Central Plains region. Is the province working . . .

**HON. V. SCHROEDER:** Actually, all our money is going into Flin Flon. — (Interjection) — Seriously, as the member knows, we do provide fairly significant funding for the RDC's, but not from this department. It's from Business Development and Tourism, so we don't have, with this department, a direct involvement with them.

**MR. F. JOHNSTON:** Looking at this chart, we have a business analysis for the development officers, obviously. What area is that in, versus the Strategic Planning area? What's the difference? A business analysis — is he working with the businesses, or is he making an analysis of expansion that the development officer's on? What is that particular category?

**HON. V. SCHROEDER:** We have an expert here in financial assessments, an ex-banker who would work with our development officers in shaping any development agreement or determining whether a development agreement is necessary in the first place, and obviously making sure that anyone we enter into that kind of an agreement with, the company is financially sound and that the proposal is one that is going to work in the province. So it's very much a project oriented kind of service.

**MR. F. JOHNSTON:** Just in the Resource Industries, Don Elliott, and he's the fellow I asked about the sand every two weeks — we were close two years ago to a very large company and we've been close all around and I know that they're working hard on it — they always have. Has there been anything brought forward to the Minister over the past couple of years that is showing the reason why we can't land one? In other words, all efforts have been made. I'm not criticizing that; I know that's happened, but is there some little quirk somewhere, a burr in the saddle, as you call it, that's stopping that type of an industry from developing in Manitoba? Has anybody come up with that reason?

**HON. V. SCHROEDER:** The bottom line for AFG was that they, after looking at our offer and the DRIE offer and so on and the advantages, felt that overall their minimum financial return objectives would not be achievable. Obviously, that's why they said they couldn't proceed with the glass plant here.

I have not seen anything from staff, and I think they're indicating by shaking their heads, that they haven't done any work on this since AFG.

**MR. F. JOHNSTON:** You mean they've given up? Did AFG locate anywhere else?

**HON. V. SCHROEDER:** Yes. I'm not sure exactly where, but it was in California.

**MR. F. JOHNSTON:** We mentioned the aerospace industry. I'm aware that Standard Aero were looking at the overhaul of jet engines. They must have done studies, and did you do them with them on the basis that it was not economical to have a test stand for jet engines here?

**HON. V. SCHROEDER:** We did not assist in the funding of the study, but I'm told the department did work closely with them and that they're actively involved at the moment with some U.S. companies, and obviously the business is building engines.

**MR. F. JOHNSTON:** You say actively involved with U.S. companies. Our development officers are, or Standard are?

**HON. V. SCHROEDER:** Both, and in discussions.

**MR. F. JOHNSTON:** The Minister says building engines. That gets into one big area. That's a Pratt and Whitney type of thing, or bigger. Standard Aero, I don't believe, build engines. I believe they repair and overhaul many types of engines but the capacity to overhaul a large jet engine, or a jet engine without a test stand, is almost impossible.

Now I ask the question, if we are not going to work our way into the overhaul and test of jet engines, what effect is that going to have on the aerospace industry from the point of view that that seems to be the way we're going all the time. I know there's a lot of the other engines still around to be overhauled, but the more scarces they get, the further you've got to bring them. I'm meaning from countries all over the world.

Where do you stand, not just with Standard Aero, but where do we stand in the aerospace engine overhaul

business at the present time? Is it being worked on to have a future, or do we see some problems?

**HON. V. SCHROEDER:** Mr. Chairman, I'm told that there are major studies going on, but that it is basically a private sector decision to be made and the decision has not been made yet.

**MR. F. JOHNSTON:** The food industry, you know, we have the centres, the food centre in Portage la Prairie, which is down here under Technology. Have we had any new food processors, or food manufacturing industries in the past couple of years? I'm aware of expansions of some smaller companies, etc., and smaller plants throughout the rural areas. We had a good one come to Morden. We've had the Portage la Prairie situation of food plants. We've got some pretty good ones in Winnipeg and we were starting to establish a fairly good food processing industry in the province that was shipping through Western Canada, a lot of it going south, too. Has that been advancing in the past couple of years?

We talk about the economy that's moving forward. I mentioned manufacturing is down, or projected to be down 4.3 percent. What have we done in our food industry? I'll just expand on it a bit. Here we have an area where we grow many marvelous products in the Province of Manitoba. We do have a situation in Portage la Prairie that is processing those products but it seems to me that we have a larger potential for it. How is it moving or how is it going? Are we advancing in the food industry?

**HON. V. SCHROEDER:** Mr. Chairman, there are a number of areas — I guess we should just start off with meat packing, where I think we've done fairly well to survive with the strength we have, given what's happened across North America in that industry. Right now, of course, Springhill Farms in the Town of Neepawa, the sewage plant is the subject of a Clean Environment Commission hearing which commenced a few days ago, but that building is under way, the hog-killing plant in Neepawa.

Canada Packers are finalizing plans for Western Canada and we have reason to be optimistic about their plans.

Burns has recently been purchased from Union Enterprises by Mr. Child and Ronald Faithfull and Ronald Jackson, I believe. We had a meeting with them recently and the question of ownership now having been settled at Burns, they are examining long-term developments needed by them and they are certainly quite interested in Manitoba.

There are a number of other areas. Somebody mentioned to me the tofu operation. There's an instant noodle operation. Pizza pop, which apparently is developing into something national, from Manitoba, developed at the Canadian Food Products Development Centre at Portage.

There's a number of those things that have been going on. There are also discussions going on in the area of potato processing which, if something could happen there, it would certainly be a great thing for agriculture, if more farmers could move into potato production from grain and that sort of thing.

Tuesday, 8 July, 1986

**MR. E. CONNERY:** What is happening in the food processing? McCain's, at one time, had shown interest in doing some frozen food, frozen vegetables. Is there any progress along that line or any other companies to be coming in? There has been lots of inquiries.

**HON. V. SCHROEDER:** Mr. Chairman, I understand McCain's is planning an expansion at Portage. I don't know that it is into — I believe it is potatoes and not other vegetables. The item I was referring to was not that one and would provide for a significant increase in addition to that, but in terms of vegetables, I don't have any information for the member as to anyone wanting to get into freezing, but certainly that would be nice.

**MR. E. CONNERY:** Is there any more work on alcohol production in Manitoba?

**HON. V. SCHROEDER:** Well, there are some who say there is a fair bit of it out there, but we have not been doing anything new with the operation at Minnedosa. I'm not aware of any other operation of which one should speak.

**MR. E. CONNERY:** Minnedosa is a fuel plant, strictly; the other one is at Gimli which is for alcohol. I'm talking about, one is you drink and the other one you put in your car. They are different alcohols.

**HON. V. SCHROEDER:** I'm not aware of any changes with the distillery other than what has already taken place being that they are now producing Crown Royal at Gimli. I don't know of any other recent changes.

**MR. E. CONNERY:** In your activity sector under the Industry Branch in your annual report, you show some industries; you show 18 projects that were assisted and I don't see them in the back under "Grants." What type of assistance do you give to these companies? It's on Page 8 of your annual report.

**HON. V. SCHROEDER:** Could you possibly name one or two of the companies?

**MR. E. CONNERY:** Okay . . . Medical for one. What did you do to assist it?

**HON. V. SCHROEDER:** Frequently when we're dealing with corporations whom we would like to have come to Manitoba; we go out there or expand for that matter, of course. We have material such as we've given to the member tonight. Of course, they say, well, that's all fine and good. You're putting the best light on the province, and obviously there is some truth in that. We are somewhat subjective, probably. And we do have money available to cost-share feasibility studies for people who might take a look at what we are saying. They would hire a consultant of their choice and we would cost-share a study which hopefully would back up what we've said in our material and lead to an investment decision. When people are in a position where that offer is made, I'm told by our development officers that it is something that does tend to very much attract people who would otherwise not pay quite as much attention to what we're telling them.

**MR. E. CONNERY:** So this has nothing to do with grants to get them going or this at all. Any grant money would come through the Jobs Fund?

**HON. V. SCHROEDER:** The development agreements would come through the Jobs Fund. I don't know of any other grants, so the answer to the question would be, yes, grants would come through the Jobs Fund, grants to start up a company where we'd enter into a development agreement. There may be a portion of forgivable loan or low-interest loan or that sort of thing.

**MR. E. CONNERY:** Do you have a figure of what took place through the Jobs Fund in assistance? Is it here somewhere? If it is, I could have read it; I don't remember where.

**HON. V. SCHROEDER:** There are 11 agreements. There is one that has not yet been finalized, but it is included because we believe it is right down to the last end of it. The total assistance has been to date \$8,930,625.00.

**MR. E. CONNERY:** What companies were assisted with the Jobs Fund?

**HON. V. SCHROEDER:** I'll name all those who are finalized except that 11th one. Sherrgold, Simon-Day, Canadian Occidental Petroleum, Canada Wire and Cable, Rock Lake Oilseeds, Arctic Co-Op, Vicon, Gravure Graphics, Westeel, and Toro. That goes right back to the beginning of the development agreements.

**MR. F. JOHNSTON:** Mr. Chairman, under the Electrical and Mechanical Division, is this department the one that is working with the group of people — I believe it's Manitoba money that has been put together, and I think you are using some of the money out of the Communications Grants with the agreement with the Federal Government and I'm not just sure that's where you're using it — but this is a meter-reading process that can be done through the telephone or done through some system that is going to revolutionize the meter reading in the province? It has been done in other areas in North America. There are companies, I believe, in New Jersey that have looked at it to make a proposal, but I believe they've gone along with the Canadian one because the Federal Government money is involved in a very large way. The Federal Government would have a lot to say about the decision on this particular program, but I believe the province is involved with one of their agreements. Where does that stand at the present time?

**HON. V. SCHROEDER:** Mr. Chairman, as I understand it, the name of the company is North American Telemetry. It is going ahead; there's been a lot of work put into it. There are a whole number of areas. The investment is \$14 million. ERDA will be investing 2.4 million of that 14 million. I believe they were going or have gone to the U.S. capital markets with Lessard Fairs (phonetic). I'll just leave it at that.

I should say, as well, that a number of local investors have put significant amounts of money into it.

**MR. F. JOHNSTON:** And how much has the province put into it through the agreement?

Tuesday, 8 July, 1986

**HON. V. SCHROEDER:** It's our portion of the ERDA, Economic Regional Development Agreement, one-half. That's 50-50.

**MR. F. JOHNSTON:** So you're half of the 2.4 million.

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

**MR. F. JOHNSTON:** Well, as you say, you mentioned it's going ahead. Are we going to have a manufacturing plant here? When you talk \$14 million, are we going to have significant jobs? By the look of it, it's mostly private money that's moving in on it. I understand from the boys around town that there's a bit of a line-up to get in on it because it apparently is a fairly good system. You say it's going ahead.

When can we expect this to go ahead? When can we expect people to be confronted in their homes as to putting this in, or will the utility then be buying it? When does this program move along?

**HON. V. SCHROEDER:** The company has started prototype manufacturing, and they do expect to have about 60 people working for them within the year. We had an individual seconded from our shop to basically do the legwork to put the project together.

**MR. F. JOHNSTON:** Yes, I understand. I know the person who did the legwork; I also know he won't be the president of the company.

Anyway, where are they working from? Are they working from one of the modules out in our research centre or are they working in their own building in Manitoba?

**HON. V. SCHROEDER:** Mr. Chairman, they're in our "C" building.

**MR. F. JOHNSTON:** That's out on Lagimodiere Boulevard?

**HON. V. SCHROEDER:** No, no, this is the one on Ellice, the National Research.

**MR. F. JOHNSTON:** Doesn't that sound tremendous? The NRC Building is open and has a \$14 million industry ready for Manitoba.

**HON. V. SCHROEDER:** It had absolutely nothing to do with the NRC, absolutely nothing.

**MR. F. JOHNSTON:** Well, they're in the building and it is new technology and it is research that has gone on in Manitoba and other places for a while. That's fine, Mr. Chairman. I just wanted to know about that particular industry.

Now the electronics is the one that we've always sort of targeted to. Because we have the hydro in Manitoba, it seems to be an industry that we should be up front on.

Have we had any others in the electronic industry expand or have we had any develop?

**HON. V. SCHROEDER:** There are a couple of programs in the development stage. There's an agreement

between the province, Sperry and Sperry Norlus, supported with ERDA funding for language translation by means of artificial intelligence. There are some computer-assisted . . .

**MR. F. JOHNSTON:** That's above me, I don't know. Computer-assisted? I'm getting too old to understand computers. I just understand human beings; computers I don't understand.

**HON. V. SCHROEDER:** This is one that claims to speak in several languages.

**MR. F. JOHNSTON:** I think that's marvellous if it does, but that is being developed. You say that Sperry is working to develop that with another company?

**HON. V. SCHROEDER:** Well, actually, it's a professor at one of our universities who is really heading it up in terms of doing the actual research, and Sperry and the ERDA arrangements are putting additional funding into it.

**MR. F. JOHNSTON:** Is that working with Dr. Kisner (phonetic)?

**HON. V. SCHROEDER:** No, it's Dr. Young.

**MR. F. JOHNSTON:** Dr. Young.

The frigate program that Sperry is involved in, is there going to be expansion at Sperry in Manitoba because of their involvement in the Canadian Forces Frigate Program?

**HON. V. SCHROEDER:** Yes, there will be.

**MR. F. JOHNSTON:** An expansion in their plant facilities and numbers of people?

**HON. V. SCHROEDER:** Yes, certainly, they will need more space than they have in the particular plant they're occupying, but they may well be using space in the other operation, in the Burroughs operation.

**MR. F. JOHNSTON:** The amalgamation of Sperry with Burroughs, is that going to mean any expansion in Manitoba from the Burroughs point of view?

**HON. V. SCHROEDER:** No.

**MR. F. JOHNSTON:** The fashion industry, we've had some problems, it seems, of losing the corporate office of one of the largest ones. The fashion industry, regardless of what some people may think about it, I have read in Hansard where the government members have called it "sweat shops," but I go through their plants, most of them now in Manitoba, and they're all brightly lit, air conditioned and working conditions are exceptionally good.

The fashion industry in Manitoba has been one that has just battled to get its position in Canada and in North America, and one that is very important to the economy of Manitoba.

Are we having any problems or are we solving the problems with the fashion industry at the present time?

Tuesday, 8 July, 1986

The fashion industry was very concerned about some of the labour legislation in Manitoba. Has Reg been working with them to try and overcome those problems so that we won't lose any more of that valuable industry?

**HON. V. SCHROEDER:** He and the department have been working closely with that industry. He recently took me on a tour of several of the operations of immigrants to Manitoba from Hong Kong, and they're very technologically modern and up to date. They've got facilities which are certainly going to allow them to compete in Canada, and at least in two out of three of the cases very clearly in the United States, and the third one, the belief was also there that they would be able to compete there.

The industry, in general, in Manitoba is a good industry with a fairly young ownership, aggressive ownership. In fact, the average size here, I believe, is something like twice the size a firm that it is in the rest of the country. We have every reason to believe that they will at least maintain their current strength. As I understand it, we're back up now to a point where basically the people who were trained in that field are basically all working now. There is a bit of a problem, from an industry perspective, that when they're hiring, they are now again, as they were some years ago, hiring people who are not familiar with the field, but that's something that can be overcome, I'm sure.

**MR. F. JOHNSTON:** Now, is this Mr. R.M.G. Walker located in Hong Kong?

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

**MR. F. JOHNSTON:** The obvious question is how often do we see him or how often does he see us? Is he back and forth, and what staff does he have over there?

**HON. V. SCHROEDER:** Mr. Chairman, Mr. Walker works at our Hong Kong office on his own. Support is provided through Richardson Greenshields' office where he is located. He's been back for Christmas. Other than that, he is in regular communication by telephone and telex and computer hookup with staff here and it seems to be paying off very nicely for us.

As an example, in the last year, our volume of exports to Hong Kong improved by the greatest proportion of any province in the country, not large numbers, but at least there's some movement and, of course, in terms of attracting investment from there, we also have been moving up quite considerably. We're quite pleased with it.

Just to add, Mr. Chairman, I could provide the member with a computer printout of information that he is providing to us so you get an idea and maybe a bit of the flavour of what he's doing there.

**MR. F. JOHNSTON:** You know, it was last Estimates when we discussed this Hong Kong one. I asked the question if he was working both ways. Would he not only be encouraging investment to come to Manitoba, but would he be working to sell Manitoba products or put Hong Kong people in touch with Manitoba manufacturers? Obviously, they weren't doing that then. They have now started to do it and he's now working

then as an investment officer or an officer that is encouraging Hong Kong people to come and invest in Manitoba, but he's also a development officer in Hong Kong.

**HON. V. SCHROEDER:** Yes, in addition to that, he is our China watcher.

**MR. F. JOHNSTON:** He what?

**HON. V. SCHROEDER:** Our China watcher. That is, from there, if there's anything happening that might be useful from a Canadian perspective, he would let us know.

**MR. F. JOHNSTON:** We did have representation in Mexico at one time. Have we got representation or are we intending to have representation in any other countries?

**HON. V. SCHROEDER:** There is nothing in Mexico. The first area that we would put someone into would be Minneapolis.

**MR. F. JOHNSTON:** Well, the only reason I mentioned Mexico is that we have had representation there. So what you're saying is that you are considering representation outside the country and it would be Minneapolis if you did that.

Is there any intention of taking a look at Western Canada? I know the economy and the oil business is not booming there right now, but has there been any thoughts of taking a look at representation in that area?

**HON. V. SCHROEDER:** No.

**MR. CHAIRMAN:** The time being 10:00 p.m., what is your wish?

Committee rise?

**MR. F. JOHNSTON:** Let's move committee rise. Mr. Chairman, I would estimate that we would be finished on Thursday night. I don't think there'll be Estimates tomorrow to speak of.

**MR. CHAIRMAN:** Okay.

Committee rise.

## SUPPLY — FINANCE

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

This section of the Committee of Supply has been considering the budget Estimate for the Department of Finance.

We are now on item no. 3.(c)(1) Comptroller's Division, Disbursements and Accounting: Salaries — the Member for Morris.

**MR. C. MANNES:** Mr. Chairman, this department maintains that when it comes to the government, it prepares quarterly financial reports in the annual Public Accounts. I would ask the Minister whether the government will be supporting the Private Members' Bill brought forward by the Member for St. Norbert

with respect to legislative requirements, with respect to the quarterly report forcing it to be laid before members of this House in a certain period of time.

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

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

Obviously the position of the government, with respect to the government caucus with respect to that bill, will be provided at an opportune time in the debate — and if appropriate voting on that particular bill. I would just announce to the member that there are only a few provinces that do provide information in the manner that is provided in Manitoba through the quarterly reporting system. There are no provinces that I am aware of that provide quarterly reports to be tabled within a specific period of time. In fact, those reports have been prepared and tabled as soon as possible.

I wonder if I could just take the opportunity to answer a number of questions that were asked previously that I couldn't provide responses to.

In terms of the questions asked just before adjournment on the payment of bills by government, the departments that are significantly above the average and are of a concern to the government are the following departments: Attorney-General, Consumer and Corporate Affairs, Government Services — I would just that point out because it's one of the larger ones, it's just slightly over the average — Industry, Trade and Technology, Education, Health, Energy and Mines, Environment and Workplace, Business Development and Tourism, and Employment Services and Economic Security.

Also earlier there was a question with regard to a line in the budget with respect to severance pay, and some suggested that I was using the wrong term. That is the correct term; it is the term that's contained in the Collective Agreement between the Government of Manitoba and the Manitoba Government Employees' Association. I won't read the sections but there are three sections governing that in the Collective Agreement 23.01, 2, and 3, which we are just fulfilling our obligations in terms of that agreement, where we know that there will be costs associated with potential severances or, in those specific cases, retirement.

**MR. C. MANNESS:** Mr. Chairman, I thank the Minister for replying to those questions. I would ask him, though, given that Health and Education are the two largest departments on that list which he read to us, is there active at this time a group either within the department or a group liaising between Finance and those departments that are trying to find out the proper courses of action that they may take so as to improve upon the speed with which they prepare their cheques in support of the bills that come in to those departments?

**HON. E. KOSTYRA:** There has been some work done just recently. I guess I should have introduced the staff, the change in staff. With me now is Mr. Fraser, of the Department of Finance. He has recently written to all of the departments that are experiencing some difficulty, indicating that department's ranking in terms of the overall government, showing to them that they are out

of sync with the majority, that there is a move, an intention by government to improve the situation, suggesting that the staff of the Comptroller's Division is prepared to work with the department.

One other thing that is under consideration, and I stress "consideration" at this point, is whether or not there should be some decentralization of the small bill payments. One of the suggestions is that bills under \$100 be paid for directly through the departments, with them having some access to fund directly so that they don't have to go through the centralized system, so the bulky number of small bills might be paid quicker. That's something that's under consideration at the present time. A decision will be made on that.

**MR. C. MANNESS:** Mr. Chairman, we're prepared to pass this appropriation at this time.

**MR. CHAIRMAN:** 3.(c)(1)—pass; 3.(c)(2)—pass — (Interjection) — There is a 3.(c)(3) — we don't have to pass that one.

3.(d)(1) Treasury Board Support and Financial Analysis: Salaries — the Member for Morris.

**MR. C. MANNESS:** Mr. Chairman, I would ask the Minister what is the policy with respect to Treasury Board and the passing or the acceptance of spending? Do all decisions with respect to expenditures beyond \$5,000 have to come before the Treasury Board?

What is the policy in effect now with respect to all government departments and also with respect to Crown corporations?

**HON. E. KOSTYRA:** In terms of Crown corporations, they are autonomous and are not subject to Treasury Board guidelines.

In terms of the government proper, all expenditures over \$250,000 have to go through Treasury Board and be approved by Treasury Board. All contracts for agreements for services over \$5,000 have to be approved by Treasury Board. All grants to whatever organizations that are paid for by departments to outside agencies have to go through Treasury Board for formal approval. There is also a reporting system called the Pre-clearance Approval which flows through Treasury Board on a post-expenditure basis for all expenditures that are below those lines.

**MR. C. MANNESS:** I would ask the Minister to repeat his comments with respect to expenditures, not the contracts and not the grants, but the first. I'm sorry, I didn't catch it.

**HON. E. KOSTYRA:** Over \$250,000 have to get Treasury Board approval. Now that, of course, is on a day-to-day or through-the-year basis. Treasury Board does the overall reviews of departmental expenditures; indeed, Cabinet as a whole reviews them prior to the finalization of the Estimates for the year.

**MR. C. MANNESS:** The Minister says that Crown corporations are not subject to these guidelines. Is he meaning that in the sense that consulting contracts, any type of contracts entered into by Crown corporations, do not have to receive approval at Treasury Board level?

**HON. E. KOSTYRA:** Yes, that's true. All Crown corporations are autonomous and have their own authority and do not require Treasury Board approval. Just the own approval mechanisms that were set up by the boards of directors of those Crowns or under whatever legislation exists for Crown corporations. The only exception to that is with respect to the employment of auditors for the Crown corporations. That's still a Treasury Board approval process in order to keep consistency between the Crowns on those matters.

**MR. C. MANNES:** Mr. Chairman, the Minister is saying then that a Crown corporation such as the Manitoba Energy Authority, once it has established a global figure for expenditures and been established, it has the right to spend those funds in any way it sees fit. Is that correct?

**HON. E. KOSTYRA:** Yes, I'm informed that Crown corporations have never in the history of functioning, been subject to Treasury Board approval, whether in this current administration or previous administrations.

**MR. C. MANNES:** Well, is the Minister then reversing his answer that he made about a month ago when I asked the question in question period whether or not one specific contract between the Manitoba Energy Authority and — what was the name of that?

**SOME HONOURABLE MEMBERS:** WMC.

**MR. C. MANNES:** . . . contract, whether that type of contract would have to come before Treasury Board for approval. The Minister at that time indicated yes, it would have to. Is he now changing that answer?

**HON. E. KOSTYRA:** I'm sorry, I'd have to get the specific reference. I never said that contracts of any Crown corporation had to be subject to the Treasury Board approval.

There was the one contract that is part of the judicial review that was approved by the Manitoba Energy Authority that was paid for through the funds of the department, because at that particular point, the funding source for the MEA was still contained in the Department of Energy and Mines. They are merely acting as the financial source for the Energy Authority at that one point in time.

**MR. CHAIRMAN:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Mr. Chairman, the Minister is giving us some answers now on Treasury Board's role in terms of Crown corporations. I want to take a position with the Minister that I know will not meet with his favour. The normal Crown corporations that we talk about in what the public understand as being Crown corporations is Manitoba Telephone System, Manitoba Hydro, and most recently, the Manitoba Public Insurance Corporation. Those Crown corporations, Mr. Chairman, have the unique role in Manitoba wherein they are basically monopoly corporations and the senior management in those Crown corporations is responsible for the day-to-day decisions, and I can understand in

Manitoba Telephone System, Hydro and Autopac where a reference to government always for contract approval through Treasury Board would be an unwieldy circumstance. It would be in most cases unnecessary because there is a Minister responsible for each of those Crown corporations that ultimately if decisions are made that are bad for the people of Manitoba, the Minister, hence the government, bear the brunt of that.

I have a concern over a Crown corporation like Manitoba Energy Authority, the way it's structured right now. It doesn't have revenues in which it can be self-sustained. It relies entirely on an appropriation of government. Most recently, it's been a direct payment through the Department of Energy and Mines through an arrangement which I believe has been described in the newspaper, at least, as being a unique arrangement. This is not the place where we're going to find out what that arrangement is, but we certainly are going to pursue it with the Minister of Energy and Mines. It's not a self-sustaining Crown corporation, it has no revenue source, and it is making some substantial decisions on behalf of the people of Manitoba.

In the case where a Crown corp like Manitoba Energy Authority has to be voted its monies by either a line department like Energy and Mines or directly through another appropriation that we may deal with in capital spending, etc., etc., I believe that there has to be Treasury Board approval of some of the contracts that are signed. I find it to be not good government to lodge with the chairman of the Manitoba Energy Authority, regardless of who he is. Not with the chairman of the board, but as executive director of the Manitoba Energy Authority, Mr. Eliesen has a \$500,000 signing authority. That is a very substantial signing authority without reference to Treasury Board of funds which must be directly appropriated from the ministry of Energy and Mines or by this Assembly.

That's not as if Mr. Eliesen has signing authority to spend revenues which are coming in as in the case of Manitoba Hydro, where the chairman of Manitoba Hydro and the president of Manitoba Hydro makes investment decisions on behalf of the corporation and takes line authority for those decisions, and the same thing with Manitoba Telephone System where the general manager and his senior management make decisions on how to invest some several hundreds of millions of dollars of revenue to that corporation.

We're talking Manitoba Energy Authority which depends on this Assembly to fund it. Yet we have given — not we — this government has given the chairman or the executive director of the Manitoba Energy Authority a half million dollar signing limit.

Mr. Chairman, just trace what has happened with this signing authority that was granted to Mr. Eliesen. It has turned out to be in all appearances as a method of making sure that contracts get placed where they're beyond the political attachment of this government, and whether one wants to argue about the case in point, there is no question that Mr. Eliesen, the Member for Transcona, Mr. Davidson are all one big happy family.

Here we have a circumstance where this government has allowed the executive director a half million dollar signing authority so that contracts that normally go from any line department would have to go to Treasury Board to get approval, so that there is a political, an elected official, making those decisions. That is not the

case with the Manitoba Energy Authority, and I believe that that is wrong given the circumstances that this Assembly provides all of the dollars that Manitoba Energy Authority will spend. I believe there should be Treasury Board scrutiny and approval. Because what we have is the ability for a group, an old boys' club if you will, to be able to get away with contracts, without tender, by choosing them and then using the justification that in the case of Mr. Davidson he was the most appropriate person to do it. And then the further implication of having the same Mr. Eliesen as Chairman of the Board of Manitoba Hydro.

**A MEMBER:** Is there an inquiry?

**MR. D. ORCHARD:** It is before the inquiry, you bet.

**A MEMBER:** Is this another inquiry?

**MR. D. ORCHARD:** No. I'm just laying some facts on the line that you should be cognizant of. — (Interjection) — That's right. Well, take a look at your Planning Secretariat back in the Schreyer years and find out if you don't see a whole bunch of common names in there. And take a look at the employment throughout the Civil Service with Linda Jolson and where she's been associated, and then conveniently getting a job with Manitoba Hydro that her husband's contract said was an appropriate way to go. I mean, you can't avoid it, it is there.

Sure, you can sit back and say that it was appropriately done, etc. etc., but what you have done is cast public doubt on your own credibility as government when you have that kind of appearance of insider training and an old boys' club looking after each other. And you can't avoid it, it's there, the tarnish is there, and I maintain that if you would have had Treasury Board approval for some of these contracts, there might have been some second political wisdom put in Treasury Board.

I give this Minister of Finance credit for having political smarts. He doesn't get himself into trouble to dogged often. But his scrutiny was not available in the case of Mr. Eliesen's contracts that he's let and I suggest that that has helped to create a political problem, an aura that not all is well, and it's there because there is no Treasury Board responsibility for scrutiny of contracts let by Mr. Eliesen and the Manitoba Energy Authority.

And when it is directly funded by this Assembly, by the Department of Energy and Mines up until a few months ago, I believe the Treasury Board should have been involved because then we wouldn't have the circumstances of Ministers being able to say, well, I knew nothing about that. But you know he has the ability to do that. Well, certainly he has that ability because it was conferred on him, conferred on him by the Cabinet. Conferred on him by the Board of Directors which the Cabinet approved and passed, and named to the Board of Directors of the Manitoba Energy Authority.

But it doesn't wash in terms of public credibility. And you're not damaging us in Opposition, politically we haven't been tarnished by all of this. As a matter of fact, we've had an issue to make of it, but you are tarnishing your own political image, and I suggest that

if you were politically astute about it you wouldn't allow it to continue and you'd bring some of the Treasury Board controls in place on the Manitoba Energy Authority for the very reason as I've suggested several times now that it is not like the Crown corporations MTS, Hydro and all of that wherein they are monopolies with revenues that they generate themselves with administrative decisions they make themselves. They're virtually self-sustaining with the exception of the infusion of major capital for expansions to their physical plants.

You know, these Crown corporations are not in the same category as the Manitoba Energy Authority, which is a sibling of government and which would not have any money to spend if it weren't for the vote of this Legislative Assembly. That's why I believe the Treasury Board should be approving those contracts. You should not be giving Mr. Eliesen a half million dollar signing authority. That is an incredible amount of power to lodge in a non-elected, politically appointed individual such as Mr. Eliesen; and already the wisdom in what I'm saying, his methods of control, is showing because you've already had a casualty of a senior Minister resigning because of allegations of conflict of interest; you've got an inquiry ongoing, and you've got the people of Manitoba asking very serious and legitimate questions about what is going on internally with this government. What are the interstaff relationships that allow these kinds of accusations to be made? And you've caused yourself significant problems because you've given one individual, non-elected, politically appointed too much authority, too much power and too much money to spend without approval from Treasury Board or anybody else.

So, Mr. Chairman, the position I take would be one which would help the government not hinder it but, more importantly, it would help the people of Manitoba because it might bring more responsible spending, responsible letting of contracts to the Manitoba Energy Authority if the advice were followed.

**HON. E. KOSTYRA:** The procedures that are in place are longstanding procedures with respect to Treasury Board and how it relates to departments.

The member suggests that there is something different with regard to one agency, but I would just remind the member, using his logic in terms of agencies or Crown corporations, call them what you will, that are dependent on government, on appropriations approved by this Assembly either direct or via The Loan Act, that there are a number of others that are in the same situation as the one that the member describes, that are not either in a monopoly situation as he suggests with the Manitoba Telephone System and Manitoba Hydro, nor are they in a position that they generate their own revenues.

But there are agencies like the Workers Compensation Board that relies on levies on employer and, on occasion, a subsidy from the government. There are agencies like CEDF, which rely on authority given to it by this Assembly in terms of its operations; agencies like the Manitoba Agricultural Credit Corporation that not only get loan authority but, from time to time, have to get a subsidy in order to ensure that farmers have loans at reasonable interest rates and we've had to, as the member is aware, subsidize that. So they're in

the same position. Those procedures are the same for all those organizations.

There is, through the Department of Crown Investments which we are not reviewing here — it comes under the Minister of Energy and Mines — a process that we put in place for the reviewing of management controls of capital plans on a yearly basis and other issues that report through to the Economic and Resource Investment Committee of Cabinet to get direction. So there is that monitoring that goes on with respect to the portfolio of Crown corporations and agencies through Crown Investments.

**MR. D. ORCHARD:** Mr. Chairman, the Minister has indicated a number of Crown corporations. The Manitoba Agricultural Credit Corporation operates semi-autonomously from government, but within some fairly structured loan limits that are imposed presumably by the Minister of Agriculture and by Cabinet. So there is no half million dollar signing authority for the general manager of MACC.

The Workmens Compensation Board, again semi-autonomous, it uses and establishes theoretically an actuarially sound Workmens Compensation Program, basically an insurance against injury. But once again, you haven't given the director or the head person of that, the chairman of that, a half million dollar signing authority.

You can go on and on throughout all the Crown corporations. CEDF is an umbrella group to provide loans to various Native and Metis organizations and others in specified regions of the province, once again, very highly structured rules of the game that CEDF must go by. Anything that exceeds those rules must go to Treasury Board, to Cabinet for any loans that exceed the limits.

But with the Manitoba Energy Authority, you neither have outside revenues, and you don't appear to have any controls over what the corporation or its executive director, general manager, chairman of the board can do. You've simply given him and the Manitoba Energy Authority a half million dollar blank cheque with no reference to Cabinet, no reference to the democratically elected people in Treasury Board or in Cabinet. You've simply given him a carte blanche half million dollar signing authority.

That is extremely unusual. It's unique to my knowledge in terms of Crown corporations. It's caused you problems. It will cause you further problems as more information, no doubt, comes out, and it would be in your best interests but, more importantly, in the best interests of the people of Manitoba if you brought some kind of Treasury Board control to Manitoba Energy Authority. The Minister's defence is simply not a defence, because those other Crown corporations he mentions are not, in any way, shape or form, analogous to the Manitoba Energy Authority and what it's doing right now.

I suppose I could be extremely blunt and I could say, it would be to our political advantage on this side of the House that the Minister takes none of this advice because the activities of Mr. Eliesen and the Manitoba Energy Authority and as chairman of the Manitoba Hydro Board will certainly get this government into trouble, because he's a man with too much power and

too much spending authority and he's almost beyond reproach from this Assembly and even indeed from members in the Treasury Bench, because he does not need your approval.

If you want to talk about his activities, I mean, how can you politically tolerate a chairman of the board putting a gag order on the entire Manitoba Hydro system of employees? That's what your chairman of the board did. I mean, these things will get you in political trouble. Not taking the advice will help us, and over the long haul will help us immensely.

But I simply say that you're not responsibly serving the people of Manitoba in fostering proper spending and the appearance of proper spending by not having some kind of controls imposed on the Manitoba Energy Authority, its chairman of the board and executive director.

**MR. C. MANNESS:** Mr. Chairman, I have found that portion of Hansard to which I referred earlier, and the Minister last Friday did indicate to me that, and I quote his words: "Contracts that are entered into by department are subject to that process. Contracts that are entered into by agencies such as the Manitoba Energy Authority or other Crown corporations are not subject to that process."

I would ask the Minister, because I don't believe the question has ever been put to him before, did Treasury Board ratify the agreement made by the Manitoba Energy Authority, even though it was paid by the Department of Energy and Mines and, therefore, should have received endorsement from the Treasury Board? Did that specific contract ever come before Treasury Board and did it receive the endorsement of the Treasury Board?

**HON. E. KOSTYRA:** As far as staff can recollect, no, it didn't. That's something that is being reviewed right now with respect to that contract and all contracts entered into with tenants of the building at 115 Bannatyne. So if there is anything there, it will come up in the Auditor's Report.

**MR. C. MANNESS:** Mr. Chairman, the Minister says it will come forward in the Auditor's Report. Now, is he saying indeed, if the Auditor finds the reason how it was that this particular contract was not brought forward before Treasury Board, it escaped its attention, the Auditor will tell us why that happened? Or is the Minister saying that the Auditor will recommend a system to ensure that it doesn't happen again? Or is he really saying both? I'd like him to expand on his answers.

**HON. E. KOSTYRA:** I'm informed that the Auditor's department does a pre-audit of all expenditures before they are actually approved at the time of disbursement. If there is any question about the authority to provide for those payments, then those requests are bumped back.

So taking that in the context of this specific area, then that expenditure would have had to be approved by the Auditor through the pre-audit process.

What I was saying is that we don't believe — the staff doesn't recollect it — I wasn't on Treasury Board

at the time, but the staff doesn't recollect that that was before Treasury Board.

I just add that in any case, the Auditor is reviewing that and if there is anything that is not according to procedure, he will obviously raise that in his report.

**MR. C. MANNESS:** For clarification, Mr. Chairman. The Minister talks about the Auditor's Report. Is this the one that's to be made public or is this an internal one?

**HON. E. KOSTYRA:** No, public.

**MR. C. MANNESS:** The Minister indicates, for the record, Mr. Chairman, it's the one that is to be public.

I'm prepared to pass this section, unless there are additional questions.

**MR. CHAIRMAN:** Hearing none, 3.(d)(1)—pass; 3.(d)(2) Other Expenditures—pass.

3.(e)(1) Information Systems Support: Salaries — the Member for Morris.

**MR. C. MANNESS:** One question, Mr. Chairman, with respect to Other Expenditures; I'll ask the question now. I notice in the Supplementary Information provided, on Page 38, there was a major increase in equipment purchases, roughly \$17,000 or \$18,000.00. What's the reason for this major . . . ?

**HON. E. KOSTYRA:** This is additional information, systems equipment, like microchip computers and word processors. This section, and the member may be aware — well, it's contained in the comments above, provides assistance not only to Treasury Board, but also provides training assistance to other government departments, so the equipment was purchased for their own use, but also the use of other staff in other departments and agencies in the training role that they play with respect to the information assistance.

**MR. CHAIRMAN:** 3.(e)(1)—pass. We'll take up 3.(e)(2) and 3.(e)(3) together, Other Expenditures, Less: Recoverable from Other Appropriations—pass.

Resolution No. 69: Resolved that there be granted to Her Majesty a sum not exceeding \$4,488,000 for Finance, Comptroller's Division, for the fiscal year ending the 31st day of March, 1987—pass.

Item No. 4.(a)(1) Taxation Division, Administration: Salaries — the Member for Morris.

**MR. C. MANNESS:** Mr. Chairman, I'd like to know from the Minister specifically how much the Scientific Research Tax Credit has cost the Provincial Government. A year ago, the Minister indicated — at the time, the former Minister indicated that there were not hard figures — he did not have hard figures with respect to the loss represented to the Province of Manitoba.

I'm wondering today if the Minister could provide us with the figures associated with that loss of revenue.

**HON. E. KOSTYRA:** The department — my mike seems to be off when I'm speaking and on when I'm not speaking. Is there a problem? It's on now.

The department has asked for that information from the Federal Government but, to date, we have not received any information in terms of what impact it's had.

**MR. C. MANNESS:** Mr. Chairman, the department asked this question of the Federal Government a year ago. Is the Minister trying to tell me that there's been no information forthcoming from the Federal Government over the space of a year and two months since the former Minister indicated in May, 1985 that at that time they were requesting of the Federal Government an answer to that question?

Certainly we had the 1984 tax year past us, and the 1984 taxes were paid in May, 1985. We're now over a year after that point. Surely we must know the answer to that question with respect to 1984.

So I would ask the Minister what has taken so long for Ottawa to reply to that question? Surely the department, provincially, must have some preliminary figures with respect to that number.

**HON. E. KOSTYRA:** We have no rationale to give the member in terms of why we haven't received that information from the Federal Government. The staff have suggested that part of the problem is that the majority of those issues would have been involved well into 1985 and, indeed, into 1986, so some of the impacts in terms of the filing of the tax returns, I presume, have not been totally accounted for by the Federal Government at this point.

I have no other reason to give the member other than the department has asked the Federal Government for that information, but to date has not received it.

**MR. C. MANNESS:** Well, I ask the Minister, Mr. Chairman, whether or not that's a priority issue? Is it a number that's relevant to the government for whatever purpose to know because again, it would seem to me that given the fact that all the exemptions that were used basis that, that . . . — (inaudible) — . . . that were applied for and used in the 1984 tax . . . — (inaudible) — . . . certainly be able to be monitored and furthermore, I would ask the Minister whether he's been in contact with other Provincial Governments to ascertain what the total loss was to the provinces as a whole.

Mr. Chairman, I have some suspicion that the greatest uptake under that tax credit scheme was within the Province of Manitoba, and I would think that the Minister of Finance would want to be in a position to discredit my comment or to say, in fact, that's not correct. So I would ask him again firstly, whether or not the greatest uptake in a percentage basis was in Manitoba; and secondly, has he discussed it with other provinces? Have they experienced the same type of uptake and, if not, can the Minister tell us or staff tell us why the experience of investors who rush to use that may not have been as great on a percentage basis or on a proportionate basis in other provincial jurisdictions?

**HON. E. KOSTYRA:** Well, I don't have the answers to the questions that the member asks. In terms of is it a priority for us to get that information, obviously, we'd be interested in that information, but given that situation

doesn't exist anymore outside of those that were grandfathered at the time of the change, I wouldn't say it's a critical priority that we have that information from the Federal Government immediately. Items that are of a more critical nature to us with the Federal Government is the situation with respect to the farm gas. We see that as a more critical issue for the Federal Government to deal with, so I can't say that it's a priority to get that information. Surely, we want some of that information.

In terms of the percentage uptake being higher here than other jurisdictions, I can't quantify that. We know from information we've been able to receive generally with respect to that kind of activity, through the Securities Commission there was a lot of activity here in regard to that area. Whether or not that's higher than other provinces, whether or not that relates to the level of taxation in the Province of Manitoba, whether that relates to the amount of money available for those kind of investments, I don't know what any of those factors may have played in the amount of takeup in the province, nor do I know whether or not our takeup here under that is higher or lower than other jurisdictions on a capita or on any other basis.

**MR. C. MANNES:** Well, Mr. Chairman, it would seem to me that would be critical information on this . . . because obviously then in a global sense there was a much greater uptake than the Province of Manitoba by people who are resident here who have to file income tax and being resident here, it would indicate to me as a casual observer in a qualitative sense one of the reasons for that might be, as the Minister used in his own words, the fact that our provincial rate of taxation in a relevant sense is higher than other provinces. I would think, therefore, the Minister would want to see whether or not there was a major increase relative to other provinces in the uptake by investors within this province.

So I had heard, Mr. Chairman, that close to \$1 billion was lodged in the province, that possibly the loss to Manitoba in a revenue sense might be upwards of \$100 million. These are numbers that are floating around now for a year. I would think that the Minister of Finance would want to know whether there is any accuracy, whether there's any foundation for those types of rumours as they float around the marketplace.

**HON. E. KOSTYRA:** Well, again, I can't give any definitive answer because we do not have that information. If we had it, I would present it to the member. What we can say is that the growth in income tax revenue has been modest in terms of overall growth. Whether or not part of that shortfall, if there is a shortfall, if it's due to that factor or due to other factors, we can't at this point ascertain.

The fact — and the member made out like it was some revelation from me that I suggested that one of the factors may be the taxation level to the extent that that particular tax break, tax dodge — whatever term you want to use — is of benefit to people who are at higher tax brackets, if that would hold true, then the fact that Manitoba has for higher income tax brackets, a relatively high level of taxation, then that may indeed cause more people here to look at that. I don't deny

nor do I apologize for the fact that at higher income levels there's a high level of income taxation here in Manitoba than there is in most other jurisdictions, and then at the lower levels that there's a lower level of income taxation on low incomes. I don't deny that nor do I apologize for that.

So the fact that given that situation that this particular tax break or tax dodge would have greater interest to those and have some impact on the amount of takeup in the province may well be a scenario, but using the member's terms of the loss of income tax revenue of 100 million in the province, I don't believe we can substantiate anything near that in terms of a decrease in revenue growth out of the income tax.

**MR. C. MANNES:** Mr. Chairman, I won't belabour the point, but obviously in due course, the Federal Government and Revenue Canada would be able to probably provide a number to the Provincial Government with respect to that whole area.

I would ask the Minister, once this Scientific Research Tax Credit became an issue, whether or not he felt any urge or he felt any desire to question officials from the Department of Finance as to whether or not they had partaken in that type of activity or did he feel that was strictly a personal financial matter on behalf and chose not to make it an issue with people within the Department of Finance or, indeed, other senior people in other departments of government.

**HON. E. KOSTYRA:** Well, I was not in a position of being Minister when that situation was put forward there. I've not asked staff of the department whether or not they had participated in that . . .

**MR. C. MANNES:** Mr. Chairman, I would like to move on to the whole area of tax reform. The Minister and the First Minister have indicated on a number of occasions and other members opposite have indicated that they would like to see major tax reform. They even have a resolution before the House which we began to debate today dealing with that issue in one form or another. I would ask the Minister what his government is doing in a policy sense or in an attempt to work toward some government position that they may lay before either the Federal Government, or in the form of a White Paper from the members opposite to the people of the Province of Manitoba, which would include, of course, the government's basic beliefs, the changes that they would like to see brought towards this whole tax regime.

I've asked the Minister this question before and I would pose it again. Will the government be preparing a policy decision with respect to tax reform, seeing it's very close to their hearts, seeing as a member debated from their side, who said earlier today, the former Minister of Finance who would bring this subject up almost in every federal-provincial meeting at which he would attend, talking, of course, at that time in very general terms, oh, specifically pointing out the exemption under capital gains that this government finds offensive at this point in time?

But I would ask the Minister if his government is going to go further on the issue and provide a comprehensive program or document which will lay out

some of their considerations, some of their beliefs, as to how we should begin to, or how the evolution of the tax regime could develop to its next chapter.

So, Mr. Chairman, I think the question is critical because members opposite keep using that term over and over again, and I think it's incumbent upon them if they believe it's such an important solution to the problems associated with debt and, of course, accumulated deficits and, of course, to the threat as they see it, indeed as many other people see it, threats to social services in support of the needs of the province and the population of the Province of Manitoba.

So I would ask the Minister what the government will be doing in this whole area?

**HON. E. KOSTYRA:** Well, the government has been suggesting to the present Federal Government, and indeed the previous Federal Government, that there ought to be a comprehensive look at tax reform in Canada.

As the member is well aware, the majority of taxation comes under the Federal Government's control, or control in terms of the mechanism even though that there's a provincial income tax system in all provinces in Canada and only one of which is delivered directly.

There hasn't been much inclination by any of the recent Federal Governments to look at any comprehensive tax reform, though I might add I note from provincial Ministers that there seems to be more concern or at least additional provinces that are sharing that concern. I note recently that the Province of Ontario, that the finance people there are suggesting that there should be a look at comprehensive tax reform in the country. We will continue to raise that issue and to press the Federal Government to do that in cooperation with the provincial governments in Canada.

In terms of Manitoba, we are committed to look at the full range of taxation measures within the province's control and those that are outside or administered through the federal system, to look at how we can bring about greater fairness in the system. It's our intention to be able to share with members, to share with the public of Manitoba, later this year, the latter part of this year, some public documentation in terms of the philosophy and the options that government might be able to consider in terms of bringing about reform within the provincial context and also to look at what we might be suggesting at the federal context or in the federal arena.

So I would expect the latter part of this year to be able to have that kind of document or report that the member refers to for the information of members and for their input, comment, and that of the larger public in Manitoba.

**MR. C. MANNES:** I am wondering if the Minister could indicate whether this is being presently drafted, drawn up, within the department, or is this document using the expertise of outside resources, or a combination of both.

**HON. E. KOSTYRA:** The driving forces within the staff of the government internally, but there are consultations taking place with other governments in Canada to review their experiences and whatever work they may

have done in this area so that we don't redo all that work in the province.

I certainly intend, as Minister, when time permits, to have consultations with those within the community that have a greater deal of interest or knowledge with respect to taxation from a variety of quarters to get some input prior to looking at a public document for comment.

**MR. C. MANNES:** Mr. Chairman, in debate today on the resolution dealing with income tax, the Member for Kildonan indicated that it would be his desire, if the Federal Government were not prepared to see to the wishes of this province with respect to major reform in taxation, that we, as a province, should go alone in the collection function similar to what takes place today in Quebec.

I would ask the Minister whether or not this is the general policy of the government, or was the Member for Kildonan expressing his personal views? And I guess I would go further than that. I would ask the Minister, who may or may not debate that resolution, to indicate what his personal views are on that matter.

**HON. E. KOSTYRA:** Well, I intend to join that debate hopefully when the occasion permits. The positions that I provide to this House as Minister of Finance are that as Minister of Finance and on behalf of the government. That area is one that I have specifically asked to be reviewed.

I think we have to look at what are the costs of setting up a provincial system. I think the last time it was reviewed some years ago it, the review indicated it would be much more costly than the present federal-provincial situation. We certainly want to review that again to see if that is the case and also to look at whatever advantages and disadvantages may happen if one does set up their own taxation system.

I would say in a general way that the position of this government is to support a common system throughout Canada, provided that that system is one that has the degree of fairness that we believe should be in the system. So it would be our desire to maintain a national system so we that don't have separate systems in each province because, by nature, that not only increases the cost and the paper burden on individual taxpayers but also I believe in a country like Canada I don't think it is a desirable thing to have a proliferation of different basic tax systems in an area like income tax in each of the respective jurisdictions.

But it is an area that we are examining and intend to review as part of the review that I spoke of earlier.

**MR. C. MANNES:** We're a year down the tracks since the Province of Saskatchewan brought in their version of a minimum tax. I'm wondering if the Minister can indicate whether his department staff have liaised at all with Saskatchewan and whether they can report as to the success or the failure of that new approach to taxation one year later, and whether or not the government is actively contemplating introducing that type of a system into the Manitoba tax regime.

**HON. E. KOSTYRA:** There certainly has been discussion with officials in Saskatchewan to get a better

**Tuesday, 8 July, 1986**

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understanding of what they're doing. I don't think there's any evaluation to date on their system, either that they've done or that outside groups have done. It is an area that is part of the large list of options that we'll be looking at in terms of the review.

I might also state that I had some discussions with the Federal Finance Minister about that concept, and he indicated that the Federal Government only approved it as a trial project. It was his terms for the Province of Saskatchewan for a two-year period and until there was some experience with Saskatchewan, he indicated that he would want to have discussions with other Finance Ministers prior to looking at whether or not to extend that beyond that trial period or to extend that to other provinces. In fact, he had indicated that it was going to be discussed at our last meeting and it never did reach the agenda, so I presume it will come up at a future meeting.

Part of the problem with the Saskatchewan system is the fact that the Federal Government will only allow that minimum tax, or flat tax — whatever you want to call it — will only allow the Provincial Government to go so far up the income tax form so that there's a lot of deductions that are allowed prior to the imposition of that flat tax. Unfortunately, a lot of the deductions that general taxpayers, ordinary taxpayers are eligible for, fall after that level.

If the Federal Government were agreeable to allow for that minimum tax to be placed in an earlier part of the income tax form then I think it would provide greater fairness. But apparently with Saskatchewan there was a great deal of difficulty in getting it to the point it was with respect to the allowable deductions.

**MR. C. MANNESS:** Mr. Chairman, I'd ask the Minister whether or not his government has a position with respect to the business transfer tax that's being named now, and is it being considered by the Federal Government, and whether or not there will be some commentary with respect to that tax, the methodology and the application within this comprehensive document that he says may be coming down by the end of the year? Furthermore, whether he will be asking groups in the provincial scene to make comments specifically to that, or will the Government of the Day be coming out in some position on that tax, as stated in the document at that time?

**HON. E. KOSTYRA:** We have been watching that development from the Federal Government, from their initial interest in the so-called flat tax, to the Canadian version or the Wilson version, called the Business Transfer Tax, which is a form of that tax without calling it that.

We did receive a fairly extensive confidential briefing at the request of the Federal Minister at the recent Finance Ministers' meeting and we raised a number of questions in terms of potential impacts of that tax on the province because it is, by nature, somewhat of a revolutionary tax system, tax change that would impact in a number of different ways that I think requires some further thought and discussion.

At that time it was indicated that we will be provided with further information and there will be further discussion with the Provincial Finance Ministers prior

to the release of some form of public paper on that tax later this year by the Federal Government.

As I think we see it, the implementation is still some time down the road after the Federal Government has a process of public consultation, as I understand their plans at the present time.

So we have not formed, as I said to the member in the House not that long ago, we have not formed a position. We are reviewing it, looking at what it would mean in the Manitoba context, and we'll not form a position until we have the opportunity of seeing the more final proposals and have some of our questions answered. I would certainly invite comment on that, in terms of helping the province form a position vis-a-vis that tax when the time is opportune and that information is available for public comment. But of course it's up to the Federal Government to provide that to the public. They did provide us with some confidential briefing on it which was appreciated, but it is obviously up to them to decide when they want to and in what form that will be released to the public.

**MR. C. MANNESS:** Mr. Chairman, the Minister has indicated that report that was once promised by the Federal Government for release in the summer, indeed may not be released in the summer. Can he indicate whether he was given notice as to when it might be released now by the Federal Government and, if so, can he give us that date?

**HON. E. KOSTYRA:** No, they didn't give us any date as to when it would be reviewed. They just indicated it would be in the future and they were referring, as I understood it, to the near future, within a matter of months.

**MR. C. MANNESS:** Mr. Chairman, I have before me the details of estimated revenue for the year end 1987, the fiscal year 1986-87, and I can't help but notice that corporation income tax is forecast to rise by 12 percent or 13 percent. Individual income tax is to increase \$68 million dollars or 10 percent.

I know the department receives these basic estimates from the Department of Finance, federally. I would imagine that for the most part they were received early in the 1986 calendar year and yet at this point in time, I think some four or five months after they have been compared with the print estimates, even though we do not have access to the First Quarterly Report that would give us an opportunity to track whether indeed we're working toward that estimate. I'm wondering if the Minister can share with members of the House whether or not those forecasts, basis the information the department has at its disposal today, are more or less, was in the realm of possibility, given some of the major changes that have occurred, not only within the nation but within the province over the last four months.

Mr. Chairman, we've had some forecasts and the economy is not going to produce in a national sense, as well as ones forecast. We do know that there have been major decreases in oil related activity, I think, more so than maybe were taken into account when these figures were developed.

I think we are beginning to see, even in a greater fashion, the full impact of international commodity

prices in the agriculture community, particularly in Western Canada, and I'd have to think that these Estimates again, on average, somewhere between 10 percent and 12 percent may be a little bit overly optimistic.

I would ask the Minister whether or not he has any concern, or the department has any concern in respect to the Estimates as provided in the print Estimates of Revenue.

**HON. E. KOSTYRA:** The Revenue Estimates that we rely on in terms of the income tax are Federal Government information directly, other than the adjustment that was made in the level with respect to the corporation tax, which obviously we factored in. At this time we have not received any changes from the Federal Government that would indicate that there are any changes to date.

In terms of the other areas — and again it's still relatively early — but we don't see anything that would indicate our revenues at this point need any adjustment. I would just point out, that in terms of last year's revenues, that the projections were not that far off. There's a few areas that were lower; there were fortunately some areas that were somewhat higher. But at this point in time, we don't see anything that would cause us to make any adjustments in our revenue projections. In saying that, I don't know if there will be circumstances over the next few months that would cause us to make adjustments, but at this point there is nothing — the information and the tracking that is done — that would cause us to make any changes.

**MR. C. MANNESS:** Mr. Chairman, I meant to mention that I did realize fully well last year that the actual revenues in these two resources did seem to fall in line quite nicely with the levels that had been forecast, some year and a couple of months previous. I would hope that experience would occur again this year.

Mr. Chairman, I can't help but notice the forecast for revenue in the gasoline tax is not going to change significantly at all. This value has been increasing for the last few years, and yet I notice there is no forecast of increase and I would ask the Minister whether or not the people in this province, whether they're driving the same number of miles, that we expect to use basically the same consumption, given the fact that we have a fixed cost. I don't believe we're on the ad valorem basis, that we indeed can't expect any significant change in revenues associated with gasoline tax. I'm just curious as to the specific rationale to keeping that number more or less similar.

**HON. E. KOSTRYA:** First of all, if the member would look at the preliminary report for the end of the year, it was actually under what was in the print last year, so that the level was slightly lower than what was projected. The level was 114.6 million, so based on our projection, it would be a slight increase up to the 115, even though over print it's lower, and over the year previous, 1984-85, is 101, so there was that increase and the projection last year was somewhat more optimistic than the fact. Two factors for the flat revenue. Firstly, there is no increase in the tax level this year; and secondly, consumption patterns seem to indicate

that they seem to stay relatively the same for the province.

**MR. C. MANNESS:** If this number drops off significantly, can we assume the reason for that obviously is lower consumption? Could it mean that our own people in the province are trying, very quickly, to get out of the province, either to the west or the south, to buy additional gasoline where of course it's much cheaper?

Mr. Chairman, I motored to Fargo one month ago, and I took a full-size van. I would tell the Minister that I filled up that van there and I forget the amount of gasoline I consumed. I can tell him I paid \$11 American dollars to fill up that tank of fuel. I also believe the last thing I did before I left the United States was to fill my vehicle up again — I mean the saving is just that drastic — and the Minister for Urban Affairs can shake his head all he wants. When you drive a full-size van, you can realize a significant saving. I dare say that he might think twice too before he would come back. — (Interjection) — Pardon? No, it was actually a baseball game, it was a month ago.

So, Mr. Chairman, there's just no doubt about it. There are significant savings to be made if you're a motorist and you do not purchase in the province. I know the Minister is cognizant, but I'd have to think that if this number begins to slide in a significant fashion, the government is going to have to look very closely at the level of taxation. I'm wondering whether in this whole major tax reform package, whether or not this item will be addressed as one of the maybe more minor areas, but yet as a major area to all of our people.

Indeed, his political party and his Leader made a big issue about it, Mr. Chairman, made a big issue out of this during the provincial election. Of course the focus of their criticism was directed towards the oil companies and not to provincial taxes. But I would question the Minister whether or not this element of taxation will also be included within the comprehensive review of the total tax picture.

**HON. E. KOSTYRA:** I think the other factor the member didn't mention in terms of what's impacting on consumption patterns with respect to gasoline has been the ongoing move to smaller and so-called more efficient vehicles. There's not all that many people that have the large van that the member talks about. They seem to be the smaller more fuel-efficient van, so that is another major factor that has impacted on gasoline consumption, and obviously has an impact on revenue, when people are actually going farther with the same amount of gasoline, greater efficiencies, which I think we all would agree is desirable, in terms of the use of a non-renewable energy source. This area — as all provincial taxation areas — will be subject to our review.

**MR. C. MANNESS:** Mr. Chairman, moving down the list, I won't question the levy for health and education or the Manitoba succession duty and gift tax or the mining claim lease tax or the mining tax, which is increasing significantly. The Minister has indicated to me that at present negotiations are occurring between some of the companies involved in the industry and the government at this time, but I would ask the question with respect to oil and natural tax and I see where

there is a significant decrease, some \$10 million within that area and I'd ask the Minister for the rationale with respect to that decrease.

**HON. E. KOSTYRA:** Yes, that's directly related to the decrease in the price of that commodity and is based on information that the Department of Energy and Mines who are much closer to that industry than we are in terms of what impact that would have on Manitoba's small, but important, segment of the industry.

**MR. C. MANNES:** Mr. Chairman, I'd ask for a little fuller explanation. Does the Minister have any basic raw data or parameters that he can provide to substantiate the comments that he just made, for the record?

**HON. E. KOSTYRA:** I don't have much detail to provide other to point out that this tax is based on the amount that's produced and it's related to the wellhead price. So because of the decrease in the price that is having the biggest impact on the revenue.

If the member is interested in further projections, we could probably provide it. But I don't have that kind of detail here. We rely on the estimates out of the Department of Energy and Mines in terms of what activity they see and what projections they make in terms of the impact of the wellhead price on Manitoba producers.

**MR. C. MANNES:** Mr. Chairman, moving on to the retail sales tax. I notice last year there was an unexpected increase, close to \$20 million over the fiscal year, actual as compared to forecast; and I'm sure it was on the basis of the estimated forecast that the department came out with a 1986-87 forecast of sales tax revenue, which showed some \$48 million increase.

I would ask the Minister two questions: firstly, would it be because we have the year-end figures in now and we know that in 1985-86 there's been greater totals in that area, that we could even achieve a higher level than is forecast? Secondly, it seemed to me because this is a provincial tax, and that we are now in the month of July, that there must be some indications based on the months of April and May as to whether or not there is an increase; but those two months of '86 versus those same two months in '85 — I have to think those numbers are available — and I would ask the Minister whether the general activity associated with the economy is such that the retail sales tax revenues will increase at the rate forecast. Can he indicate whether or not it may even be higher on the basis of the evidence over two months?

**HON. E. KOSTYRA:** Well, first of all, you will note that over the last number of years there has been higher revenue than has been projected even last year — the projection was for 417 and the actual was 436 — and based on that we've made the assumption of 465 for this year.

The reports that we have to date are basically for two months — and that's the first two months — and one month was about the same as projected and the second month was slightly higher.

But two months a year don't make . . .

**MR. C. MANNES:** Mr. Chairman, the Minister of Finance is listening too closely to the Minister of Tourism, he's trying to be a poet of sorts. But I'm glad to hear at least that after two months we may reach the forecast figure.

I would ask the Minister, because I really don't understand and I've been meaning to ask this now for a number of years, The Revenue Act, 1964 Part I, could the Minister tell me, and other people who are interested, specifically what this tax accrues to? From what source is it derived?

**HON. E. KOSTYRA:** This covers a 5 percent tax on the — a 6 percent tax rather on the purchase price of electricity — basically electricity and natural gas. I guess one could say the equivalent to the original sales tax legislation.

**MR. C. MANNES:** A final question, well, I shouldn't say final, Mr. Chairman. I would ask a question specific to the reciprocal taxation agreement and ask for a further explanation with regard to that . . .

**HON. E. KOSTYRA:** That's a reciprocal taxation agreement with the Federal Government allows for the Federal Government to make, in essence, payments in lieu of provincial taxation. It's done on a formula basis, with other factors entering into it and it's one that's applicable to all provinces in Canada. While it's basically a figure that we get from the Federal Government so the estimate there is the Federal Government figure. The actual last year was slightly higher than what's shown in the print last year. The actual is 16.5 million.

**MR. DEPUTY CHAIRMAN, H. Smith:** The Member for Morris.

**MR. C. MANNES:** Mr. Deputy Chairman, I thank the Minister and his staff for reviewing all those various areas of taxation revenue. Earlier on in the Session, I believe about three weeks ago, the Minister provided for me a list of exempted companies or individuals, people who were exempted from paying the payroll tax because, as the Minister said and as the heading of the document indicated, they were exempt because they were eligible for another government interest-rate relief program. I guess the government's rationale was, there was no use supporting them in interest rate relief on one hand and continuing to tax them by virtue of the authority of the payroll tax on the other.

I thank the Minister for that listing. Again, I would ask him to tell me whether those were the only situations, the only cases where businesses within the Province of Manitoba, given that they were not in bankruptcy, given that they were not in receivership, were exempted from paying that particular tax.

**HON. E. KOSTYRA:** I just want to clarify the terms we're using. The member uses the term "exemption," that they were not exemptions. They were payments made by the Department of Business Development and Tourism to equate to the same level of health and post-secondary education levies. So they were not exempt from paying the tax. There was a payment made to offset that tax through the business and in limited cases,

the farm interest rate relief programs. In the case of farms, it would only be those farms that would be paying the levy.

A number of farm operations that received the Interest Rate Relief Program did not have to pay the levy actually because they weren't in a situation to be employers or having payrolls of a sufficient amount to qualify.

The only other circumstance where the levy is not paid by businesses operating in the Province of Manitoba are those businesses operated by and on reserves, and there is a constitutional question as to the provincial powers of taxation on reserve lands, so the tax is not collected there because of the various court challenges that are going on.

There is no other situation that a business would not be paying the tax. If the member is aware of one, frankly we'd like to hear about it because it would be outside of the bounds of the act.

**MR. C. MANNES:** Mr. Chairman, when this new tax came in, there were some people who gained some notoriety because they, indeed, were not going to pay the tax and I believe for some period of time they did not. I take it by what the Minister said that today everybody, without exception, is paying the tax. Obviously those corporations or businesses that were at one time in contravention of that particular tax act must have retroactively paid the amounts that they owe.

But I want to know what the government does in cases where corporations or businesses who see that they are moving into receivership and who may not have paid this tax for several months previous to that point in time, does it proceed in a court sense to gain its share as one of the creditors to whatever proceeds are left as the company or the business is wound up?

**HON. E. KOSTYRA:** I may have missed part of the member's comments. I believe the first question was using terms somewhat different. I said there were no other people that were exempt from paying the tax. There are a very small number who are either in arrears or who have not made proper payments that the department is following up in the usual fashion. That's true of other forms of provincial taxation, and from time to time as the member is aware there is appropriate court action taken if all other means are not successful in terms of getting that necessary tax revenue.

In terms of bankruptcies, the government does take action to attempt to get payment of any and all taxes that are due.

**MR. CHAIRMAN:** 4.(a)(1)—pass; 4.(a)(2) Other Expenditures—pass; 4.(b)(1) Retail Sales Tax Branch: Salaries—pass; 4.(b)(2) Other Expenditures—pass; 4.(c)(1) Mining and Use Taxes Branch: Salaries—pass; 4.(c)(2) Other Expenditures—pass.

4.(d)(1) Corporation Capital Tax/Health and Post-Secondary Education Levy Branch: Salaries — the Member for Morris.

**MR. C. MANNES:** Mr. Chairman, I would ask how many provinces in Canada now levy a tax similar to one that is levied in Manitoba called the post-secondary education tax, alias the payroll tax? Is it my

understanding there is a third province now using this type of taxation, or is it still just Quebec and Manitoba that have in place this tax?

**HON. E. KOSTYRA:** As far as we know at the present time there are only the two that have that specific tax, ourselves and the Province of Quebec. The Province of Quebec recently increased their levy slightly.

**MR. CHAIRMAN:** The Member for Brandon West.

**MR. J. McCRAE:** I'd like to take the Minister back to 4.(a) for a moment, his colleagues from Elmwood and Elice had me occupied on the other side of the Chamber. Whether by design or not, I would ask your indulgence to ask the Minister a question under 4.(a).

**HON. E. KOSTYRA:** Go ahead.

**MR. CHAIRMAN:** The Minister is agreeable.  
The Member for Brandon West.

**MR. J. McCRAE:** I thank the Minister for that accommodation.

I'd like to discuss for a moment with the Minister the motive fuel tax levy brought down in the recent Budget and ask him — the Minister will recall a discussion we had in the House about how that tax will be passed on and to whom — and the Minister said that he would be entering into some discussions with certain oil transmission and distribution companies to try to get a better handle on their position respecting the motive fuel tax and I wonder if the Minister has had an opportunity to discuss those matters yet.

**HON. E. KOSTYRA:** There hasn't been any direct contact with them other than some discussion from our staff. Our staff had contacted them a number of times and they indicated that they would be providing us with a submission and I just noticed in today's mail, a letter from them requesting a meeting with myself, which will be arranged as soon as possible.

**MR. J. McCRAE:** Mr. Chairman, I'd just like to ask a question about the policy of the government. At the time that the question was raised in the House, the Minister indicated he felt if the matter were handled in an equitable fashion, the payment of the Manitoba motive fuel tax would be shared by consumers of natural gas in Quebec and Ontario. I wonder if that is still the policy of this government?

**HON. E. KOSTYRA:** The level was set to correspond with other such taxes on other forms of energy, such as propane. For example, if those generators used propane as their energy source rather than compressed natural gas, they would be paying a similar rate based on volume.

The issue that I said, in terms of the passer of those costs, and the suggestion that they should be passed on in equitable fashion with all end-users of that product was one that equates to any other form of transmission of a commodity.

When a tax is applied with respect to the use of locomotive fuel, it is not only the users of that delivery

system in that province that would pay for the tax on that. I'll use Saskatchewan as an example because they have one of the highest locomotive fuel taxes, or the highest locomotive fuel tax in the country. It's not only on the shippers and the recipients of products in Saskatchewan that are levied that tax; so in the same fashion, I believe any costs associated with the transmission of that commodity through the province — for the benefit of some consumers in the province who purchase that product and other consumers — if they indeed want to pass on those costs, should be shared equitably by all users of that commodity.

**MR. J. McCRAE:** Well, Mr. Chairman, if that is the policy of this government, what consultation did the Minister undertake with gas transmission companies? What consultation was there with the distributors in Quebec and Ontario, respecting their willingness to accept this levy in those provinces?

**HON. E. KOSTYRA:** Well, as the member is aware, the Minister of Finance does not consult on specific tax increases before they are implemented. There was discussion with one of the local companies at their request, with respect to a level of taxation with respect to compressed natural gas. If it were to be used in their specific case; if it were to be used in a motor vehicle, because there is some experimentation or possibility of that being used as a motor vehicle fuel.

**MR. J. McCRAE:** I think the Minister said that there was discussion with a local company. But, Mr. Chairman, let us say, when the Government of Canada were to impose a tax on locomotive fuel that would be felt right across the country; surely the Minister would recognize that type of tax would hit various consumers of end-products in various and sundry ways — whether you call it consultation or discussion, whatever it is — there should be that kind of thing. I believe the Minister would be outraged if the Province of Ontario levied a tax on some commodity coming into Manitoba; that the end-user here in Manitoba would have to pay the cost of. It strikes me that would be the way the consumers in this part of the world would look at it.

It's passing very strange to me that all the users of the product in other provinces are expected to pay this Manitoba tax, when it is the tax, for instance, levied on the amount of fuel required to compress this gas through Manitoba or does it go beyond that? Can the Minister answer that? The amount of fuel used to compress gas for use in Manitoba; is that the only application of this tax or does that tax apply to the amount used to push all the fuel right through, the gas, all the way through to Ontario and Quebec?

**HON. E. KOSTYRA:** What compressed natural gas is consumed in the Province of Manitoba, that is obviously to pump the gas from when it flows into the province to when some portion of that flows out of the province into Ontario, so it's only the consumption in Manitoba.

In terms of the member's earlier comment, there are a lot of taxes that end-users in Manitoba pay for that are levied by governments in Ontario, whether they be with respect to the railways, with respect to trucking or to other forms of transportation, that end-users in

Manitoba will bear some portion of the costs as consumer of the product that is transported in that fashion.

**MR. J. McCRAE:** Mr. Chairman, the Minister told us that the net effect, according to his calculations of the motive fuel tax on the consumer in Manitoba — if the tax were applied only to consumers in Manitoba — would be an increase in the average monthly gas or average annual gas bill of about \$24.00. He told us that if the cost was shared by other consumers in the country, in Canada, that cost would be \$1.50.

I believe Inter-City Gas is saying that the average fuel cost in Manitoba, average natural gas cost per consumer in Manitoba would be about \$60.00. Has the Minister been able to reconcile those figures? I realize he's told us that he has not yet met with Inter-City Gas on this, but those figures that he gave us in this House, are those figures the same now as — I shouldn't say are they the same — but does the Minister maintain that those are the correct figures?

**HON. E. KOSTYRA:** The retired agriculture critic says he tripped me up again — (Interjection) — or demoted, I'm sorry.

No, I shouldn't say retired because what I heard earlier today sounded like a leadership speech from the Member for Arthur. It seems he was in form for the leadership as I know a number of others on that side are. — (Interjection) — We'll see that within the next three or four months if my sources prove correct and they usually do.

In terms of the apparent difference in figures, as I understand what the gas utilities were doing was simply taking the tax and applying it equally to all consumers in the province. So their figure of the so-called \$60 per consumer is not an incorrect figure because they were treating residential and commercial and industrial consumers as equal, so each consumer in the province would pay \$60.00. The figures that we quoted of approximately \$24, and I understand the more latest statistics show that to be somewhat about \$16 rather than \$24, would be the average cost for a residential consumer based on what is given as the average consumption for natural gas in the province for a residential consumer. The average cost for a commercial-industrial consumer would be considerably higher and obviously considerably higher than the \$60 mean average for all the consumers in the province.

**MR. J. McCRAE:** Mr. Chairman, I think I understand the Minister, but I think I am not getting my point across to the Minister very well.

Mr. Chairman, the Trans Canada Pipelines offered a 55 cents per thousand cubic foot discount to distributors in Ontario and Quebec, and the allegation, or the story as I have it, is that because of this new tax in Manitoba they declined to offer that discount to Manitoba consumers or Manitoba distributors, the result being, however the figures come out the result is that they are saying that there will be a \$60 increase to consumers whether — I don't know what the mix is — but \$60 instead of a possible \$60 or \$59 reduction. Because of our tax they are saying we're not going to be able to take advantage of that discount.

I make no comment, Mr. Chairman, on the fairness or unfairness of that position, but that's what I asked the Minister to get to the bottom of, the day that I asked those questions. I wish the Minister would turn his attention to that aspect as well as just the tax aspect. There's the loss of that discount that I believe the Minister will find out about when he meets with these officials.

**HON. E. KOSTYRA:** I can't verify those figures because the only information that I've received was in newspaper reports. It's one we'll obviously review with the companies. It does cause some concern because it obviously seems that it's a method for the interprovincial pipelines to, in essence, suggest retaliation against a provincial government that places a tax on that particular company, and the threat is that they are not going to allow any so-called reduction in the cost of that energy source in Manitoba as a result of other decisions or other impacts.

We are at present studying that and we are looking to other departments in government, including the Department of Energy and Mines, and also the Public Utilities Board, to look at what might be done to protect Manitoba consumers in the light of that apparent retaliatory action by the pipeline companies.

But I will, as I indicated, want to meet with them to hear firsthand and see if there is an easier way to resolve it without getting into that kind of a situation.

**MR. J. McCRAE:** Mr. Chairman, I'm happy, I think I finally got my point across. It is probably partly my fault for not stating it as well as it should have been stated, but that was the point, this retaliatory aspect.

It just goes to show that retaliation, Mr. Chairman, takes all kinds of forms. If you want to call a business not locating in this province because of a tax regime and because of a labour law regime, if you want to call that retaliation, then there is a new definition for the word. But retaliation of one kind and another is what we are going to get in this province if we keep inventing new taxes and if we keep on with a deficit financing system and a taxing system to pay for that type of system in this province. I just make the point that every time a tax is levied, or increased, there is going to be a reaction. Sometimes it might not be seen as to be a fair reaction, but there will be a retaliation of one kind or another.

The great retaliation that we don't even know about is the one I hear the most, Mr. Chairman, and that is the retaliation so-called that there will be on the part of the business community which has the power and the capacity and the ability to create jobs in this province. I am afraid that that kind of retaliation is the one we are seeing far too much of, and when jobs are created, Mr. Chairman, taxpayers are also created and we are losing out on a great opportunity to create taxpayers in this province by not adopting some of the policies we should be adopting.

**HON. E. KOSTYRA:** Well, we could get into quite an interesting debate. The member has taken his specific concerns of this one tax on a large company like Interprovincial Pipelines and suggests that it's a result of general taxation policies, and he lumped in the deficit

that Manitoba is losing out in terms of economic development. Well, the statistics indicate that that's not entirely true, that there is economic growth, there is private sector investment in this province in spite of what the member calls . . .

**MR. J. McCRAE:** Statistics don't deal in potential.

**HON. E. KOSTYRA:** . . . relatively high taxation levels. There's no question that Manitoba does have relatively somewhat higher levels of taxation on larger corporations than it does on individual taxpayers, and relatively higher levels of taxation on larger corporations than we do on small businesses, and that's been a decision that this government has made looking at the need for increased revenues at the same time as it's looking for some balance in the system.

As the member is aware, the deficit situation is one that is of no one's satisfaction, that we want to bring it down. But when we do that by attempting to increase tax like the one we're debating, or which he has been somewhat critical of, the corporation capital tax which his leader was critical of, or the increased taxes on banks, the member suggests that that's not the place to get the additional tax revenue to deal with the deficit. Then the other sources are the obvious one of looking at individual taxpayers. So it's difficult when you have to make those judgments and make those decisions in terms of having adequate revenue, and we're going to have much more difficult decisions as we deal with the issue of financing.

I would just suggest that to make a blanket statement that somehow the taxes placed by this government have impacted in a negative way with respect to development vis-a-vis other provinces is not true because on a relative basis our economic performance has been relatively better. We all wish it was and work to even get it better.

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

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

I would like to maybe just pursue with the Minister a little bit more about the motive fuel tax rebate to farmers that we talked about in question period today.

Could the Minister tell us what the nature of the refusal from the Federal Government was? You made a request for inclusion of . . . — (inaudible) — . . . on the 1986 income tax form. What specifically was the nature of your request to them, and on what basis did they refuse you, or was the refusal indicating that if you made this change in your request they would accommodate it? Then I would like to know what nature of the new considerations as to . . . — (inaudible) — . . .

**HON. E. KOSTYRA:** The original request that went to the Federal Minister of Finance suggested a system that was proposed to us by the farm organizations. That was the rebate system through the federal income tax with an additional provision for an early payment provision. As a result of some initial discussions with federal officials, we altered the proposal so that there wouldn't be the necessity for the early payment provision, and just have it dealt with under the regular income tax provisions in terms of payment.

The basic position that the Federal Government took in refusing our request was they didn't feel that the income tax system was the appropriate vehicle for dealing with that kind of tax rebate system. They felt that it wasn't income tax related, even though, as the member is aware, farmers have to file that kind of information with respect to deductions on income tax, have to file that very information with respect to fuel consumption, and that is as a cost of doing business. So that information is available. It's not creating a whole new system to look at that information.

We've said back to the Federal Government, we're aware of other areas where they provide for a rebate system on taxes that are not directly related to income tax, and asked them to relook at it on that basis.

The position of the farm community to us was twofold. One is that they wanted to see the benefit of the tax, the no tax on farm fuel. Just as an aside, we're now seeing a situation through the dyeing program that was put in place with respect to the importation through the U.S. and other pressures that have been placed by the farming community and oil companies. Farm buyers are now seeing, and our latest surveys indicate, that the farm buyers are seeing a better return than the difference in the price as a result of the no tax. In fact, I think the difference is a penny or two more on our latest survey which was done. So farmers are seeing, for the first time, better than a full benefit of the reduction of the tax, as against comparing it to average prices in the City of Winnipeg. So that's an encouraging sign and that was the one reason.

The other reason that the farmers put forward — and we agreed with them on the system — was that they did not want to see a whole new bureaucracy put in place and a whole new system of paperwork that they had to fill out in order to get this tax benefit. It just seemed to make sense all around that it be part of the federal tax system. I certainly intend to pursue it, and I know from others that there is some discussion with Manitoba MP's to impress on them the need for this simplified system for farmers.

**MR. G. FINDLAY:** The Minister mentioned early in his comments there that there would not be an early payment, an up-front payment, as had been proposed by CAP. I would like to find out from the Minister how he proposes the money get to the farmers. When he buys the fuel, he has to pay the motive fuel tax. How is that possible 9 cents a litre put into the farmers' hands? What's the proposal?

**HON. E. KOSTYRA:** The original plan was to have the prepayment to get money early to the farmers with a reconciliation of the actual at income tax. The alternative that we suggested with the Federal Government was just to have it all done at income tax time, rather than have the prepayment. But that was not acceptable either in discussions that staff had with the Federal Government.

**MR. G. FINDLAY:** Certainly the disadvantage I see with that is that you'd be paying the tax in May and June and July and August of 1986, and not being able to get your rebate back until April or June, or whatever, of 1987. So you're out the interest on that money for

a long period of time, which could well amount to more slippage than existed in the system you were trying to rectify.

I would like to hear what objections the Minister has to a credit card system or a rebate directly at the time of purchase right on the sales slip, the same as is presently done with the federal sales tax? It's taken off right at the time of purchase, based on tax notes that the farmers has, so that there's no slippage either way. It's done right at the time of purchase; no money changes hands. It gets rid of all the bureaucracy that we're trying to avoid. The system that you're putting in place has a lot of bureaucracy, a lot of slippage because there are all kinds of ways to beat that one.

**HON. E. KOSTYRA:** There are a number of difficulties with that. Obviously, if one would compare that kind of system with the present system, the present system is much simpler; particularly if we are going to see the benefits continue, we have some way of better monitoring that.

The difficulty with that system would increase the likelihood of slippage, and also there would be increased administration costs for the government to administer the system because, right now, there are not very high administration costs for the government to implement the system of dyeing that's in place right now. That's got to be one of the concerns, that we don't — in trying to correct a problem — cause increased administration costs in doing so.

**MR. G. FINDLAY:** I would just like to stress to the Minister that there's a dire need to find a mechanism of getting that rebate directly to the farmers. The dyeing system is really an old system that doesn't work on numerous trucks and vehicles. I've had comments in the last few weeks, people saying they've just got to quit using dyed fuels. The efficiency of the engine is decreasing, and they can't get dyed unleaded fuel, which many of our vehicles . . . — (inaudible) — . . .

So there are all kinds of reasons why the dyeing process has got to come to an end and another system has to come in place. Again, I'll say that, if it will work with the federal sales tax, I can't understand why it can't work with the motive fuel tax rebate here in the province.

But I'll leave that one now, and just comment again on the price of fuel. You have mentioned that, because of the opening of the U.S. border, now the spread between the posted price and what the farmer pays is at least that or slightly more. That has been the case. I've been told recently that the price of fuel in the States and in Ontario and Saskatchewan has been declining a little bit over the last month or so, but it's held constant in Manitoba. . . . — (inaudible) — . . . the opening of the border was supposed to keep us in line, now all of a sudden, we're not staying in line. So there are a lot of factors in play here.

That's really all I want to say in that area, just to try to stress to the Minister to push on and find a system that gets the rebate directly to the farmers, if they want it. It must be resolved.

I'd like to ask a question on retail sales tax. I had a farmer phone me the other day and he said, I can buy cement for a bin and I don't have to pay the sales

tax. If I buy the cement for a bunker or silo, I have to pay the sales tax. Is that right?

Then the next obvious question is if you buy cement for a bin or a pad for your driveway, or whatever you're using it for outside of the residence on your farm, should not the sales tax be off, is really what they're saying? Why differentiate between one use or another use?

**HON. E. KOSTYRA:** I'm just going back to the previous issue for a moment and then I'll respond to the specific area.

I have recently written to the various farm organizations asking for their advice in terms of this issue. I happened to see Mr. Douglas today over lunch, from CAP, and he indicated that they will be reviewing that and responding shortly, so I intend to continue consultation with the farm organizations on that.

Just one other comment in terms of the average. The surveying we've done, we've found that on a survey done on April 15 that the average farm fuel price was 36.4 cents for leaded gasoline, which showed on average 9 cents below the Winnipeg price, which would give a net benefit to the farmers of .1 cent, because the tax rate is 8.9 cents.

The last survey we did as of June 2, that spread has increased to 10.4 cents over the Winnipeg rate, with a net benefit of 1.5 cents. The actual rate has gone down from the survey dates from, on average, 36.4 to 35 cents.

In terms of the specific question, the general rule, and there's quite a detail of areas that are exempt, that if those products are being used for on-farm production purposes, or related to the farm production, then they are exempt.

I wasn't too clear — I heard him say if it was used for a silo, it was exempt, but I didn't hear the other term. So if you could just repeat that and maybe staff could . . .

**MR. G. FINDLAY:** His statement was that he phoned the tax department. If he used it for a grain bin, it was exempt. If he used it for a bunker or silo, basically the same kind of slab cement, that it was not exempt for the silo.

**HON. E. KOSTYRA:** We'll research that specific situation and provide the information; if not when

committee sits again, I'll respond directly to the member with that information.

**MR. G. FINDLAY:** I know that, personally, I ran into this a couple of years ago where you'd go out to the cement supplier and he says he's not sure but he thinks tax should be taken off. A lot of guys won't get around to phoning the tax department, but I'm sure a lot of tax is being collected and probably in areas that the farmer probably really didn't have to pay it. So if the guidelines could explain very clearly that if it's for production purposes on a farm, then it would clear up a lot of problems that exist at the supplier level because a lot of arguments start right there, and say why pay the tax on it, I use it on the farm.

I would appreciate the Minister's clarification if he could list — well, if he's going to say all on-farm, non-resident uses, that covers a lot. Otherwise, just all the areas that are exempt and all the areas that are not, I would appreciate that.

**HON. E. KOSTYRA:** We can provide that information.

**MR. CHAIRMAN:** 4.(d)(1)—pass; 4.(d)(2)—pass.

Resolution No. 70: Resolved that there be granted to Her Majesty a sum not exceeding \$7,741,300 for Finance, Taxation Division, for the fiscal year ending the 31st day of March, 1987—pass.

What is the pleasure of the committee?  
Committee rise.

## IN SESSION

**MR. DEPUTY SPEAKER, C. Santos:** The Honourable Minister of Finance.

**HON. E. KOSTYRA:** Mr. Deputy Speaker, I move, seconded by the Minister of Natural Resources, that the House do now adjourn.

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