

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 25 May, 1987.

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - MUNICIPAL AFFAIRS

MR. CHAIRMAN, C. Baker: Call the committee to order.

In this section of the Committee of Supply, we'll be dealing with the Estimates of the Municipal Affairs Department. Let us begin with the statement from the Minister, please.

HON. J. BUCKLASCHUK: Thank you, Mr. Chairperson.

We'll just begin by a few introductory remarks. First of all, I'd like to present the Estimated Expenditures for the Department of Municipal Affairs for the 1987-88 fiscal year. Members have already received copies of the Supplementary Information which accompanies the Municipal Affairs Estimates, and copies of our 1985-86 Annual Report, which supplies members with program information.

Municipal Affairs' primary clientele remains the 200 municipal corporations outside the City of Winnipeg, and the elected and appointed decision-makers who manage local government affairs.

Last October's municipal elections saw the departure from municipal government of many dedicated municipal servants, either through disinclination to stand for office, or through defeat at the polls. It saw the defeat through the electoral process of aspiring municipal leaders and it saw an equal number of new faces chosen by the local electorates to carry on the firmly entrenched tradition of progressive local government in Manitoba.

I congratulate all candidates, those successful and those unsuccessful, and those who have stepped aside to let others take their place. The willingness to run for public office and to serve municipal and community interests indicates a strong commitment to the democratic process.

It would be remiss not to publicly recognize the contributions made by Manitoba's appointed officials. They are the people who provide day-to-day services which are, for the most part, unseen and often taken for granted.

It would be appropriate at this time, also to acknowledge the long and strong tradition of cooperation, consultation, and communication which have characterized ongoing relationships with the Union of Manitoba Municipalities, the Manitoba Association of Urban Municipalities, and the Municipal Administrators' Association. Such continuing dialogue augers well for the provincial-municipal partnership, and I'd like to thank those organizations and their executives for their participation in the continuing and wide-ranging discussions of mutual concern and interest.

This year marks a century plus one of the municipal-provincial partnership. In 1886, The Municipal Act was approved, consolidating all previous legislation affecting

municipalities. Municipal legislation has evolved according to economic, social and technological change, and will continue to evolve to accommodate the future.

Municipal Affairs is proud of its past traditions of service and looks forward to working with its municipal partners to address the needs of today and of tomorrow.

My department has provided the liaison linkage between the province and its municipal partners for the past 100-plus years. This linkage has been forged, in part, by the strong leadership shown by senior department executive. My Deputy Minister, Gerry Forrest, is present today, as are some of the branch directors, or they will be.

The overall Estimates for Municipal Affairs show a modest increase of 5.1 percent. However, direct grants to municipal corporations are up 12.3 percent - a substantial rise.

The most significant increase is in grants in lieu of taxes - close to \$3 million. Members are well aware that estimating grants in lieu is a variable exercise, which depends on municipal mill rates, acquisition of properties by the province, and the results of reassessment in the City of Winnipeg.

Members will note that projected handi-van and regular transit grants are down. This decrease reflects increased ridership and lower fuel costs, indicating higher recovery costs for the communities involved in extending public transit to their citizens.

Centennial grants which support municipal birthday celebrations are projected to remain at last year's level. This year, the Rural Municipalities of Ochre River, Riverside, and Coldwell are celebrating hundredth birthdays. I extend warmest of birthday greetings and wish them continued prosperity and progress in the century to come.

Closer to home, the R.M. of Gimli has spaced centennial events and celebrations throughout 1987. I am pleased to take part in activities celebrating this very special anniversary and will be especially pleased to represent the province, as well as my constituency, at ceremonies on Canada Day, when a bronze plaque commemorating a century of settlement will be presented to the municipality.

Police service grants are projected to be lower than last year. At that time, eligible municipalities received first year phase-out payments under the new granting formula.

Local government general support grants are projected to be higher this year. Municipal Affairs has administered this grant program since its inception in 1983. Until recently, however, payments were made through the Department of Finance. Members will note in the Reconciliation Statement, that \$850,000 is being transferred from Finance to Municipal Affairs to cover the costs of administering local government general support grants in 1986-87. This year, the projected cost has increased by \$500,000, for a total allocation of \$1,350,000.00.

Planning grants to planning districts remain at the same level, reflecting the reduced yet steady interest

and growth in the land use planning district program. Overall increases in payments have meant that savings have had to be effected in other sectors of the department's operations. A detailed examination of cost efficiencies is described in the Estimates Supplement. These will be discussed by appropriation.

The staffing complement has been reduced by nine staff years. This has been accomplished through retirements and through attrition. I would like to reassure members, however, that Municipal Affairs employees did not lose their jobs as a result of cost-reduction measures.

New management strategies and reassignment and realignment of duties can assure Manitoba Municipalities of continuing and ongoing standards of service. Salary increases reflect the current Collective Bargaining Agreement with the MGEA, reclassification, annual increments, and so on.

A significant decrease, close to \$1.5 million, is illustrated in Appropriation 9, Capital Expenditures. Most of the decrease refers to the provincial financial commitment to the Main Street Manitoba Program which terminated in 1986. Estimated expenditures have dropped from \$2 million to \$480,000.00. These funds are committed to those communities which have outstanding agreements with Municipal Affairs for Main Street Upgrading Programs still under construction.

Members will note that Transit Bus purchase grants are up, assisting the City of Brandon to upgrade its public transit system.

On the program delivery side, I would like to reassure members that although salary costs have been held to a reasonable increase, and that although operating costs are down slightly - about 1.4 percent - dollars have been committed to high priority policy objectives. One such objective is assessment reform.

I am pleased to have the opportunity to discuss with members the strides taken in this area over the past year and project future developments.

As members are aware, classification and portioning recommended in the Assessment Review Committee Report are concepts proposed to avoid substantial shifts in taxation from one property class to another when current value assessments are introduced province-wide. Property classification is the cornerstone upon which portioning can be built.

The task of identifying the property classes is seen as complete. Regulations which define eight major classes of property on the basis of the type and use were approved by the Lieutenant-Governor-in-Council and have come into effect this year.

The existence of province-wide levies based on real property values makes it essential that all jurisdictions assess properties in identical procedures. Such consistent approaches to property evaluation are crucial to overall assessment reform goals.

Last year I announced that work on preparing uniform standards and guidelines for the actual assessment of property was well under way. I am pleased to announce that the first joint procedural manual for the valuation of residential property and based on the 1984 cost, will be introduced later this spring. Farm building and commercial property valuation manuals are being field tested and will be published later this year. All manuals will be made available to interested members of the public at production cost. Funds committed to

publishing these documents are contained in this year's Estimates.

The Assessment Computerization Program is progressing on schedule. This is one step in the reform process which cannot be rushed simply because of the volume of information which must be translated from manual to mechanical formats.

To illustrate the magnitude of the task, my department has been told by the provincial computer corporation that once the computerization program is complete, Municipal Affairs will move from somewhere around 20th on their list of users to somewhere in the top five. When members consider that the top five includes the Manitoba Health Services Commission, Manitoba Hydro and the Manitoba Public Insurance Corporation, the size of the task becomes more apparent. Several hundred bits of information for each of the over 500,000 assessment roll entries must be translated to a mechanically readable format.

Work is proceeding on the design of the data entry and capture stage of computerization. In this data collection phase, all pertinent information is necessary to evaluating property and producing assessment and taxation rolls will be recorded. This stage is crucial to the process as all present and future programs will hinge on the information contained in the data bank.

New assessment manuals are basically complete. Land and building valuation data, which places current values on the different types of land and buildings, can be ready for feeding into the computer.

Review of assessment act provisions is continuing and this year's Estimates commit funds to rewrite the act.

As in the past, the public will be kept abreast of the assessment reform measures through a comprehensive public information program.

I'd like to comment briefly on the City of Winnipeg reassessment from provincial perspectives. First of all, I would like to reiterate provincial commitment to assessment reform. The seven-point program which, when fully implemented, will result in a fair and equitable assessment system, is well on schedule. Assessment rolls have been updated with all property information. Internal assessment branch reorganization is consolidated; research is continuing.

Earlier in these remarks, I noted the status of the legislative, computer, uniform procedures and public information components of the program. Assessment reform as introduced, offers a process and not an end result to achieve the above-stated objectives. However, the processes had to accommodate the court-ordered reassessment of the City of Winnipeg. This has necessitated that relief be extended to the city to ameliorate the potential effects of taxation shifts from one property class to another.

Last year, this Legislature approved Bill 57, allowing the city to set differential mill rates as a temporary measure to alleviate the impact of the court-ordered reassessment on Winnipeg ratepayers. The introduction of the eight major property classifications have given the City of Winnipeg officials the basic tools with which to do their job.

The right of property owners to appeal their assessment on certain grounds to their municipality, is basic to democratic societies. The 1987 amendments to The City of Winnipeg Act will place city ratepayers

in a position to compare their assessment with assessments on similar property throughout Winnipeg.

I'm pleased to announce also that additional appointments to the Municipal Board will help alleviate some of the appeal burden the city anticipates as a result of reassessment. Such ameliorative efforts have come about through consultation and cooperation.

Municipal Affairs has pursued this consultative, cooperative approach throughout the years. The land use planning program attests to the success of such approaches. Since 1976, when municipalities were encouraged to join their neighbours in planning district resources, 66 municipalities have chosen to work together in 24 districts. Growth in district formation has slowed, as reflected by land use planning grants, but the interest remains steady and new districts are being formed annually.

Municipal Affairs' commitment to education and training remains high. A series of training seminars held earlier this year for 269 elected officials attests to this. The municipal seminar in Brandon saw approximately 500 delegates gather to share ideas and concerns. This coming year will see a continuation of this activity.

Full sessions and early winter sessions are tentatively scheduled for both elected and appointed officials.

Our continuing involvement with the certificate program in municipal administration, through Continuing Education at the University of Manitoba, will see department staff conducting the 1987-88 program in Municipal Administration and Office Procedures.

Effective and open lines of communication are tangible goals we in Municipal Affairs pursue with our municipal partners. Working together and communicating with each other, the province and Manitoba's municipalities will continue to meet the many challenges presented.

Those are my opening remarks.

MR. CHAIRMAN: Thank you, Mr. Minister.
The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I thank the Minister for those non-substantive remarks and the opening of his Estimates.

I guess that the best comparison one could make is the one in which the Minister's responsibility in another portfolio where he saw some \$58 million of taxpayers' money through the Public Insurance Corporation be lost and now he's dealing with \$41 million. One would have to I think compliment the staff of Municipal Affairs for keeping their Minister somewhat under control in the handling of taxpayers' money in that regard - (Interjection)- Well, we'll find out, Mr. Chairman, as we go through the Estimates.

But where the Minister was directly involved as the Chairman of the Board and involved as a board member, the thing was completely in disarray and massive losses of taxpayers' money. I'm not sure as well, Mr. Chairman, if the Minister is able to conveniently see the disappearance of municipal records as happened in the Public Insurance Corporation. I would hope there hasn't been any of the similar activities taking place within the Department of Municipal Affairs.

Mr. Chairman, as well, I am extremely disappointed that the Minister of Municipal Affairs has not tonight

laid before us a program which was promised by the Premier during the election campaign of the major cost-sharing program on bridges and municipal infrastructures. I would have thought that having hired the former Minister of Municipal Affairs to put bread and butter on his table with taxpayers' money that we would have by now seen at least the report that he had prepared and some positive announcements tonight as to what kind of a program we'd be looking at. I am not disappointed that we've seen the end to the Manitoba Main Street Program, Mr. Chairman. That was a total waste of taxpayers' money and I'll go through that as we get the appropriate time and I'll justify the comments that I've just made.

As well, Mr. Chairman, it's a very, very upsetting situation when we see the depopulation of rural Manitoba taking place when we have the current Minister of Municipal Affairs who should appreciate the impact that this will have on the future of our province, the future on how much monies are able to be drawn as far as the government is concerned off the tax or land base. I think, Mr. Chairman, we're seeing a devastation of rural Manitoba, not only with the farm businesses and the farm economy the way it is, but with the extremely high-pressure and high-taxation policies that the NDP are placing on people in small business.

It is extremely difficult to maintain business in the environment that has been established under this government. You cannot continue to see higher increases in telephone rates, hydro rates, all forms of taxation placed on the backs of the taxpayers and expect them to thrive. They're competing with other jurisdictions which, Mr. Chairman, is in most cases somewhat easier to compete in. I would have thought we'd have had some kind of major announcements tonight, other than what I would say internal housekeeping programs.

Yes, the computer program is one which is important to update and keep the assessments updated. I don't argue with those kind of technical changes and those kind of in-house housekeeping matters.

But there was no announcement of any major policies or programs that would turn around the depopulation of rural Manitoba. All he is doing is announcing something like a week ago that, yes, he'll be putting in a phase-in program for those municipalities that have lost populations so that they don't feel the shock, that there will be a grant to support them. But the end result is, over a four-year period of time, they'll have to carry the weight of those people that are currently there. As we see a depopulation, there will be fewer people carrying the tax load.

I haven't seen any positive announcements from the Minister of Municipal Affairs, or from the Premier. The only thing we heard from the Premier, and that was during the election: NDP promises top \$50 million. This was on March 6, 1986, and he said in Swan River, "Pawley told a group of municipal leaders that the NDP would establish a rural development fund to pay half the cost of repairing or building infrastructure in towns and villages."

Where is it, Mr. Minister? It's over a year later. You've been in government since '81. Where have you been? Where are the programs? This is the second time we've had Estimates before the committee and nothing developed.

I'll continue on, Mr. Chairman. "Linking it to its government's Main Street Manitoba Community Assets Program, Pawley said municipalities would be eligible for 50 percent funding to repair such things as bridges, sewer systems and firehalls. He said the program would go a long way to arresting the decay of services in rural Manitoba."

Where is it, Mr. Minister? We're over a year from the time that this promise was made. We've hired the former Minister of Municipal Affairs to put bread and butter on his table because he is a political hack friend of the current Minister. Where is the program, Mr. Chairman? Municipalities are waiting. The decay that the Premier talked about is still going on. In fact, the statistics show that there's not only a decay but a depopulation.

The chairman of our committee, Mr. Chairman, being a former reeve, knows the essential needs and the necessary needs of the municipal bodies. Where is he at? What are they doing, though, Mr. Chairman? They're taking away RCMP services from rural Manitoba and making the municipal corporations pick up the costs. That's what they're doing in the southwest corner of the province, transferring the cost from the government to municipal corporations. The very thing that he's so anxious to fight Ottawa on. In fact, if we go to his opening statement at the Municipal Convention last fall - and I'll refer to the press release a little bit later - he said he was cautiously optimistic about the economy of Manitoba, but it was the terrible government that was cutting back on the transfer payments.

Mr. Minister, you're no better and you've no room to criticize, because you are doing exactly the same thing. You are doing exactly . . .

A MEMBER: Tell us where.

MR. J. DOWNEY: I told you where you're doing it, in the servicing of RCMP services in southwest Manitoba. There are two municipalities now picking up RCMP costs because you've reneged, Mr. Minister, because you and your government have reneged. They're all paying an equal assessment for RCMP except two municipalities are expected to pay extra in the southwest corner of the province. That's where I'm telling you where.

A MEMBER: Pay your own way.

MR. J. DOWNEY: Yes, Mr. Chairman, the Minister can't have it both ways.

So what I'm saying to him is he'd better clean up his act. I would have thought - why haven't we had policies to announce tonight? I mean how many years does it take before we start to see some of the positive results coming out of the Premier's promise?

A MEMBER: The next election, Jimmy.

MR. J. DOWNEY: Is that what it is? Is it an annual thing that we - or every time there is an election - see false promises. Is that what the name of the game is? Well, I can tell you, Mr. Chairman, it won't wash in rural Manitoba. There's another one that won't wash as far as I'm concerned and that's this Minister voting against

rural Manitobans having a person, having an individual, on the Electoral Boundaries Commission.

I have some interesting letters starting to come in from the municipal corporations now and I'll tell you one in particular that the Chairman of this committee will be extremely interested in. The questions are being asked, does he represent the NDP party or does he represent the constituency which he comes from? By a resolution of a municipality, I can tell you, this is a little different kind of a situation when you're in party politics and I think you have to answer, Mr. Chairman, when you go home to your constituency as to who you are representing - the constituency or the NDP party. I can tell you you'll go a lot further representing your constituency than you will the NDP- (Interjection)- Well, I shouldn't give him that advice, should I? It may be a bit of help to the people of the constituency. I'm certainly not out to help the government, but I hope the people of that constituency get a little bit more of a thoughtful ear from their representatives.

I have some questions, Mr. Chairman, dealing with some of the appraisals and assessments of which the Minister is aware. I think there is a matter of activity within a municipal corporation that the community has brought it under question. I hope the Minister during the Estimates would have a chance to respond to that situation.

But I just say, in concluding my opening remarks, Mr. Chairman, it's a dismal record that this Minister and this government have, starting with an election promise that there's no sign of anything happening. As well, hiring a political hack friend, the former Minister of Municipal Affairs, at \$55,000 plus expenses and still not prepared to table a report so that the Legislative Committee, when it's time to do it, can deal with what his recommendations are. I would hope the Minister would have been prepared to table that report tonight. Why isn't it available tonight?

I think, Mr. Chairman, their whole record as far as operating the municipal corporations, they aren't truly reflecting the wishes of the majority of rural municipal corporations in their activities. I'm extremely disappointed that the Minister didn't have something positive to table here tonight dealing with the relief that we would expect to see on the rural taxpayers of Manitoba and particularly a policy that would address the depopulation in rural Manitoba.

If it continues to happen, Mr. Minister, who do you expect will continue to carry the taxes that you're going to need, or to pay the taxes that you're going to need, off of our rural base? Who's going to maintain, who's going to put the other 50 percent up, if it ever comes, who's going to put the other 50 percent up? You're going to have to come to your senses, Mr. Minister. I believe, Mr. Chairman, it's up to him and his government, you and your colleagues, to show some leadership in the field of municipal politics. It isn't there, and we'll look forward to some of the answers that he's prepared to give us.

I think, Mr. Chairman, if the Minister could outline how he'd like to proceed through the Estimates, we can deal with them in fairly large blocks of these; that would help accommodate some of my colleagues in some areas they want to question as well. Or does he want to be extremely restrictive going line by line?

HON. J. BUCKLASCHUK: No. If you want to go into some detail, I have no problem going page by page

through the Supplementary Information, if that is the will of the committee.

MR. CHAIRMAN: What is the wish of the committee? Do you want to proceed line by line with the option of having to go back to something? You can always go back to something, that is the way we dealt with it.

MR. J. DOWNEY: Yes, Mr. Chairman, let's start going through the Estimate Book on a line-by-line basis.

MR. CHAIRMAN: Yes, we'll deal with 1.(b)(1).

HON. J. BUCKLASCHUK: Mr. Chairman, can I have my staff with me at the present time?

MR. CHAIRMAN: No, I don't think so John.

SOME HONOURABLE MEMBERS: Oh, oh!

A MEMBER: Go from memory, John, go from memory.

HON. J. BUCKLASCHUK: I think they'd be most useful in providing the information that this committee wants. Go from memory? Well, I could try.

MR. CHAIRMAN: The staff needs no introduction. I think everybody knows them. Did you want to introduce the other staff? I'll introduce the Deputy Minister Gerry Forrest, and Gerry can then introduce his staff.

MR. J. DOWNEY: Mr. Chairman, I only have one introduction to make. My Deputy critic, Mr. Helmut Pankratz, the Member for La Verendrye.

You have started on 1.(b)(1), is that the Executive Support?

HON. J. BUCKLASCHUK: Yes.

MR. J. DOWNEY: Mr. Chairman, are there any changes in the makeup of the department in that particular area?

HON. J. BUCKLASCHUK: That is the Executive Support. Last year, as you'll note, the appropriation was somewhat less than it is this year, being \$307,500 and it's increased to \$385,900 this year, principally because of the addition of two staff members. The two staff members here are lodged in the department, but they report to me as the chairperson of the Committee on Boards and Commissions.

MR. J. DOWNEY: I'm not quite clear. What is their purpose?

HON. J. BUCKLASCHUK: The Committee on Boards and Commissions is a Cabinet sub-committee, of which I have been the Chair since 1982, and these are two support staff to assist us with a review of virtually all boards and commissions within the province.

MR. J. DOWNEY: You're talking about municipal boards and commissions?

HON. J. BUCKLASCHUK: No, I'm talking about provincial boards. I'm talking about boards and commissions as appointed by the Province of Manitoba.

MR. J. DOWNEY: Was there a public announcement made that the government was carrying out a review of all the boards and commissions in the province?

HON. J. BUCKLASCHUK: An announcement - well, not an announcement but certainly it was public information sometime, I believe, in early '82, that such a committee was in place and that I was the chairperson of that committee.

MR. J. DOWNEY: Mr. Chairman, we've had a committee in place since 1982. Is the Minister prepared to give us the results of the study that's been carried out?

HON. J. BUCKLASCHUK: The outcome of the study in terms of reclassification, in terms of remuneration for board members and so on, will be done through a public document by an Order-in-Council within the next three to four months.

MR. J. DOWNEY: So in other words, all boards and commissions have been reviewed. Have there been recommendations to delete or to remove any boards or commissions that are no longer functional or needed in the system of operating government?

HON. J. BUCKLASCHUK: There are approximately, just guessing, about 300 boards and commissions and the functioning of each of these boards is being reviewed. We have carried out a fairly thorough review of about, I believe, a third of these at the present time. There have been proposed adjustments in terms of remuneration for board members, some of their responsibilities, not necessarily up, down in many cases as well.

The other two-thirds are ongoing and it may well be that some boards and commissions have no longer served a useful purpose.

MR. J. DOWNEY: Mr. Chairman, if it was established in 1982, how come it just shows up now in the expenditures of the Minister as two individuals? Has it taken him that long to get off the mark? Is that really what the problem is?

HON. J. BUCKLASCHUK: Not at all. The committee was established in 1982 or so and operated in a very informal manner, but as of last fall, we formally undertook the review as to the requirements of board members, their responsibilities, whether or not their remuneration was in line with their responsibilities, whether or not that board or commission still has a purpose in being. That formal review was only initiated last September.

MR. J. DOWNEY: So, Mr. Chairman, the Minister indicated the review which is being carried out will be made public in three to four months?

HON. J. BUCKLASCHUK: The changes in terms of remunerations and level of responsibilities will be done through a public document by way of an Order-in-Council.

MR. J. DOWNEY: I appreciate that. Will the review be made public?

HON. J. BUCKLASCHUK: I would see no problem in that once it is completed, but as I indicated, it is being done on a phased basis, so I won't say the more important boards, but certainly boards that have been identified as necessitating review at this time will be dealt with in a matter of three or four months, and the rest will be done over the next year or so.

MR. J. DOWNEY: Mr. Chairman, so that's the only change, the two support staff? The other support staff that we're talking about, Executive Support would be . . .

HON. J. BUCKLASCHUK: Those would be in my office and in the Deputy Minister's office.

MR. J. DOWNEY: Has there been any change there in the last period of time?

HON. J. BUCKLASCHUK: No, the numbers this year are the same as they were last year.

MR. J. DOWNEY: I see, okay.

MR. CHAIRMAN: The Member for Emerson.

MR. A. DRIEDGER: I wonder, Mr. Chairman, whether this would be the proper area, under executive staff, to indicate the policy direction that the Minister is taking, and I want to be specific, for example, about what's happening with the local government districts and the cutbacks to the Department of Highways, and the cost-sharing of the programs. I wonder if the Minister could indicate what his position is in terms of the local government districts and the cutbacks in the programs that are available to them under the cost-sharing of highways, drainage, etc., the programs that used to be 50-50.

A major step was taken this year in terms of now paying only a percentage of the funding that was available to them for that program, where it used to be 50-50. This is only one more step. It's only a year or two ago when the engineering services were deleted from them and if they wanted them, they had to pay for them.

I'm just wondering, under the executive aspect of his department, what is his view and what is the direction that he is taking in terms of the local government districts? I don't think I have to go into the whole background history of what's happening in the local government districts, the fact that local governments districts like Piney, for example, 80 percent of their land is Crown lands.

I'm sure the Minister must be aware and, if not, he will be aware of the fact that the local government districts are banding together and will be asking and approaching the province in terms of grant in lieu of taxes on Crown lands to offset some of the cutbacks that are taking place.

I wonder if the Minister could give us a position and the direction that he's planning to take with the local government districts?

MR. DEPUTY CHAIRMAN, M. Dolin: The Minister of Municipal Affairs.

HON. J. BUCKLASCHUK: Yes, I'm certainly aware that there are some LGD's that have expressed a concern about the direction that some departments of government have taken, particularly this spring. I have not met with any but I know that within the very near future, there is a meeting being scheduled to meet with a number of LGD's who have written to me asking for a meeting.

The purpose of the meeting will be to discuss some of the changes that are taking place and, as I recall, inquiring as to what advantages there might be to them in gaining municipal status. So I'll be listening to their views very carefully. I will admit that not all LGD's would share that view. There are some that are reasonably well off and there are some that are not that fortunate, but certainly we'll be listening to their views very carefully.

MR. A. DRIEDGER: Mr. Chairman, is the Minister indicating to me that he is proceeding with the concept that the local government districts should be, you know, getting full municipal status at this time?

HON. J. BUCKLASCHUK: I don't have the correspondence in front of me but that's certainly, as I recall, one of the items that the LGD's wanted to discuss.

MR. A. DRIEDGER: What is the Minister's position in a case like this? First of all, I want to indicate that I'd be very surprised if any local government districts would be promoting the idea of full municipal status, especially when you consider, as you just briefly touched on the fact, that the limit of tax breaks that these local government districts operate under, how can they provide these kind of services. I mean, that is one of the reasons why they were established as local government districts to begin with, and here we're talking about giving them full municipal status.

I want the Minister to maybe clarify as to what does he call - the local government districts, where does the scenario come from that they're welcome, because there is a misconception out here, because of the program that was initiated allowing local government districts to sell LGD vested Crown lands, or some of them did that, and built up a bit of a kitty, looking at that as the last little place where they can get funding coming from, to put away. This is one of the rationales that the Minister of Transportation forwarded, indicating that some of the LGD's had big reserves. These reserves were accumulated in the last few years when they managed to sell some of the LGD vested Crown lands. That will never happen again. Here they're looking at that and government, in their zeal for money, look and say, well, these are rich LGD's and now we've got to get our hands on the pot and we've got to cut them down.

I would like the Minister to be a bit more definitive in terms of how he views this whole change taking place, because you can hide behind this, as the Minister of Transportation did, or else you can explain exactly which direction you're going to take on it. This is a serious matter, because the Minister himself - I don't know whether he has any LGD's in his area, but those that have, this is a matter of major concern, because

we are going to be depriving the people least able to defend themselves and to provide services. We're going to take and jump on them and stomp on them further yet.

I wonder if the Minister could maybe give me his position in this case.

HON. J. BUCKLASCHUK: As I indicated, I have received a letter asking for a meeting with, and these are representatives from a number of LGD's. I do hope to hold that meeting in the near future.

I'm in the process right now of having information developed for this meeting from a number of departments and we will hear what their concerns are and what their views are. I have no intention of jumping all over any LGD or depriving it of anything, but I do think that we have to face reality and where there may be those LGD's that have considerable assets - because they are not all poor, relative to other municipalities and sometimes neighbouring municipalities - it may well be that they might want to assume a municipal status and we will not stand in the way.

MR. A. DRIEDGER: Mr. Chairman, the Minister of Municipal Affairs, I'm sure, having that status that he has, as being the responsible Minister for municipalities and LGD's, is not that naive and he doesn't think for one minute that anybody else is that naive and doesn't realize what's going on.

As Minister responsible, he knows what's happened and why there is some financial, you know, why some LGD's have a bank roll right now. So let the Minister not for one minute try and think that he's kidding anybody in saying, well, these are rich LGD's because of what happened in the last two or three years, in most cases, where they have a reserve. Because what's happening right now, they are looking at some serious cutbacks and it has serious implications.

I dare say that if the Minister's going to meet with them, I hope he meets with all the 11 LGD's affected and gets a proper explanation from them as to the impact that it will have on them and not try and hide behind the impact of meeting with one or two and saying, well, these are requesting municipal status which I don't believe for one minute, because there is no rationale for them requesting municipal status. Obviously, the Minister knows that and, you know, there are many people who understand what the situation is.

What I had hoped from this Minister, that he come forward and say that actually the direction that was taken by the Minister of Highways, and cutbacks there, that he was basically going to try and, you know, plead with the Minister and maybe stand on the side of the LGD's and fight for their benefits to some degree so that there would not be cutbacks, because the cutbacks are taking place right now.

I suspect that under this government, if they follow the rationale that he's sort of just implying a little bit, that we'll have more cutbacks in that area and we're going to be depriving the local government districts of many services which they cannot afford. He is using and his government is using the excuse because they have big reserves that we're going to cut them back.

Somehow this government can't get away from the fact that if anybody has got money, regardless of what

the explanation is, they've got to get their hands on it, that we've got to cut 'em down until finally everybody's poor.

HON. J. BUCKLASCHUK: It would appear that the Member for Emerson did not hear the words "consultative" and "cooperative" in the introductory remarks.

I have indicated I've received a request from, I believe, it's 11 or 13 LGD's. I have no intention of hiding from the majority of them. I would wish that each one would be well-represented to present their views on this issue. We will listen and we will try to accommodate as best we can but, as I say, I'm sure the Member for Emerson is aware that there are some poor municipalities who are looking somewhat enviously at those LGD's that are being provided with services that the municipalities aren't being provided with. Let's see if we can achieve some sort of equality or equity in the system. We will, after the discussions, be in a better position to make those kind of decisions.

MR. A. DRIEDGER: Mr. Chairman, why I have little confidence in this Minister's approach is the fact that it's already demonstrated by the fact that they haven't cut down, and it's not proper to reflect on the Chairman, but I think the Chairman, who has been involved in municipal politics under the director of the Union of Manitoba Municipalities, has made his position known very clearly that he feels that the LGD's possibly, at times, maybe had more benefits than they should have had. With that kind of influence on the Minister of Municipal Affairs, that is where my concern is at this stage of the game. The Minister has indicated by his lack of action in the cutbacks to this day that this is a trend that's going to continue.

I have very little faith. You can meet all you want, and I hope they do meet with you and express their concerns, but I personally have no confidence that you will change anything around, Mr. Minister.

HON. J. BUCKLASCHUK: Well, I don't know what there is to add. The meeting is upcoming, we will review the situation.

I suppose, you know, the Member from Arthur made some remarks before about cutting back in transfer payments. I suppose that rather than a 9.3 percent increase in the transfer payments this year, which the municipalities legitimately deserve - I'm not arguing with that - we could have cut back to zero percent as has been done in Saskatchewan and we could have afforded all sorts of highways in the LGD's and all sorts of drainage programs. But the fact is that the full impact of the transfer payments is being passed through and whether they be Highways or whether it be Natural Resources, there is only so much that any department has and it's allocated in as fair a way as is deemed reasonable.

MR. A. DRIEDGER: Mr. Chairman, I don't want to belabour this. I just want to indicate that's very poor solace to the LGD's who see what is coming and the Minister doesn't have the intestinal fortitude to indicate what his plan is for them and the direction that he's going. It's sort of a knee-jerk reaction, you know, and

then he says "well, yes, we'll be meeting with them." The action is taking place right now and where was he, what were his comments when the LGD's were cut back to the percentage basis that they are right now?

In my opinion, it is the first step, and ultimately that whole thing will cave down and he's indicated by his remarks that they have big reserves, that that is the reason why this is happening. I just hope that when he meets with them that he has, at least, an open mind. Well, they will indicate what their reaction is with this Minister, but I personally have very little confidence.

I perceive the direction that it is going based on the influence that is being put on this Minister and the direction that this government is taking. When they see money they can't help but get involved and grab this money. It's going to cut down the services to a lot of people who are not in a position to defend themselves and that is the tragedy of the thing.

Thank you.

MR. J. DOWNEY: Under this, I'd like to deal with the contract to the former New Democratic Cabinet Minister and Municipal Affairs Minister. It indicates in the contract that the interim reports shall be available on or about January 1. Has the Minister asked for any of those reports or has he got any of them available yet, any interim reports?

HON. J. BUCKLASCHUK: I have received copies of both final reports, as a matter of fact, which are under review at the present time. One should keep in mind, though, that the contract between the former Minister of Municipal Affairs and the province is not through the Minister of Municipal Affairs, but through the Minister responsible for the Jobs Fund.

I'm not trying to use that as a way of not responding to questions, I just thought that should be cleared up.

MR. J. DOWNEY: Mr. Chairman, the Minister may not want to respond or he may. We'll get at it at some point.

The Auditor indicated that there wasn't near enough accountability under the Jobs Fund. I would hope that he wouldn't want to restrict himself from answering on this particular part because it really ties in with what the public was promised on March 6 of '86 as far as the infrastructure is concerned - probably that's where it should fit in. I'm wondering where else we could debate it.

The Minister has a copy of it. Would he and when will he be providing us with a copy of it?

HON. J. BUCKLASCHUK: I would hope that I can distribute a copy of that within the next week to two weeks. The report is being reviewed at the present time. When we can be in a position to definitively state which of the recommendations are going to be accepted, then I think that would be an appropriate time to release the whole report with our undertaking as to how we're going to implement that.

MR. J. DOWNEY: Wouldn't it have been a more appropriate time to have it released so we could have debated it during the Estimates of the Department of Municipal Affairs?

HON. J. BUCKLASCHUK: Well, I would like to respond to that. To be honest about it, I felt that we wouldn't reach this stage in our Estimates review until about the first or second week of June, and I would have liked to have had it at that time.

MR. J. DOWNEY: So in other words, the Minister is saying, because the Estimates of his department came up at this particular point rather than another two weeks down the road, he thought he'd be through with it by then.

Mr. Chairman, my concern is: When will we get a chance to debate it and see what the recommendations are and to get a chance to have input as Opposition, or are we going to be deprived of that opportunity?

HON. J. BUCKLASCHUK: Okay, there are, I guess, two responses to that. First of all, as the members have likely gone through the Estimates, they will realize that there is no appropriation or allocation in this year's Estimates for implementation of this program. I believe I have said a number of times that this program, the recommendations that we will be acting on, will not be implemented until the next fiscal year.

Secondly, since it is the Minister responsible for the Jobs Fund that in a sense commissioned these two reports, there may well be an opportunity to debate the two reports if they are released within the next week to 10 days in his Estimates.

MR. J. DOWNEY: So much for the decay in the services in rural Manitoba. According to the Premier, they were in pretty much decay under his leadership as Premier from '81 until March of '86. We're now at May of 1987 and it's still another year. So what will arrest the decay, Mr. Chairman, if the Minister says it will be at least another year? That's an introduction to the program. That isn't putting in place the flowing of any funds or anything like that. Is he not concerned that the municipalities need the promised money that was promised in 1986, need the support? Why is he delaying it? What is the reason for the delay?

HON. J. BUCKLASCHUK: There is certainly no lack of recognition that the municipalities require support. As the member knows, Ministers of Municipal Affairs from all provinces have been addressing this problem or attempting to discuss this problem with the Federal Government. Certainly we are on the same wavelength as the municipal bodies are, knowing that it's not a minor problem. It is a very serious problem. It did not start in 1981. It's been with us for decades, and to resolve the problem will take considerable amounts of money.

While it would be nice to have the monies to implement the program tomorrow, this particular proposal that the former Minister has developed is a five-year program. Certainly, when details of it are announced early next month, that will provide the municipalities, municipal bodies with the opportunity to consider what their priorities are and fit it perhaps into a five-year program. This is not a program that's just here for one year and not thereafter.

Municipalities will have the opportunity, if they have not already done so, to assess what their needs are

and, based on the program itself as to what the cost-sharing might be, they will be in a position to make the decision, what they consider to be their priority and, if they don't have the money in their reserves at the present time, to accumulate those funds so that project can be undertaken, whether it be a year down the road or three years down the road or whatever.

MR. J. DOWNEY: Mr. Chairman, so what we're really hearing tonight is the statement that was made by the Premier on March 6, 1986, was nothing more than a bunch of election garbage, that he was going out and misleading or trying to get the support of the public under false pretences. Really, that is what it's all about. It was important to go out and pay attention to the decay of services in rural Manitoba during the election campaign. We are now well over a year after that, and it will be another year before there is any recognition or any implementation of any program for the support of rural infrastructure. The point is, Mr. Chairman, it was nothing more than an election comment and ploy to try to win the seat of Swan River, which I guess probably it was successful if that's the way he wants to be elected.

I'll tell you, the next election campaign, the people will be told loud and clear what they got out of that promise and how long it has taken to have anything -(Interjection)- hard work? Hard work, nothing.

It took a bunch of misleading statements by the Premier of the Province to do it.

A MEMBER: Do you remember the perfect Pete's program?

MR. J. DOWNEY: Yes, we'll get into perfect Pete's program.

MR. CHAIRMAN: Please address your remarks to the Chair, please.

The Member for Arthur.

MR. J. DOWNEY: Thank you, Mr. Chairman.

I just wanted to be stated clearly on the record that there really isn't a program going to be introduced. Probably the best guess would be two years down the road before anything will be in place for bridges, fire halls and for infrastructures for rural municipalities. Would that be a fair guess, or will there be one at all, or will it be into the next election campaign and all we'll get is another headline from the Premier? When are we going to see a cost-sharing program that was promised by the Premier over a year ago?

HON. J. BUCKLASCHUK: Well, I was going to comment before with respect to some of the comments that my critic made in response to mine. I thought, here is a perfect example of a person who wants instant gratification. Election promises are made during campaigns. I don't know where it is written that the promise has to be implemented the day after the party wins. I think, if you check the NDP record, it's certainly not something we are going to hide behind.

The fact is the consultant, the former Minister of Municipal Affairs, has spent considerable time on two very well-developed studies. They are being reviewed

at the present time. It would certainly be my hope that we could implement them as soon as possible.

I should also mention that, related to the study on municipal infrastructure, is the need for the Federal Government to be a partner. The municipalities and the province cannot do it alone, that is well acknowledged. The Member for Emerson should be listening. This is good.

The Ministers of Municipal Affairs have for the past two years been trying to have a meeting with the federal Ministers, a number of Ministers, to show their support for the municipal bodies, particularly the Federation of Canadian Municipalities, on the need for a partnership in rebuilding our infrastructure which is something like \$12 billion, \$15 billion nationally. In Manitoba it, itself, would be in the \$750 million range.

I am pleased that, after about two years or three years of efforts, the Chairperson of the Committee of Ministers has had a meeting just in the last month or so with the Minister of Economic Development, Mr. de Cotret, and I understand that this will lead to a - the Ministers will be meeting in Ontario in August and it is hoped that we will have federal representation, which is something that hasn't occurred for the past two or three years.

I would like to believe, and I'm going to be optimistic that the Federal Government has started listening, has begun to realize the seriousness of the situation and they, with the municipal bodies and with the provinces, will be partners in helping rebuild our infrastructure.

MR. J. DOWNEY: There is no place in this commitment from the Premier that he said anything about the Federal Government, and I'll re-read it for the Minister in case his hearing was bad. Now you can't get off that easily, Mr. Minister.

Mr. Chairman, the commitment read like this: "Linking it to Government's Main Street Manitoba Community Assets Program, Pawley said municipalities would be eligible for 50 percent funding to repair such things as bridges, sewer systems and fire halls." I would take it as: 50 percent from the province, 50 percent from the municipality. I mean, that's how it reads to me. I don't see anything here saying, if the Federal Government will participate in cost-sharing. No, it doesn't say that. The press release doesn't say that, so all we have is a bunch of political posturing. Political posturing, misleading the electorate to thinking they are going to get major support from the government after they are elected. Well, Mr. Chairman, now we're hearing them say it's the Federal Government's responsibility to cost-share in the program.

Why didn't he say it at the time, that we will first of all negotiate with the Federal Government and if we can have successful negotiations, then we will cost-share a program, would have been an appropriate way to put it. That wasn't quite good enough for him at that time; he had to go the full extent of misleading the people of the province. That's what he's run this province on for the last many years anyway.

Mr. Chairman, further on the contract, it indicates as well that the expenses associated with this contract shall be reimbursed as provided in the General Manual of Administration, and the government shall provide office space and clerical support.

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Can the Minister tell us how much additional money it cost the taxpayers as well as the \$55,000.00? What would the other cost be for the hiring of Mr. Anstett, his expenses, office and clerical, all the things that go with that job. What would that cost?

HON. J. BUCKLASCHUK: Mr. Chairman, I wish I could provide that information but none of those expenses were borne by our department, so I don't have access to that. The appropriate Minister to answer would be the Minister responsible for the Jobs Fund.

MR. J. DOWNEY: What Minister would be accountable for that?

HON. J. BUCKLASCHUK: I believe it would be the Minister for Industry, Trade and Technology. As I indicated before, when his Estimates are up, and I don't believe they've been held yet, have they? Then I think that would be a . . .

A MEMBER: Finished.

HON. J. BUCKLASCHUK: They're finished? Oh, yes, the Jobs Fund is separate, that's right.

Just getting back to the 50-50 I want to indicate to the Member for Arthur that in fact we have had discussions with municipal officials and talked about our hope that the Federal Government would be assisting somewhat with the infrastructure costs.

Now, the municipal officials have told us that if we were able to obtain funds from the Federal Government, that they would still like to go on a 50-50 cost-share. What that means is that if the province had, let's say, \$10 million to spend annually on a program, under that proposal that the Premier had used in 1986, that would give you \$20 million worth of infrastructure work. However if we could, through some program or other, get an additional \$10 million from the Federal Government, which is \$20 million, and that was matched by the municipalities by \$20 million, you would then have \$40 million worth of work.

The municipalities have indicated they would be willing to do it. I think we should all keep our fingers crossed hoping that there can be some assistance from the Federal Government. I don't know why Manitoba should be the exception. All the other provinces are saying the same thing, that we and the municipal bodies cannot afford to undertake the massive infrastructure costs that are required; and we're not being unreasonable.

We all realize that a lot of work was done post-war - whether it would be sewer, water - that has now deteriorated, has to be replaced. There have been no reserves set aside for the replacement costs so the municipal bodies are being faced with horrendous costs. That's why my colleague, the Minister of Agriculture, has something like \$60 million or \$65 million of requests for funding under the Manitoba Water Services Board.

MR. H. PANKRATZ: Thank you, Mr. Chairman. My question is to the Minister. Is he trying to imply that the Federal Government does not have funds available for local infrastructure?

HON. J. BUCKLASCHUK: My understanding is that the Federal Government stopped funding or stopped

assisting infrastructure costs about 1981 or 1982. Now there is some funding through the Water Services for rural communities, but I'm talking about . . . So we are anxiously awaiting some word as to how they might help.

MR. H. PANKRATZ: Well, I'm not going to try and put your support staff on the spot, but the Federal Government, through their ARDA Program, which you have, through different departments - such as, for instance, Recreation and different sources made use of the funding. There is money available exactly for this water and sewer. My question to you is, even in the House today and also yesterday, it became quite apparent that the Minister of Agriculture was indicating that maybe within the next year we would be able to get an agreement. Well, it's quite obvious that it's the Provincial Government's reneging on theirs because the federal funding is available.

There was over a billion dollars put into the Western Water and Sewer ARDA Program, which is available through agreement naturally, which the Province of Manitoba's reneging on at the present time in order to receive a portion of. And there are communities like Steinbach and Stonewall I believe and other community centres waiting for this funding, which I believe this Province of Manitoba doesn't have the funding of their own to be put up; and now they are again trying to stonewall the project and blaming the Federal Government. I'd like to hear the Minister's actual response to that.

HON. J. BUCKLASCHUK: What the Member for La Verendrye has just told us is certainly news to me and it appears to be news to my Deputy Minister, and I'm sure it must be one of the best kept secrets in Manitoba.

If you have some specific information about some program that we appear not to know anything about, we would really appreciate receiving that information. It could solve some headaches.

MR. H. PANKRATZ: To the Minister, the Tourism Program, which is a \$60 million cost-sharing - \$30 million of each - is through the ARDA Program. That same program has also monies for infrastructure, the same ARDA Program, and I am lead to believe that it is that same program that in 1981, 1980, and maybe the Deputy Minister can inform me because I'm sure he's maybe more aware of it than the Minister is, that is the same program where municipalities received funding from years ago, through the same ARDA Program. It's this Province of Manitoba that I'm led to believe that is not reneging, that is not renewing that same program. Now I might be wrong on that but that's what I've been led to believe.

HON. J. BUCKLASCHUK: First of all, the tourism program is a \$30 million program, federal-provincial, but it . . .

MR. H. PANKRATZ: No, it's 60 million, 30 each.

HON. J. BUCKLASCHUK: No, it's 30 in total.

MR. H. PANKRATZ: 15 each?

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HON. J. BUCKLASCHUK: Well it's 60-40, whatever it may be, depending on the - is it 50-50? But it's extremely targeted and it's industry-related. Therefore, that money can only be used if you're developing some new tourism project or tourist-related project, but it will not help the La Broquieries or the Steinbachs or whatever, unless something is . . .

A MEMBER: No, that's tourism.

HON. J. BUCKLASCHUK: That's tourism, that's right. With respect to the other program, my deputy confirms that there was a two-year program terminated in 1981, and the proper title is the Community Services Contribution Program. There has been no replacement for that program for the past six years, unfortunately, but at that time it did assist considerably. It was a national program with \$20 million annually to Manitoba.

MR. H. PANKRATZ: Well, this tourism program, which is now - I'm not going to question whether it's 60 or 30, but it was a 50-50 program. That's through the ARDA program, if I recall it correctly -(Interjection)- Yes, it is, I'm quite sure of it. There was over \$1 billion put into Western Canada for that program where infrastructure for communities could also apply for it. Has this province applied for that funding within the last two or three years?

HON. J. BUCKLASCHUK: I am simply not aware of the program that is being discussed. I do know that there is a program that Saskatchewan has entered into a few years ago. It's a subagreement under ERDA and I don't know what the dollar figure was, but I believe that the Province of Manitoba, through the Minister of Agriculture, is working on something of that nature at the present time. I don't know how close we are to reaching some sort of an agreement, but I do know I've been at a number of agreement signings where the Minister has raised this, expressing optimism that we were not too far away. So I would hope that it does materialize.

MR. H. PANKRATZ: Could the Minister of Municipal Affairs then indicate under what program this new funding would take place?

HON. J. BUCKLASCHUK: The funding from the Federal Government? It would be a subsidiary under - well, it would have to be similar to Saskatchewan, because we're not that unlike. I don't know the exact program. I should mention that I have read a number of times in the Interlake papers, comments by the federal member, Felix Holtmann, making some reference to some sort of infrastructure program. He has, as an MP, and his committee or whatever have submitted some proposals to the appropriate Minister, but we have not seen anything that has come back. Again, we're hopeful that, one of these days, something will be announced.

MR. H. PANKRATZ: Well, it is unfortunate that the Minister doesn't know of the federal programs that are available, quite obviously, because I have got documentation in my room which I would have brought along if I would have been aware of the fact, which

states - and I have discussed it with the Minister of Agriculture as well - that through the ARDA program for water and sewer, for infrastructure for communities is available and that the Province of Manitoba, due to their shortage of funding naturally - and the Minister of Labour isn't here, the \$28 million loss. Naturally through that, the province is short of funding and naturally is cutting back wherever they can.

So in the meantime, they're going to be doing studies which cost the province \$55,000 to hire the previous Minister and so forth. But I'm very surprised that the Minister of Municipal Affairs is not aware of the fact that the funding is available from the Federal Government, and that actually is a disgrace to the Province of Manitoba.- (Interjection)- I've got the floor, Mr. Chairman, I wish you'd recognize that. I don't believe that the man has the . . .

MR. D. SCOTT: Don't let them push you around.

MR. H. PANKRATZ: That's right, Don, thank you.

So with that I would like the Minister of Municipal Affairs to state directly whether there isn't funding through the ARDA program for the Province of Manitoba for infrastructure, and I have yet to hear him say that there isn't.

HON. J. BUCKLASCHUK: I know in committee where these Estimates reviews always reveal some surprises, and this is a surprise to me, because I can say, in all honesty, I have not heard of that program.

As a matter of fact, what I have heard is the Minister of Finance, Michael Wilson, saying that it was not the Federal Government's responsibility to provide funds towards infrastructure costs. I have seen the Honourable Tom McMillan pretty well say about the same thing. So if there's \$1 billion out there that is begging for a home, I can assure you that, if we could have an agreement where the province and the Federal Government would contribute and the municipal bodies would match that which means that, for every 25 cents the province put in, there would be \$1 worth of economic activity or rebuilding of infrastructure, we would jump at that chance. But I am not aware of that program; it's never been brought to my attention. But if you have some literature that we should be reviewing, I would very much appreciate seeing that.

MR. H. PANKRATZ: One final question, Mr. Chairman.

Under what program was the previous funding from the Federal Government to the Province of Manitoba made available?

HON. J. BUCKLASCHUK: It was a Community Services Contribution Program.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I would like the Minister to indicate if he has currently got any agreement with the former Minister, Andy Anstett, by contract or any other work being carried out by his department and the former Minister?

HON. J. BUCKLASCHUK: I will admit that neither I nor, to the best of my knowledge, any department has

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any contract with the former Minister of Municipal Affairs at the present time.

MR. J. DOWNEY: Will he be carrying out, meaning the Minister through you, Mr. Chairman, to the Minister, has he got any other reviews or investigations of the type he talked about on the boards and commissions by his department? Is there any contractual work being provided outside the departmental SMY's that are reported in the Estimates?

HON. J. BUCKLASCHUK: I believe the only study that may be taken by the department within our allocation this year will be the Systems House Consulting Project on the computerization of our assessment records. There was no provision nor any consideration at this time that there will be any other consulting required.

MR. J. DOWNEY: Pass that one.

MR. CHAIRMAN: 1.(b)(1)—pass; 1.(b)(2)—pass.
1.(c)(1) - the Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, there's an increase of one SMY in this particular area. What's that for?

HON. J. BUCKLASCHUK: I believe that is the support staff for the secretary for Human Resource Management.

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

We now move into No. 2. Municipal Board (a) - the Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, the Minister has indicated in some of his press releases that he's increased the size of the Municipal Board to 20, I believe it is, from the 12 and the reason being that there would be an increase in work activity. The City of Winnipeg's Board of Revision expects between 7,000 and 10,000 formal complaints as a result of recent reassessment. It's expected that many of the Board of Revision decisions will be appealed to the Municipal Board. Is that in fact taking place at this time?

HON. J. BUCKLASCHUK: My understanding is that I believe something like 11,000 appeals have been lodged with the City of Winnipeg. I don't have any idea how many of these will eventually go to the Municipal Board. There have been no hearings held. I don't imagine they'll be held for another month or two.

MR. J. DOWNEY: Mr. Chairman, I've got two concerns. One is that, it would seem something is wrong in the system or something's wrong someplace, if 7,000 to 10,000 have to come to the Municipal Board to be heard. I mean that's a lot of appeals, and to cause that to happen, the Municipal Board is a quasi-judicial board, if I'm correct, and a fairly important board I would think. I would like to know why that is, in fact, the case that they projected so many, and I'd also like to know how many have come to the Municipal Board to date? He may know what has come to the city, the

assessment appeal, but how many have come to the Municipal Board to date?

HON. J. BUCKLASCHUK: I had indicated that I believe about 11,000 appeals have been lodged with the City of Winnipeg. Under the legislation that we passed earlier this spring, the City of Winnipeg taxpayers will have until June 12 to appeal the assessments - and I suspect that a good number of property owners are simply going through this process to make sure that they haven't lost the option of going to the Board of Revision. The appeal to the Municipal Board will be from decisions made by the Board of Revision. There have not been any so far. I don't know - it would be very difficult to indicate at this time what we would project. We do feel that the appeal will certainly be some. This will be the first time that City of Winnipeg assessment matters can be appealed to the Municipal Board.

MR. J. DOWNEY: Mr. Chairman, how does the Minister go about selecting the people he puts on the Municipal Board? Does he talk to the municipal councils or does he go to the Union of Municipalities and ask for recommendation? How does he go about establishing who he appoints to the Municipal Board? He hasn't had, Mr. Chairman, any appeals to the Municipal Board on what he perceived would be a major workload; how does he go about appointing them and why would he be so anxious to be ready for this onslaught of appeals which really, to this point, haven't appeared to materialize?

HON. J. BUCKLASCHUK: First of all, they are not paid until they actually do the work of sitting as Municipal Board members. I guess, to be aboveboard, we use the Warner Jorgenson method of filling boards and that's not high. We approach any given number of people for -(Interjection)- We would certainly make inquiries from various sources, as to who might be appropriate people to sit on a municipal board, after reviewing their qualifications, their experience, their knowledge. A recommendation is made for the Minister and the members are appointed by Order-in-Council.

MR. J. DOWNEY: Mr. Chairman, I'm just wondering, he makes reference to the fact that they aren't paid unless they perform a duty or work. He hasn't added these additional people just to sit around. Do they not take part in some of the other activities of the Municipal Board hearings, or are they just waiting to do the assessment appeals; or do they now not intermix with the other board - the already appointed board - and participate in some of those decisions that have to be made?

HON. J. BUCKLASCHUK: The members who were newly appointed, and I believe they were virtually all from the City of Winnipeg, were appointed for the purpose of hearing appeals from City of Winnipeg residents. It may well be, and I would hope, as a matter of fact, that the Chairman of the Municipal Board is using some of these newly-appointed members in appeals to give them a bit of experience as Municipal Board members. I can't say if that, in fact, is being done for all the appointees.

MR. J. DOWNEY: Mr. Chairman, when it doesn't materialize that the numbers that were perceived to come forward to appeal, is he prepared to reduce the size of the Municipal Board when that doesn't happen?

HON. J. BUCKLASCHUK: The Municipal Board members are appointed for a period, I believe of one year to the end of December, and certainly the composition of the board is reviewed annually. If there is no need for that number of Municipal Board members, then we will take the appropriate steps by reducing the membership.

MR. J. DOWNEY: Mr. Chairman, dealing with the Municipal Board and some of their activities; have there been many areas in the province dealing with planning that have gone before the Municipal Board? What is the record of the province or record of the planning boards throughout the province dealing with the Municipal Board, in hearings that have come before them?

The reason I bring it up, Mr. Chairman, I've had several complaints dealing with some of the areas, and I'm wondering what the Minister has, as a record, as far as Municipal Board and hearings are concerned.

HON. J. BUCKLASCHUK: I'm sorry, I don't quite know the exact or specific information the Member for Arthur is requesting. But the Annual Report of the Municipal Board does, I believe, have a table of the nature of the hearings . . .

MR. J. DOWNEY: Mr. Chairman, I can be more specific and I'll refer to the hearing number. It's the notice of hearing No. 2178 dealing with the Rural Municipality of Swan River. What was the outcome on that particular hearing? Could the . . .

HON. J. BUCKLASCHUK: Does the Member for Arthur have a date on that one; I don't . . .

MR. J. DOWNEY: Well, maybe the Member for Swan River can help me out on this one. He's not up-to-date with what's happening in his constituency, Mr. Chairman, but that's all right.

HON. J. BUCKLASCHUK: Mr. Chairman, that was almost as bad as 2134 from the R.M. of Arthur, as I recall.

MR. J. DOWNEY: Mr. Chairman, the date was about the time I was in that area and it was Wednesday, April 29, I believe it took place, so if the Minister could check it out, I would appreciate it.

HON. J. BUCKLASCHUK: I'll take that question as notice and certainly will respond and report back to this committee.

MR. J. DOWNEY: Mr. Chairman, as well, the Minister has received, as I have, copies of a petition from the R.M. of Ethelbert, dealing with some use of funds within the municipality. Could the Minister give us an update? I had written to him sometime ago as to what the current situation is dealing with the accusations and the concern

of the citizens who signed the petition. They were fairly serious accusations and I know that the Minister indicated he was dealing with it, but I'd like to know where it's at, at this particular point.

HON. J. BUCKLASCHUK: Yes, I'm quite aware of the petition from some of the residents from the R.M. of Ethelbert. I should indicate not only the Member for Arthur received this, but I also received some subsequent letters from individuals who had signed that petition, wishing to have their names removed from that petition.

Nonetheless, my response, and I believe I sent a copy, to the effect that the Auditor would review the financial situation of the municipality, and once we received the report from the Auditor, we would then determine what could or had to be done.

My recollection, and I'm sorry, I don't have the file here, is that there was confirmation that there were considerable expenditures, to the best of our knowledge, all legitimate expenditures by the outgoing council, which resulted in the municipality having an indebtedness of around \$200,000-plus. The Municipal Affairs' staff have been meeting with the officials of the R.M. and I recall seeing correspondence with a proposal that the indebtedness be amortized over the next three or four years; at least some option was being worked out which would I think result in a mill rate requirement of about 23 or 26 mills for each of the next three or four years to pay off that debt.

The allegations were that there were some questionable expenditures made. My understanding is that they were legitimate, but perhaps overexuberant councillors.

MR. J. DOWNEY: What's a legitimate, over-exuberant councillor who would run up a \$200,000-and-some bill?

Mr. Chairman, just to complete my questioning on this, will the Minister be prepared to provide a copy of the Auditor's report and how it's handled, the final outcome of what's happened in that particular situation?

HON. J. BUCKLASCHUK: Yes, we certainly will. Incidentally, when I used the word "exuberant," I meant that the councillors, I understand, saw some programs that they felt they could avail themselves of, and I believe they used these programs and in the process created some indebtedness which has created the problem.

MR. CHAIRMAN: The Member for La Verendrye.

MR. H. PANKRATZ: Thank you, Mr. Chairman. My question to the Minister is with regard to this Municipal Board.

Is there any recourse with regard to a decision by the board? Once the board has made a decision, is there any recourse that the property owner or, for that matter, anybody else would have in that matter?

HON. J. BUCKLASCHUK: When the Municipal Board deals with development plans or questions of annexation, what they are providing are recommendations to the Minister.

When they are dealing with questions involving subdivision approvals or assessment-related issues, those are decisions of the board.

As with any board, when there is a question as to whether or not that board has exceeded or erred in jurisdiction, exceeded its jurisdiction, then that matter can be appealed to the courts.

So recommendations in the case of development plans and annexation, decisions in cases of subdivision approvals and assessments, questions of jurisdiction, can go to the courts.

MR. H. PANKRATZ: What the Minister is telling me, then, if there are recommendations to the Minister with regard to planning and so forth, that's a decision by the board, which basically is final. Is that right; am I understanding that correctly from you, Mr. Minister?

HON. J. BUCKLASCHUK: In terms of subdivision approval, those are decisions.

MR. H. PANKRATZ: Those are decisions. They're final?

HON. J. BUCKLASCHUK: They're final.

MR. H. PANKRATZ: Would the Minister have any input or any discussions with the board beforehand in regard to before the board would be making their decisions in that respect?

HON. J. BUCKLASCHUK: This Minister has never discussed a single matter that has appeared before the board before it makes a decision or recommendation.

MR. H. PANKRATZ: Are these board members - they're all political appointees; am I right?

HON. J. BUCKLASCHUK: All board members are appointed by an Order-in-Council by Cabinet, yes.

MR. H. PANKRATZ: Thank you, Mr. Chairman.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, the only one thing I can't figure out is why, with the Minister making such an expansion to the board, expecting such an overload of appeals, he hasn't increased the amount of funds which the board has to work with.

Either the statement doesn't hold much or there isn't very much accuracy to the amount of appropriation that he's making available for the Municipal Board. He's increased it by a number of 80's. He's expecting an onslaught of 7,000 to 11,000 or 10,000 hearings, yet he's still got basically the same amount of money in the operation of the Municipal Board. He can't have it both ways.

Mr. Chairman, if it's just to help the political appointees on the Municipal Board, then we don't need any more money in there; it doesn't matter. But it's just a little bit of inconsistency that has to be pointed out.

HON. J. BUCKLASCHUK: No, it's not really an inconsistency, but at the time the Estimates were being prepared, we only had a board of 12 members. The decision to increase it to 20 was only made about a

month or two ago and we have no idea of how many appeals will be heard by this board. It's not unrealistic to expect that if there a considerable number of hearings, that whatever funds have been allocated will be insufficient and we will have to . . .

MR. J. DOWNEY: Special Warrant.

HON. J. BUCKLASCHUK: . . . or elsewhere.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Pass.

MR. CHAIRMAN: 2.(a)—pass; 2.(b)—pass.

Resolution No. 110: Resolved that there be granted to Her Majesty a sum not exceeding \$338,600 for Municipal Affairs, Municipal Board, for the fiscal year ending the 31st day of March, 1988—pass.

We now move on to section 3, Municipal Advisory and Financial Services, 3.(a) Salaries - the Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, this is an area that I'd like to deal with and try and get from the Minister what his plans are. I touched on my opening statement my concern about the de-population of rural Manitoba. This, I notice, is where the grants in lieu of taxes to the municipalities and other adjustments - general support grants - and the whole area of, basically, the amount of money that municipal corporations depend on from the government, from the senior government, for support.

Can the Minister give me any kind of a policy outline or an outline as to, other than the little brief press release he put out on it, that he's not going to see a shortfall this year, a drop in the support this year because of a municipality losing its population? Does he have a longer term program in mind or in place, planned, either through municipal hearings or hearing with his department staff and municipal corporations to come to grips, No. 1, with the de-population problem. And has he recommended to his Cabinet colleagues a change in some of the policies that will reverse the loss of people in rural Manitoba?

He has as much responsibility, if not more, than his colleagues representing some of the rural portfolios, Mr. Chairman, to come up with some kinds of solutions. I would ask the Minister under this section, what his plans are. Does he have any policies that are positive to re-populate rural Manitoba? I know that the old, basic way of re-population or developing population is fairly easy to understand, but I'm wondering if he has any -(Interjection)- No, I mean through the farm industry, basically. Well, I'm sure the Minister's mind was wandering, there.

HON. J. BUCKLASCHUK: It was; it was.

MR. J. DOWNEY: I'd better bring him back to reality. There was a gleam in his eye there for a minute. That's pretty hard to get.

No, Mr. Chairman, to the Minister, I am concerned about it and when you see the last statistics that have come out that have seen a de-population of 60 percent

of the R.M.'s, has he got a formula developed to deal with it or has he got a policy to try and change it? Where are we at as far as his government is concerned and he, as the Minister of Municipal Affairs, when it comes to dealing with this whole area of loss of people and programs to deal with it?

HON. J. BUCKLASCHUK: Well, I think the member for Albert has identified a . . .

MR. J. DOWNEY: Albert is Arthur's brother.

HON. J. BUCKLASCHUK: Arthur, I'm sorry.

MR. J. DOWNEY: Albert is Arthur's brother.

HON. J. BUCKLASCHUK: . . . has identified a very serious problem but I'm not so sure that the Department of Municipal Affairs is the sole department to resolve those difficulties.

I will admit that we have considered this and I will be raising this as an issue with the advisory committee, which has representation from the municipal organizations, as to whether a continuation of grants according to the present formula is the proper way of doing it.

How do we deal with the question of rural de-population and at the same time support municipal organizations? We are doing it on a per capita basis but when your population decreases, of course, their income decreases. How do you protect services? These are some things that we will be discussing with the representatives of the municipal bodies.

It will not be a problem that is solved six months down the road or as the result of a meeting two months down the road or six months down the year. It's an ongoing problem that will require continual review.

MR. J. DOWNEY: Mr. Chairman, I'm asking if he has any thoughts or input into any type of program which would encourage the industrial development of some of our rural areas or tax incentives for rural development.

Mr. Chairman, I know that, for example, in one province west of us there is a program recently introduced this spring in their budget to - it's a seed money program that encourages the development of some lighter type industries in some of the outlying areas. I know that in certain cases some government policies, and I know as a member of a government who believed in de-centralization of government agencies and programs, that the move of the Water Services Board to Brandon was the type of policy that was de-centralizing as far as I was concerned.

I'm asking if the Minister has any ideas or recommendations that would help some of the rural, small town communities - the rural R.M.'s - with the encouragement of light industry or diversification type industries for the agricultural community that's out there? Does he have any thoughts or ideas in this regard? I just would look for some kind of at least the glimmer of hope in the Minister if he's at all interested.

I'm not talking about the Main Street Manitoba Program which just cost the taxpayers money. I'm thinking of something that would contribute to the long

term jobs and stability of economic growth and development which would lessen the load for some of the individuals who are still out there carrying the tax load. Does he have any thoughts or ideas or am I drawing a blank on this one, too?

HON. J. BUCKLASCHUK: Well, his latter comment about Main Street Manitoba may have cost the province money - no one has ever denied that, but it was a program through which the municipalities and the local businesses and the province contributed to upgrading Manitoba's Main Streets and many small businesses in those rural communities did benefit from that program. I think one would find it hard to deny that.

The problem of rural Manitoba, the de-population, the change in demographics - and that's why I smiled before when the Member for Arthur had talked about how do we increase the population of rural Manitoba - but certainly, and he said something about, whoever knows how to do it, of course they do.

Through a number of departments, whether it be regional development corporations, they certainly have a function, and that is being assisted through the Department of Business Development. The Business Development Department, itself, with some programming that they have in place or may put in place. The Department of Agriculture, certainly this year through the \$12 million contribution towards offsetting education taxes will have some positive impact on rural Manitoba.

With respect to the programs that our department administers, we are always willing to sit down and listen to the municipal councillors and hear their views.

I know the Member for Arthur understands as much as I do - we both live in rural Manitoba - that it takes a lot for smaller industries to locate away from major population centres and it will take a lot of effort.

MR. J. DOWNEY: To refer to the press release of May 8, Mr. Chairman, where we see the Minister said the basic per capita payment will increase by 9 percent to \$33 for 1987 compared to \$30.25 for 1986, is that what we're going to continue to see have to happen, that as we see a continued de-population that we're going to have to see - and is he going to support an increase in the per capita grants that is provided to the municipalities over the longer term?

HON. J. BUCKLASCHUK: Per capita grants reflects the increase in the tax revenue to the province from the income tax, the 2.2 points on personal and 1.0 corporation tax. As those increase, and as long as the Municipal Advisory Committee is in agreement that is a fair way of sharing those taxes, we will continue to increase them. However, if they in their wisdom can convince us that there is an even more fair way of doing it, we are prepared to listen and to implement.

MR. J. DOWNEY: That's what I'm concerned about, Mr. Chairman. Is the Minister prepared to meet with, or will he be having a series of hearings, or what formal process is he planning to set up that will deal with the loss of population in some of these municipalities to make sure they get their fair and equitable share, to maintain their programs because they, in a lot of cases, are locked into support programs as well.

What I'd like to know is, what process is he putting in place that will deal with it? He's given the assurance that it will be maintained for 1987. What about the ensuing years? Although he leaves some comment I believe that these transitional adjustment payments will be phased out over the next four years, that means to me that there will be a reduction, that he's going to maintain it in 1987, but over the next four years there will be a reduction phased in, a lowering of support phased in is how I read that. Is that correct?

HON. J. BUCKLASCHUK: The decrease will be phased in so it doesn't create any hardships for the municipalities, but my understanding is that what we have, the position we've taken in 1987, is entirely consistent with the position over the policy that's been around for a number of decades. This is a matter that we will discuss with the Municipal Advisory Committee. If it is deemed to be an issue from their perspective, then I'm sure they will have some suggestions as to how we could remedy the problem and we will take that matter under review and undertake whatever action is required to bring about an equitable sharing of these tax revenues.

MR. J. DOWNEY: Mr. Chairman, I agree that he's moved this year not to have any economic hardship, but next year and the year after there will be an economic hardship because he's phasing in a lowering of support over the next four years. Yes, it may not have the shock this year, 1987, but there will be lower support provided for the next four years. What I'm saying is, what can he do or what is he prepared to do to see that that doesn't happen? That's the longer term policy and that's the longer term formulas that have to be established; and I'd like him to assure us and the municipal corporations that he's going to be dealing with it in a responsible manner, not wait until 1987 ends and then it's 1988 and they start taking the shock of lower support from the province.

I ask the Minister, what mechanism or what is he prepared to do to meet with them to have input from the municipal corporations. If it's strictly the advisory council of municipalities, then I'm prepared to accept that, but as long as he activates that and gets on with it very shortly.

HON. J. BUCKLASCHUK: Well, it certainly will be on our agenda because we have a number of issues we want to discuss with the advisory committee, but I think the member is making a bit of an error.

MR. J. DOWNEY: It wouldn't be the first one, John.

HON. J. BUCKLASCHUK: I regret I don't have the preliminary Stats Canada figures here but, while there have been decreases, they may not be as dramatic as some of us think they are. We have said that this year, to avoid any hardship, the levels will be frozen at the previous years, as a minimum. Now next year, let's assume that the tax revenue increases by 2 percent or 3 percent, so they'll be benefiting on one side while they'll be phased down, and the fact is, the difference may not be that substantial.

I don't know what the resolution is. Do we then take away from those municipalities, villages or towns, who

are having an increased population, so that we can support ones that are having a decrease on a higher per capita? That's a tricky question and that's certainly something I'll be waiting for the advisory council to provide us with some views on that.

MR. CHAIRMAN: The Member for La Verendrye.

MR. H. PANKRATZ: Yes, my question is in regard to the Urban Transit Grant. Why is the Urban Transit Grant down?

HON. J. BUCKLASCHUK: That is line number?

MR. H. PANKRATZ: (d), 3.(d).

HON. J. BUCKLASCHUK: Okay. As I indicated in my opening statement, my understanding is that the ridership is up, the operating costs are down and the province contributes a percentage of the operating costs. While the ridership is up and I believe fares have increased, it's 50 percent of actual operating deficits. As the ridership is going up, as the fares go up, then the operating deficits decrease - we hope - and therefore the provincial contribution which is 50 percent of that, decreases.

MR. H. PANKRATZ: Well, hopefully you're right with what you're trying to explain. I couldn't quite accept that, but my next question will be to police. Why the reduction in the Police Services Grant? That's 3(f).

HON. J. BUCKLASCHUK: As the member is aware, there is an agreement, I suppose, in place through which the province will assist those municipal bodies with policing costs where their mill rate exceeds the average provincial mill rate. I believe last year it was in the neighbourhood of 17 mills, so if you had a municipal town with a 19 mill rate for its police services, there would have been assistance for the 2 mill differential.

As the overall costs go up, as all municipalities are picking up the larger share, the provincial portion decreases. Now one has to recall that, through an agreement that I believe was signed by the Attorney-General Mercier at the time with Ottawa, there is an ever increasing level of costs that the province must pick up for policing costs, the RCMP policing costs.

MR. H. PANKRATZ: Mr. Chairman, to the Minister, is this not part of the half mill that is assessed on the municipalities?

HON. J. BUCKLASCHUK: The revenues I would think . . . All that 589 . . . Is that the figure we have for this year anticipated, 548,200 or so? All that figure which will be provided to the various towns and villages and so on, approximately 400,000 is revenue to the province from the half-mill levy.

MR. H. PANKRATZ: Well, my question is, if the previous year it was 662,200 and now it is 548,200, then why is there a decline in that amount because it's assessed to municipalities and distributed to the ones that are having a higher levy, an equalization sort of call, and my question to the Minister would be, where there's a difference of roughly . . .

HON. J. BUCKLASCHUK: I guess the best way to respond to that would be to refer to Appendix 7, on page 71 in the Supplementary Review, and you will note there that quite a number of villages and towns were provided with a phase-out benefit, which amounted to \$114,000, in 1985-86; that was part of the policing costs, policy or agreement.

That phase-out is no longer in place this year, so there is a reduction of \$114,000 that the province will have to pay out to those communities.

MR. H. PANKRATZ: Well, I'm led to believe that it's any municipality that is applying for more than 17 mills for policing; that is receiving the grant, and anything under is contributing. Am I not correct, Mr. Minister?

HON. J. BUCKLASCHUK: Yes, only those municipal jurisdictions that don't have any police force are paying the half mill.

MR. H. PANKRATZ: Mr. Chairman, is the Minister then implying that our communities like Steinbach - and I'm using Steinbach just as an example - if they are assessed at the present 13 mills for policing, that they would not be assessed the additional half mill for policing? Am I correct, Mr. Minister?

HON. J. BUCKLASCHUK: Yes, that is correct.

MR. H. PANKRATZ: So, Mr. Minister, the municipalities surrounding the communities, they would then all be paying the half mill for policing; am I correct?

HON. J. BUCKLASCHUK: That is correct.

MR. H. PANKRATZ: My next question then is: Why is there still then the \$114,000 difference in your Estimates over here, because the same municipalities would be paying it in respect to what they did the previous year?

HON. J. BUCKLASCHUK: Yes, at the time Mr. Anstett was the Minister, there was a committee with municipal representation and I presume departmental staff. They reviewed the matter of policing costs and my understanding was, there was a recommendation that came out of that committee, that the impact on a number of these communities be buffered through a phase-out program - and it was a one-year or two-year - essentially a one-year phase-out program.

So what you see on page 71-72 will be the grants that were paid out as a buffer - I guess it's the term we'd use - and then there is no such program in 1987-88.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I want to deal with the police grants that were referred to in this section.

The Municipalities of Winchester and Brenda are participating in an agreement with the Town of Deloraine, to maintain RCMP services that the Provincial Government were prepared to cut out and leave people without protection of life and property; and, I would indicate, to some degree, blackmailed into participating.

Has the Minister of Municipal Affairs or any of his department participated in any of the negotiations or the drawing up of the agreement?

HON. J. BUCKLASCHUK: I'm sorry, I didn't quite hear the question. But my understanding is whether Municipal Affairs was involved with the municipalities when they signed an agreement. My understanding is that the agreement is between Brenda and Winchester to pick up the cost of one officer, so they're contributing equally; and that Municipal Affairs staff were there to assist the councils with their decision.

MR. J. DOWNEY: First of all, is the Minister prepared to provide a copy of that agreement to the members of the Legislature; and secondly, those two municipalities that are now paying for that RCMP protection out of their own funds, are they exempt from the half-mill assessment on municipal taxes that go to RCMP coverage?

HON. J. BUCKLASCHUK: First of all, our department does not have a copy of that agreement. I believe that would have to be obtained from the Attorney-General, so now I'll take that under review and see what we can do there.

Secondly, the matter of the half mill, that will be something that we will have to discuss with our advisory committee. I would hope, in view of their picking up the costs for the officer, that they would not have to pay that. I would also, I suppose, have to consider whether or not they'd be eligible for a grant if their costs were in excess of 17 mills, or whatever the average is for this year.

MR. J. DOWNEY: Can the Minister perceive where we're headed in this whole business of the type of negotiations and the situation that these municipalities were put in, in Reston and Deloraine, and yes, even his own riding, Winnipeg Beach; that we now have an agreement between the Town of Deloraine, the Municipalities of Brenda and Winchester, the province, the Attorney-General's Department.- (Interjection)- I'm sorry, Mr. Chairman, to the Minister, does he perceive where we're headed?

I mean, yes, it's in Deloraine and Reston and Winnipeg Beach today; where is it tomorrow in the best interests of saving money for the Provincial Government? I would like him to clearly state; he said, yes, he would expect that they wouldn't have to pay their half mill. I have been told, Mr. Chairman, or I think there's been people enter into agreements, that have felt that they wouldn't have to pay a half mill into the Provincial Municipal Affairs Department for the overall policing costs. Now, is that correct or is it not?

HON. J. BUCKLASCHUK: The matter of a half mill, that is certainly something that will be discussed and we will see where that takes us.

I think that the Member for Arthur knows full well - and he's quite correct, it involves three areas in rural Manitoba - that this is not something that developed as a result of an Estimates review, as a result of some initiative on the part of the Attorney-General.

These are recommendations that come down from the Royal Canadian Mounted Police themselves; and

it's a realization, I would suggest, at both the federal level and the provincial level, that there has to be, in some cases, a rationalization of services. If the RCMP can assure that the quality of service will not decrease and that there are savings to be made, then I think it would irresponsible for the Province of Manitoba not to take that advice.

I want to assure the member that I did sit in with meetings with representation from the RCMP and the Attorney-General, and those were the very facts that were provided to us.

MR. CHAIRMAN: It being ten o'clock, what is the will of the committee? Do you want to rise at ten o'clock? I'll permit the member another question then, and we'll rise.

The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I think it's up to the committee to give you direction.

MR. CHAIRMAN: Well, that's what I'm asking.

MR. J. DOWNEY: Okay, I'll just make a comment, and then we're prepared to rise if that's okay, unless the Minister wants to . . .

MR. CHAIRMAN: You said that you weren't looking in that direction, but your deputy critic motioned that you wanted to quit at nine o'clock, so I was responding to him.

MR. J. DOWNEY: Mr. Chairman, I'm used to a little tougher life and a little longer hours to make a living than some of my colleagues.

My comeback to the Minister on this is, he can't blame the RCMP or the Federal Government on this decision. It was he and his Cabinet colleagues who decided to reduce the RCMP service in his own riding of Winnipeg Beach, of Reston and Deloraine. Don't sit here and try and blame the RCMP. The RCMP take direction from the Attorney-General's Office and from the Cabinet.

A MEMBER: No, they don't.

MR. J. DOWNEY: Yes, they do. Their responsibility is to keep police officers where the government wants them, and that's exactly how it is. I've been at several meetings, and I know exactly how it is.

A MEMBER: Obviously, you don't.

MR. J. DOWNEY: Yes I do. It came from Assistant Commissioner Henry, as to where the officers are . . .

MR. CHAIRMAN: Address your remarks to the Chair, please.

MR. J. DOWNEY: The provincial Cabinet decides.

In fact, Mr. Chairman, the Minister I think is very irresponsible in not having taken hold of this as a Municipal Affairs Minister. All this was going on and he was saying, well, it's in the best interests of saving money. It wasn't in the best interests of saving money;

it hasn't been substantiated to this day that there's a nickel saved in the moves that were taken and the disruptions that took place in Southwest Manitoba and in his own riding, Mr. Chairman.

It is an inaccurate assumption that there's money being saved because of the moves that were made. It hasn't been proven and it can't be proven, Mr. Chairman. I want the Minister to clearly understand that. So don't let him sit here and say that it's somebody else's responsibility - it's he and his Cabinet colleagues for the loss of RCMP.

Now the question is: How is he going to sort out who and where the responsibility of the RCMP now falls? Does this RCMP officer now answer to the municipalities of Brandon and Winchester? Is that who they answer to? They're paying the price. Is it one officer who covers that territory? Do they interchange? How does it go? I know that it's a pooling of money in that type of system.

Mr. Chairman, why was the move made? If he'd have been carrying out his responsibilities as a responsible Minister, it wouldn't have happened and got to this stage. I'll tell you, the cost of the bureaucracy and the cost of the negotiations and all the agreements and everything that's going to have been gone through will far surpass any financial savings that the move would have made, which they initially thought it would.

We can't get answers here tonight from this Minister as to whether or not the half-mill will be lifted off the taxpayers in my constituency. If it isn't lifted off them, then it's a form of double taxation for police protection, and that is not fair. It's discrimination against those taxpayers.

Does this Minister want to sit here and say well, that's quite okay, I can live with that agreement? Does he expect them to pay double taxation, pay into the half mill to the provincial coffers for police protection and then have to go out and pay through their local tax base? My goodness, it's taxes we want to take off some of these farmers, Mr. Chairman.

His government has moved, or pretended they've moved, to take some education taxes off farm land. What good is it to take education taxes off of farm land, and then turn around and slap them with an RCMP tax? Give them a little bit of room to breathe, Mr. Chairman. That's what we're after, not imposition of more taxes. It's imposition of less taxes and fair and equitable assessment of taxes on those individuals.

HON. J. BUCKLASCHUK: Mr. Chairman, I don't know if \$12 million is pretending; it's far from pretending.

On the matter as to the half mill, I certainly think that it would be fair not to require those municipalities to have to assume that cost in view of their assuming probably a larger cost for the financing of that one officer.

With respect to the deal, the agreement, I believe that the Member for Arthur probably found out about the same time as I did about the agreement having been entered into, and that was in early February or late January of this year, which was done at the initiative of the municipal bodies. So I don't know why . . .

MR. J. DOWNEY: Blackmailed into it.

HON. J. BUCKLASCHUK: Oh no, no. Those are pretty strong words.

MR. J. DOWNEY: Blackmailed into it, it sure was. They were blackmailed into it. You lose your RCMP and see what your constituents say.

MR. CHAIRMAN: The Member for La Verendrye.

MR. H. PANKRATZ: Thank you, Mr. Chairman.

My question to the Minister is: What is the cost per officer to the Province of Manitoba, a police officer, RCMP officer?

HON. J. BUCKLASCHUK: For those officers for which the province is financially responsible, I understand it is \$49,200 per officer.

MR. H. PANKRATZ: That's the amount that the Province of Manitoba has to pay per officer. Am I correct?

HON. J. BUCKLASCHUK: That's the best information we have, but the Attorney-General would be in a position to respond to that better.

MR. H. PANKRATZ: I realize we want to close for the evening, but my final question is: Has the Province of Manitoba got less RCMP officers in the Province of Manitoba now than it had a year ago?

HON. J. BUCKLASCHUK: I don't have a specific answer; the Attorney-General would have that. I have a feeling that, in fact, the number has increased slightly because of reallocation and because of some administrative changes that have taken place with subdivision - whatever the title is - but there have been some. I certainly know that, for whatever reason, in my constituency, Teulon has an extra officer. I believe that Gimli has and Winnipeg Beach lost in the process.

MR. CHAIRMAN: Committee rise.

SUPPLY - CROWN INVESTMENTS

MR. CHAIRMAN, C. Santos: Committee of Supply, please come to order. We have been considering Budget Item No. 1.(b)(1) Crown Investments Administration, Crown Corporation Support: Salaries; 1.(b)(2) Other Expenditures.

The Member for Roblin-Russell.

MR. L. DERKACH: Mr. Chairman, before we broke for lunch or supper, I asked the question on the Planning and Priorities and what the role of the Planning and Priorities Committee was in relationship to the Crown Investments or Crown Reform Committee and also to the various departments. Can the Minister elaborate on that particular aspect, please?

MR. CHAIRMAN: The Honourable Minister.

HON. G. DOER: Yes, Mr. Chairman, the Planning and Priorities Committee is chaired by the Premier, and the Cabinet is chaired of course by the Premier, the Crown Reform Committee answers to Cabinet, and the Planning and Priorities Committee would answer to Cabinet as well.

MR. L. DERKACH: Can the Minister indicate to us who the principal players are on the Planning and Priorities Committee?

HON. G. DOER: Mr. Chairman, the Planning and Priorities Committee is not part of Crown Investments. I do not chair it and the members of the Planning and Priorities Committee is a matter for the Premier.

MR. L. DERKACH: Mr. Chairman, the reason I asked the question is, of course, in the past when Cabinet Ministers took submissions, they took them to the ERIC committee, which has since been dissolved and, as I understand it, has been replaced by Planning and Priorities Committee, or at least part of the responsibility is the responsibility of the Planning and Priorities Committee. That's why I was asking the question as to who the principal players are and I think it is relevant to this particular discussion, especially to the effect that we now have a new committee, a Committee on Crown Reform, which there must be a connection between - the Planning and Priorities and the Crown Investments Committee.

HON. G. DOER: Mr. Chairman, I did give the names of the Cabinet Committee on Crown Reform and the Planning and Priorities Committee is not under the auspices of the Crown Investments Department, it's under the chairpersonship of the Premier. As such, it is a Committee of Cabinet and this committee is a committee of Cabinet. We report to Cabinet, the Premier chairs Cabinet, and we are accountable to Cabinet.

MR. L. DERKACH: In other words, Mr. Chairman, the Minister will not answer that question and we will not know from him who the principal players are on the Planning and Priorities Committee.

Another question that I had asked prior to the supper break, or dinner break, was the question on internal audits and who those internal audits go to from the various departments. At the present time, I am sure there are internal audits conducted in each of the corporations.

Do those internal audits now go to the Minister responsible and then to the Crown Reform group, or do they go to Cabinet and the Planning and Priorities Committee?

HON. G. DOER: Mr. Chairman, the internal audits now go to the CEO and the President of the Board of Directors.

One of the areas which we're reviewing very extensively is the whole area of internal audit committees. We've had a great deal of conversations with private sector auditing or accounting companies, chartered accountants. We have had discussions with people in our auditing area of government; we've discussed it with the federal department, federal auditor general. In fact, I met with Mr. Dye at one occasion about the issues of both internal and external audit.

The other area that we are attempting to standardize is the whole area of the comprehensive audits as well. Again, it's one of the items that I mentioned. I said there were a number of items on the table that the Crown Reform Committee is dealing with. The whole

area of organizational audits, both internal and the organizational audits on a comprehensive basis, is an area that we want to standardize and we will be proposing standard timing for those kinds of decisions.

We've had extensive discussion, as I say, with a great number of experts in the area. There's not a great deal of unanimity by the way, Mr. Chairman. There is a huge debate on the whole, for example, value for money proposal, whether that in fact is double-guessing the policy makers, the decision makers versus a more comprehensive type of audit system which will allow for review to see whether the objectives that have been established pursuant to the mandate are being met.

So we've had discussions in terms of the internal audit function. There are a number of proposals that we are looking at in terms of standardizing and formalizing the external audit function, notwithstanding the normal audit function that is conducted either by the Provincial Auditor for some of the small Crowns, or an outside audit company for some of the other major Crown corporations.

So there are three audits we're looking at: the internal audit process, which is the ongoing audit process; the year-over-year audit; and the third audit is the whole area of organization audits and the various options within those organizational audits, one of being the strict value for money kind of system and the second one being the review of a corporation to see whether in fact the objectives and mandate established by the government is in fact being on a periodic basis being accomplished by the specific Crown in question.

MR. L. DERKACH: Mr. Chairman, I would presume that internal audits would have been conducted on the various Crowns in the past. I would think that's only one of the key components of a proper management of a Crown corporation or any company. Having said that, I'm wondering, can the Minister elaborate on where the internal audits went to before and who was responsible for at least taking a look and ascertaining whether the internal audit was done properly and what it revealed?

HON. G. DOER: I'm sorry, I didn't catch the whole part of your question. I was just discussing my assumptions on internal audits based on my ten-week or eleven-week experience with them in the Crown area. It's my experience, one of the problems with the internal audit function has been the issue of some internal audits are very, very internal - very internal. And that's one of the weaknesses where we have in the corporate sector, in many of the major private corporations, and indeed in some major Crown corporations, there is the ability of a board of directors and the individual financial officers of the corporation to form an internal audit committee as members opposite well know. That way you have a cross section of board of directors, members and the internal auditing function.

Where you have a situation where the internal audit function is a staff function within a Crown corporation, and where you have that staff function reporting to the president or the CEO of the corporation, then I think you've got an internal audit process. That's when you potentially could get into some trouble, in terms of what's being identified and not being raised to the board

of directors and which isn't. No one likes to bring bad news to a board of directors unless they absolutely have to. I believe in a model, quite frankly, that has representatives of the board of directors on the internal audit committee as well as the appropriate staff members.

In fact, I do believe that the majority of them should be from the board of directors as an internal audit committee, as opposed to the internal auditing staff function.

MR. L. DERKACH: I would assume, Mr. Minister, that at the present time there are internal audit committees set up. I'm wondering, are we going to see a change now in those particular audit committees. Are you going to disband the audit committees that are presently in place in the various corporations that are under the purview of the department? Or are we going to see the role of that internal audit committee expanded?

HON. G. DOER: I would say, first of all, we're rationalizing which Crowns will be in and out of the whole ambit that we're looking at. Secondly, we're looking at the role of internal audits. I would see for some internal auditing functions in Crowns, in terms of an audit committee, there would be a change. Where there hasn't been, previous to this board of directors, members on an internal audit committee, I would say that that group would be working with the internal auditing function of the Crown, which is, as I say, fairly standard in major corporations.

MR. L. DERKACH: Still on the audit aspect, would the Minister, as the chief Minister responsible for Crown Reform, then be prepared to table internal audits for the House?

HON. G. DOER: Mr. Chairman, that's why they call them internal audits.

Many of them have functions that deal with the commercial aspects of those particular Crowns. We table the annual statements of any Crown corporation within the public arena. We answer a great number of specific questions on the Crown corporations at the committees of the Legislature.

The Auditor also has access to those Crown corporations, either the audit that's done by the external company or the audit that the Auditor themselves will conduct. Not all auditor's reports are external, but the significant ones are. I have faith in that type of system. What I would like to improve is the role of the staff function and the board function, the standardization of those two issues in the Crown corporations, because I think there are some differences between some of the Crowns in that area. That's the area we're looking at, how best to do internal audits with the role of the board of directors and the internal function within the Crown.

MR. L. DERKACH: Mr. Chairman, I guess I'm still somewhat confused as to the role of the Crown Investments Department, and also then in relation to that the role of this new Committee of Crown Reform, which will have a staff complement as well.

In the responses that we've heard here this afternoon and evening, we have I think ascertained that the role

of this new committee of Cabinet is not going to be significantly different than the intended role of the Crown Investments Department.

Now, if we have now another layer of bureaucracy and another group of Ministers responsible for the Crowns, one of these departments is going to be duplicating what the other is doing. I wonder if the Minister would like to guess, or if he knows, tell the House whether perhaps we are going to see a termination of the Crown Investments Department as we know it, and will that department be replaced by the Crown committee or a department on Crown Reform.

HON. G. DOER: We will be proposing changes that would potentially change the role of the existing department and how it operates, yes.

MR. L. DERKACH: The Minister is still not telling us, are we going to see the dismantling of the Crown Investments Department and being replaced by the Committee on Crown Reform with a staff complement?

HON. G. DOER: Mr. Chairman, the member opposite asked whether we would see some changes from the Crown Investments, or dismantling the Crown Investments Department as we know it - I wouldn't use the word "dismantling" - I would say we are potentially proposing significant changes.

MR. L. DERKACH: Mr. Chairman, again we see an uncertainty. A Minister who can't answer the question even though he's been in charge of this department for some five-and-a-half months and isn't able to tell us precisely what direction the government is moving in and precisely what direction his committee, as a matter of fact, is moving in, in dealing with this whole area of Crown Investments and Crown corporations and some control over them, therefore, you know, it poses some serious questions in the minds of Opposition and Manitobans as well as to whether or not there is a real hold on, or grasp of the problems that we are having with our Crown corporations and whether the government is really intending to pursue, trying to get a better handle on it as was expressed in the First Minister's release.

I notice in the release that the First Minister also makes mention of additional staff. Now in the Supplementary Information booklet that we received on Crown Investments we found that there are 10 staff members presently in place in Crown Investments and now we are going to add some staff to the Crown Reform Committee.

Can the Minister indicate who the staff members are, first of all, who are working for the Crown Investments Department? There are only 10 of them.

HON. G. DOER: Mr. Chairman, the people who are working with the Crown Reform Committee and the people working in Crown Investments are indeed the same people. We are working with the Crown Investments Department on the reform proposals.

Just to make a correction, it hasn't been five-and-a-half months. I believe it's been three months since the actual members of the committee were selected

by the Premier, but there has been a considerable amount of prework since the time of the Premier's announcement in November on the various proposals that we were to look at.

So, Mr. Chairman, the whole area of the format of the Crown will still - and I agree with the member opposite. It's difficult to answer what we're going to do when we haven't finished all the decision making on what it's going to be.

The second point I'd like to make is that we are not going to staff up or staff down or staff sideways or whatever to a radical extent, until we know what kind of vehicle will be most appropriate for delivering with our Crown corporations. We will decide on or try to make some decisions on the fundamental vehicle for Crowns first, and then look at the resources necessary second. I do believe that, with 16 or 17 Crown corporations with over \$4 billion worth of assets, if we are going to have appropriate analysis of those Crown corporations, then we cannot do it with the existing resources. It's a strong feeling of mine. I may as well put it on the record.

MR. L. DERKACH: Okay, now that we know we're going to see an amalgamation of the two departments, the Crown Investments Department and the Crown Reform group because you're going to have the same staff working for you, but there was an indication in the release that there was going to be additional staff provided to assist the Crown Reform Committee. I'd like to know from the Minister how many staff, because the additional information for the Estimates does not show it, are being planned in addition to what is now in existence.

HON. G. DOER: I believe the request for staff is 10.26 staff years for the Crown Investments Department. There is one vacancy in the department in terms of its function but, quite frankly, I can't provide the answer of what would be the optimum amount of staff until you make the fundamental decisions on how the Crown Reform vehicle is going to be proposed and, subject to acceptance of that by the various components of this potential proposal, then we will know the resources that are necessary in the future.

For this year's Estimates, we are asking for the numbers that are in front of you and I say, in the future, that I believe we'll need more resources to do an adequate job for the 17 Crown corporations that are in existence.

MR. L. DERKACH: Well, it bothers me a little bit, Mr. Chairman, because when you review the previous year's Estimates, you find that this is the typical kind of information that flowed from the Minister who was responsible for Crown Investments before. Knowing that Minister, one can accept the fact that perhaps the information would be scanty.

But we have a new Minister who is supposed to be responsible for this department and, even though it's been three months, he still doesn't know how many staff he will need to do the job. He can't answer that question. He hasn't been able to answer a series of questions, and I'm hoping that a year from now, when we do a review of Estimates, he will have some more

definitive answers than what he's been able to provide to us thus far.

But I'm sure that he must have taken a look at the 17 or 19 Crown corporations that are under the purview of Crown Investments to date, and has surely picked out some of the ones that are potential problem areas for him. I mean, if you're responsible, even if you're in there for a month, you will have wanted to pick out the Crown corporations that are going to be causing you a problem.

I point to the one that perhaps is a potential in that it's a circumstantial situation. We have the Leaf Rapids Town Properties Limited. I would like to ask the Minister, first of all, in terms of Leaf Rapids Town Properties Limited, whether he has, himself, taken a look at some of the problems that may be associated with this particular corporation.

HON. G. DOER: Well, again, I think I believe the Minister of Municipal Affairs deals with that issue of the Leaf Rapids Development Corporation.

Mr. Chairman, obviously the biggest problem Leaf Rapids Development Corporation has is the longer-term economic situation in the community. That, of course, represents the major challenge in terms of the viability of that organization, as one would expect with the situation in Leaf Rapids today.

MR. CHAIRMAN: The Member for Lakeside.

MR. H. ENNS: Thank you, Mr. Chairman.

It's always delightful to be recognized by you, Sir, Mr. Chairman, now that you have been restored to the confidence of the Chamber.

Mr. Chairman, the question raised by my colleague, the Member for Roblin-Russell, is precisely the kind of question that I look to this Minister and to his new responsibilities to get a handle on because, while we in the Opposition, of course, have to continually look backwards to some extent to what has happened - and I think it's particularly appropriate in this instance that we do so, because the very existence and the creation of this new Ministry and this new department is to try to prevent what has happened in the past.

I would ask him to have a hard look at precisely what is the situation at Leaf Rapids because, Mr. Chairman, there was a noble dream by my friends of the Schreyer administration back in those heady years, 1970-71, that said we're not going to have any more company-owned towns - work all day, covered in sweat, and what do I do, owe my soul to the company store, or however the song went. There would be no more Flin Flons, no more Thompsons. We, the people, would build the town. We would build the houses, the schools, the hospitals, the roads, the sewage and water systems, and that's precisely of course, Mr. Chairman, what we did in Leaf Rapids.

The Minister indicated just a little while ago that he has some appreciation of the reality of a mining community. It is always on borrowed time. When the ore runs out, regrettably unless some other forms of economic activity can be found - and I know they're being sought for, but it isn't easy when you consider the distance, the geography and the climate. So we and the public have invested many millions of dollars

in the infrastructure, into the building of what was to be the model community of the North that a brave new New Democratic Government was showing Canada and other countries how to build mining communities.

Well, Mr. Chairman, that was only 1971-72. That community was built for some 3,000 inhabitants. We are now down to 1,400, and you, Sir, will recall my question to the Minister of Energy and Mines earlier on in the question period today, is that we are in jeopardy of losing another 600 in the next few weeks or months. Indeed the major employer of that community, Leaf Rapids, has indicated that it wishes to withdraw from mining activity in Manitoba. If they can, they are attempting to sell it to another mining company, Hudson Bay Mining and Smelting Company, to take over the operations at Leaf Rapids.

I would assume that the organization of specialists that the Minister is trying to gather around him in this department would view these kinds of utopian dreams that either come from departments or from Crown corporations with that kind of hard, pragmatic, economic assessment as to whether or not they are indeed in the long-term interests of the taxpayers of Manitoba, and that we learn something from that.

Mr. Chairman, regrettably the Minister doesn't have too many of the answers to all too many of the questions that we pose.

A MEMBER: That's the super Minister; he's got the super answers.

MR. H. ENNS: But, Mr. Chairman, he is being put there to make sure that we don't go off losing \$27 million somewhere in the shifting sand dunes of Saudi Arabia, trying to sell telephone equipment.

Premier Pawley, the Premier, has told us that's why he is creating this Ministry, this department. And we've heard precious little positive responses so far from this Minister about how he's going to rein in those wild-eyed socialist colleagues of his who keep getting us into the glue for millions of dollars.

And that is not a funny matter because most of us, most Manitobans know what to expect from our Crown corporations. We want that little telephone, that little black telephone to work, to work better, to work better in rural Manitoba where we still have party lines and other inconveniences.

We know what to expect from our Autopac corporation. If we smash up our cars, we expect it to fix them. So then why are we insuring lemon and grapefruit trees in California and Florida and Texas against possible frost damage? Or why are we insuring American multinational chemical plants in Bhopal, India with horrendous loss of life and the tremendous cost to us and our exposure? This is the kind of thing that we expect this super Minister to stop or else, Mr. Chairman, the ministry is a sham.

I really put on the record more for a matter of notice, Mr. Chairman, for the Minister, but we will be asking - and I have purposely not raised the issue of Leaf Rapids all that much during the question period. At stake is a vulnerable mining community. At stake is a company, Sherritt Gordon, that has for many years provided gainful employment in Northern Manitoba. Certainly I don't wish to jeopardize any possible

discussions that are currently under way. I've discussed this with the Minister of Energy and Mines and he appreciates that I have not been getting up every day asking him questions about this.

I might say, Mr. Chairman, that I've shown a great more responsibility in that regard than members opposite used to when they were in Opposition. If they thought they could milk an ounce of politics out of an issue, out of the fact that maybe 600 miners are going to lose their jobs, they'd be on their feet asking questions about it every day of the Session.

But the tragic story about it is that we have another situation, and Manitobans will expect this Minister and this department to give us a full accounting of what may well be the eventual cost of the Leaf Rapids experiment. It could be in the millions, into the multimillions, to prove what? To prove that the New Democrats thought they ought to build the town. I should mortgage part of my earnings, farmers, people in Winnipeg, should pay for the infrastructure for the schools and for the houses rather than the mining company involved, because they had a different ideology. They had a different ideology. Now the only trouble is the mining companies had the benefit, they've stripped the mine, they've mined the mine and all of us are left owing and paying the bill.

It's that kind of imprudent action that I would hope this Minister and this department would be given: (a) the authority to intervening and to really to be able to do the monitoring job that the First Minister has indicated this Minister and this department is going to do. I shouldn't say necessarily the department, I should say the reform committee, the Crown Corp. Reform Committee of Cabinet is going to do.

This Minister may not like this, Mr. Chairman, but he has one option. He either accepts the responsibility the First Minister has put on him, or else he tells the First Minister it isn't going to work. Because this Minister is going to be held responsible for every time the hydro rates increase in this province; for every time a car doesn't get fixed properly by MPIIC; for every time a house is not in good repair under the Manitoba Housing and Renewal Corporation - pardon me, that's not in his responsibility, eh? Okay, so he's off the hook on that one.

But he's going to be responsible for all the past sins of commission of Crown corporations including that of Leaf Rapids. We are going to watch this Minister very carefully, Mr. Chairman, not only because that rumour has it that he's going to be the next leader of the New Democratic Party and perhaps the next Premier. That would be sufficient reason to watch him anyway. I don't want to unkindly scar this young Minister as he takes on the challenge of a super ministry.

Mr. Chairman, I'm told that he doesn't really like to be called the super Minister, but we will insist on calling him the super Minister every day that we're in this Session, for many years maybe. But he is going to have to pick up the challenge, Mr. Chairman. He's going to have to answer some of the questions.

To begin with, among his homework that I put on his table is, at least he should be preparing his Cabinet, he should be preparing the people of Manitoba, with different scenarios that may be presented to us with respect to the possible collapse of the mining venture at Leaf Rapids.

HON. G. DOER: Mr. Chairman, I thank the member for his comments. There's no question that the government is vitally concerned about Leaf Rapids, as all Manitobans are. We are very aware of the situation there and, as I mentioned, when the Member for Roblin-Russell asked a question in terms of the Leaf Rapids Town Properties Limited, obviously situations are very dictated by the situation in the mine. So that comes as no surprise to anybody in this room.

Mr. Chairman, the plight of single industry towns, the plight of people in single industry towns I think is one that concerns us all. I think all of us have walked around town. I remember walking around a town, Lynn Lake, Mr. Chairman, in 1980, when I was meeting people in 1980 and close to 1981, where people bought houses for \$70,000, \$75,000, \$65,000, and they were unloading them for \$8,000, \$7,000 worth of money. I think that touches anyone to see that situation.

Perhaps we should evaluate the long term, and I look forward to the debate in terms of the situation in Leaf Rapids over time in terms of that enterprise in that community and compare that to other decimated communities with the closing of a mine like Schefferville and other places across this country where communities, total communities, have been decimated because of companies coming in and out. Perhaps with the Leaf Rapids situation, with the collective responsibility that we have, and perhaps with some economic success over the short period of time, the Leaf Rapids experience will be, in the longer term, very nice to compare with towns where mines have come and gone like Schefferville, as I mentioned.

The member asked a question about the authority issue. I have said time and time again in these Estimates that we are dealing with various models that will give us the balance and increase the accountability of Crown corporations but also maintain the balance of their needs to be a vital and commercial enterprise in their own right. So we are trying to find that balance between a bureaucratic model, a Treasury Board model, which chokes off potentially the activity of a Crown corporation and a model that allows Crowns to just float as sovereign ships in our public enterprise.

The member mentioned a couple of other points - the Telephone System. Mr. Chairman, we have a lot of improvements to make in rural services in the telephone system. Mr. Chairman, we are committed to a massive survey of rural residents and a plan that we will file with the PUB early this year, prior to developing, and a plan that we will consult with the public of Manitoba on prior to any final decisions or final proposals going before the PUB.

Mr. Chairman, Manitoba is not perfect in the Telephone System and it has a long way to go. We must remember that Manitoba has 49,000 multi-party lines in this province and in the Conservative Province of Saskatchewan, which is a very similar type of rural community, we have 75,000 multi-party lines in the Province of Saskatchewan.

So, Mr. Chairman, we are willing to debate the improvements we have to make on our own turf, but we would like to compare the success of our Crowns with other comparable groups in other jurisdictions. That doesn't mean to say that it should not excuse us for not improving rural services. We must make improvements to rural services. I feel, Mr. Chairman,

that the 49,000 multi-party lines is too many, but it's 25,000 less than our neighbour to the west of us with a different government.

Mr. Chairman, the members opposite, the member discussed the issue of MPIC. We await the auditor's report. I await the auditor's report. I'm sure all members of this House await the auditor's report dealing with the issue of reinsurance that the member opposite raised. Mr. Chairman, I'm pleased that when we talk about Autopac, we talk about the needs of the Crown corporation, to have the mandate to repair the cars as the Public Insurance Corporation in this province.

I hope, Mr. Chairman, that we never see another day where we have a Burns Committee created, as we did in 1979, a person flown in from Vancouver.- (Interjection)- Yes, well, this individual, a consultant on the Fraser Institute, we brought him in from Vancouver - oh, they don't like the Burns Committee, Mr. Chairman. We brought in Mr. Burns from Vancouver. He remembers Mr. Burns. The man looked like Donahue, but he didn't have the decency to go to Thompson, Manitoba, for a public hearing. He didn't have the decency to go to Brandon, Manitoba, for a public hearing. He would only show up out of his palatial suite when he wasn't meeting with Wawanesa. He would only show up out of his palatial suite in the Winnipeg hearings, the public hearings that were held in Winnipeg.

This is the type of individual who was brought in by members opposite and I can tell the members opposite are a little sensitive on the Burns Committee, because Mr. Burns did nothing when it came to talking about the rates in this province. A one-paragraph mention in a 300-page report on the fact that the rates in Manitoba were the lowest, not only in Canada, but the lowest rates in North America, Mr. Chairman. So I'm pleased when we talk about repairing a car, that is the role of Autopac, because it was under the gun. Mr. Burns was instructed to get rid of Autopac and, in fact, many members of the insurance executive told me, don't worry about a thing, the whole thing is in the bag. Well, think about it.

A MEMBER: That's an assumption.

HON. G. DOER: I heard it. Mr. Chairman, that is why we had one-half a paragraph on Autopac rates, because that was the strongest part of the corporation besides the millions and millions of dollars invested in our hospitals, our schools, in our various public enterprises. They couldn't deal with the rates.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, my point of order is the Minister insinuated that the previous Cabinet instructed Mr. Burns to close Autopac and, if he is saying that, I am saying he is telling us a lie.

HON. G. DOER: Mr. Chairman, on the point of order, Autopac - the government cancelled a ten-year lease and moved it down to a one-year lease. The government told Mr. Burns, well, the proof is in the pudding - a half a paragraph on rates which was a strong point of Autopac. I don't blame the members opposite for being sensitive about Mr. Burns. I thought he did a terrible

job and he wouldn't even go to a public hearing. In fact, that's where I heard the deal, where it's in the bag, from a person I know who's the senior - well, he was the president of an insurance company and probably the members opposite know the individual. He told me, don't worry, Doer, it's in the bag, it's gone.

So, Mr. Chairman, there were certain trends there that would lead one to say that there was a conclusion Half-a-page in the report, he had his marching orders and he did a terrible job, and thank God he did a terrible job, because it allowed the public of Manitoba to keep their Public Insurance Corporation.

MR. H. ENNS: Mr. Chairman, unfortunately this Minister has learned so quickly, but that comes from the company that he keeps. There's an old saying that if you fly with the crows you'll get shot as a crow, and when he hangs around with the NDP'er's like that, that's what happens, you see.

First of all, let me correct him on a little bit of geography. Mr. Chairman, I can understand this smooth urbanite who would have no understanding between the difference of Saskatchewan and Manitoba. The difference is black and white.

Manitoba, of the million population that both jurisdictions has, has 600,000 in one centre. Manitoba hasn't got a settlement at the eastern border. We have a few provincial parks in the Whiteshell. We have an agricultural belt about 50 to 60 miles here at Winnipeg. It only goes up to 160 miles at the western border at Swan River. Saskatchewan services a settled agricultural area that is 500 or 600 miles in depth. Saskatchewan hasn't got a centre bigger than Regina which is 160,000 - 170,000 people. So for the Minister to compare for the purposes of rural telephone services of the two provinces simply indicates that the Minister really has never put his nose out of Winnipeg too often, for Toronto or Montreal, but he certainly doesn't know Saskatchewan and he certainly doesn't know Manitoba.

Now, Mr. Chairman, again that's not the issue. He talks about the Burns Report and he should not presume to talk about something that he was not privy to; he was not even in politics at that time. Thank God there was a strong Minister around at that time that took that Burns Report, told them where to shove it and they so recommended to Cabinet, and that was myself, quite frankly. But to indicate, as you indicated, and put on the public record, what you did was entirely wrong and deceitful and my colleague, the Member for Sturgeon Creek, was absolutely right for bringing this to the Minister's edification.

Mr. Chairman, as one would expect, and I think it's one of the appropriate actions that governments, particularly when governments change from time to time, is to examine, to review and to look at what has been and to see if it can be changed, if it can be improved. This, Mr. Chairman, is what we are looking forward to this Minister, but we're not getting a single answer in that respect.

He's talking about monitoring. He's talking about sitting in, having a presence, I think he said a useful presence at these board minutes. Well, that's not going to save us the millions of dollars that this government has squandered. We're looking for this young Minister to do something about it.- (Interjection)- The honourable

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member speaks about the lease. What Autopac was about to embark on was building themselves a \$20 million office tower with plush carpets that they wanted to sit in. I, in turn, cancelled that building, signed a five-year lease with Eaton Place which helped inner core development and Autopac is still well and counts in there, a forward progressive thinking that nobody has challenged since. That's what you call a little bit of control on Crown corporations and I make no apologies for that.

Well, Mr. Chairman, let this Minister tell us, let this Minister start telling us how he's going to control the Crown corps. You see, Mr. Chairman, that's our whole problem. That's the only thing we're trying to establish here today.

This Minister doesn't have a huge staff, only 10 SMY's, 10 staff people; there's not a big track record for us to go back and talk about what's he done in the last five years, or what a Minister preceding him has done in the last 10 years. All we can do is hold this Minister accountable or point out to him what the Premier has told Manitobans to expect of this Minister.

The Premier has said this Minister will stop runaway expenditure, out-of-control actions on the part of Crown corporations, and goodness knows, we've seen enough of that.- (Interjection)- We expect this Minister to put a halt to that.

My colleague from Birtle-Russell has been asking the questions, we've been asking questions, and it's fine for the Minister to divert our attention, to talk about Commissions of Inquiries that are now seven, eight or nine years old; Commissions of Inquiries of which any government has sponsored, all kinds of them that have gathered dust, never were acted upon. I mean, if that satisfies the Minister to make that kind of a response, you'll have to understand that the respect that we would like to accord him will be likewise measured.

We have no indication from this Minister how he, in effect, can put a more meaningful control on the Crown corporations that the First Minister expects him to do; or, Mr. Chairman, is the truth of the matter, that the First Minister doesn't expect him to do. Nobody expects him to do that, least of all, his colleagues who are in charge of these corporations.

All that Mr. Pawley wants to do is, with the help of the media, with the help of journalists, and so forth, just spread the message that Mr. Pawley now has appointed a super Minister and we're not going to lose any more millions of dollars.

As long as he can just fool the public and, as long as the gullible members of the Fourth Estate properly write and rewrite the press releases, saying that now everything is in order, we're not going to lose \$27 million in Saudi Arabia anymore, we're not going to expose Autopac to \$36 million or \$40 million of risk, because I've established a bright, new super Minister, and he's going to control all this spending.

I think, Mr. Chairman, that is really what it's all about, because you see, he hasn't, for a moment, told us how he's going to do it. You know, Mr. Chairman, his Ministers who are in charge of the Crown corporation, the Minister of Energy and Mines in charge of Manitoba Hydro is nowhere near the Chamber. Mr. Chairman, other Ministers that are in charge of other Crown corporations, the Minister responsible for Autopac, is nowhere near the Chamber. Of course, he has other

responsibilities and, Mr. Chairman, I apologize, I know the rules. I should not make references to members who aren't present, because I'm aware that we have different responsibilities, and certainly today we have two committees running, one in Room 254, and I withdraw that remark.

Mr. Chairman, being of generous Christian nature, I always acknowledge any mistakes that I make in this Chamber and I'm prepared to withdraw them at anytime.

MR. D. SCOTT: Tell us about Churchill Forest Industries then.

MR. H. ENNS: Well we want to talk about Churchill Forest Industries, how the New Democrats spent \$100 million on that venture. Conservatives spent \$4 million on Churchill Forest Industries and you spent \$100 million.

A MEMBER: Let's have the debate.

MR. H. ENNS: Let's have the debate, any time, any time and that's on the record. On June 25 when the Conservative administration was thrown out of office, \$4.5 million was advanced on a Churchill Forest Industries contract. Mr. Schreyer then met with the principals, renegotiated and once again, the Free Press carried a banner headline, New Deal Struck, it is now hunky-dory, everything is great at Churchill Forest Industries; and the New Democrats prepared and poured the 100 million into Churchill Forest Industries. Then to make matters worse, when they only had about \$95 or \$90 million poured in, and one of their members, I remember the Member from Crescentwood, was it, Mr. Cy Gonick, who was a bit more rabid socialist; in fact, I think you would call him a Marxist. He kept asking the government, when are we going to nationalize, when are we going to nationalize Churchill Forest Industries? The answer that he got from the Cabinet was, not yet.

Mr. Chairman, under those circumstances, quite frankly, I can understand what happened with Churchill Forest Industries, that there was an effort to cut bait and run with as much as you could because you knew that with the New Democrats around that nobody would be around to operate. But just for the record, for those younger members who weren't here, it was the New Democratic Party that poured the \$100 million into Churchill Forest Industries. They could have stopped it at \$4.5 million. They could have stopped the hemorrhage at \$4.5 million had they wanted to.

Well, Mr. Chairman, but I welcome that.- (Interjection)- Yes, okay, let's grant you, that was a mistake. That was a mistake initiated by Conservative administration, but now we have a super Minister. We have all started to learn a little bit more from these mistakes. You sir, this Minister is going to stop us making those mistakes in the future. All we want him to do, Mr. Chairman, just want him to answer some of the questions posed by the Member for Roblin-Russell, tell us how is he going to start doing it. I mean, physically how are you going to prevent the Minister of Manitoba Hydro from committing us to selling our energy to the Americans to the Upper Mississippi Group, to the people in

Minneapolis, for less than it costs us to produce it? How are you going to do that? It's my allegation, Mr. Chairman, that we are committed to selling Manitoba power to Americans for less than it costs us to produce it. I want his department, his ministry, to have a hand in making sure that that isn't the case.

HON. G. DOER: Well, Mr. Chairman, I can understand the frustration of the member opposite. We believe our Crowns - and I've said before we are not going to throw the baby out with the bath water - in our opinion are generally doing a very, very good job on behalf of the citizens of Manitoba.

Mr. Chairman, an independent -(Interjection)- I wasn't born then. But we had an independent article - I think it's worthy of noting and putting on the record - done on an in-depth analysis of a number of Crown corporations, I believe about 15 Crown corporations. A panel was struck, not a government panel, not an Opposition panel, but by the Winnipeg Sun and they did a very good in-depth article, in my opinion, on our Crown corporations. On that panel, Mr. Chairman, they had a number of, again, independent outside individuals, including I might point out, Mr. Bill Ziprick, who was the former Provincial Auditor and an individual who has some understanding of finances and, too, has certainly had some in-depth experience with the Crown corporations.

Mr. Chairman, contrary to the doom and gloom espoused opposite, Hydro got an A-Minus ranking from that "outside group." I agree that's not A-Plus; there's room for improvement. MPIC got an A, not an A-Plus; certainly there is room for improvement. The Liquor Commission, Mr. Chairman, a high revenue operation in this provincial economy received an A-Plus from this group. McKenzie Seeds, a Crown corporation that my colleague is involved with and turned around, and I'm pleased is again a very vital organization in the community of Brandon, was evaluated by this independent commission as an A.

Manfor, Mr. Chairman, received a B rating, in terms of turning it around from the losses from before to the current losses. Mr. Chairman, some of the other ones and MTS received a C. Now I accept the C, Mr. Chairman, as a fair reflection of the strength and weaknesses of that organization. I think that reflects that we have a number of areas to improve on and, as I stated, rural services, our competitive climate in terms of interconnect, our whole area of the federal-provincial agreement becoming much more strategically competent in the marketing area. Those are all areas having intelligent, corporate plans, long term, rather than retroactive, are all areas that I accept are necessary for the future.

I accept the rating from that outside organization, even a group that's not under this purview, the Lotteries, in terms of the management of that corporation, received a B-Plus; and Venture Tours received a C. Now, those aren't perfect marks and I'm sure members opposite would have some specific disagreements with those ratings, but I think it shows that an independent look from outside people, external people who have some knowledge of finances, who have some knowledge of accounting, who have some knowledge of the situation, have given these organizations a ranking that

I think is fairly clear. So we have to improve because those aren't A-Pluses, and if they aren't A-Pluses members opposite will be critical, and they should be, as members of the Opposition. And there are areas to improve in, in all our Crown corporations, and no question about it, the system that we have must be improved.

But, Mr. Chairman, there's an independent review published in one of our papers with an outside, independent panel that gave marks as I've outlined, which I think helps us put this debate in perspective.

I would like to announce this evening or today, I would have preferred to announce what exactly are our proposals pursuant to the Premier's announcement. It would make this debate much more focused on what we're planning to do, rather than on what we haven't accomplished to this date from the Premier's statement. I would agree that it would provide potentially a better debate.

But, Mr. Chairman, we are dealing with the Estimates of Crown Investments as they're presently constituted, and I have said that we will be bringing in proposals in the very near future to deal with some of the areas which we feel will be helpful to improve the accountability of the Crowns, first of all, to the public of this province; and, secondly, to the government as it has the responsibility for controlling the finances of those Crowns.

MR. CHAIRMAN: The Honourable Member for Roblin-Russell.

MR. L. DERKACH: Mr. Chairman, we certainly will be looking forward with some enthusiasm and anticipation with regard to the proposals that the Minister will bring forth as they relate to the Crown corporations.

But I hadn't finished my questioning on the Leaf Rapids Town Properties Ltd., Mr. Chairman, and I would like to return to that after that bout of rumour, innuendo and repetition that we heard from the Minister regarding his own department and what has gone on in the past, and the Burns situation: which really doesn't relate to where we are here today.

With regard to the Leaf Rapids Town Properties Ltd., I'd like to know, and we've asked the Minister about specific items here today and he hasn't been able to give us any specific answers on any one of the areas that we have asked about. So, therefore, I ask about the Leaf Rapids Town Properties Ltd. which he should have some knowledge on because it is an area of potential problem.

I'd like to ask how much money do the Manitoba taxpayers have invested in the Leaf Rapids Town Properties Ltd.?

HON. G. DOER: Mr. Chairman, the investments are \$6.4 million and the assets of the Leaf Rapids Corporation are \$5.3 million and, of course, the assets, to be perfectly honest in this House, as the member opposite is aware of, the assets of the Leaf Rapids Corporation are obviously very dependent on the mining operation in the community, that the mine is essential, or the mining operations, unless other economic activity can be developed as an essential part of what those assets are worth.

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As I mentioned before, Mr. Chairman, when one deals with the issue of Lynn Lake, I remember houses that were being purchased for \$75,000-\$80,000 at one point, I think in '81 were going for about \$8,000 or \$9,000. These are the ballpark figures.

MR. L. DERKACH: Obviously, the Minister must have a bit of a concern about this, and I'm wondering whether there are any plans as to some strategic action that the government might take with respect to Leaf Rapids, or is the government kind of waiting it out right now, waiting until their Crown Reform Committee finally is in place and knows what they're doing?

HON. G. DOER: Well, Mr. Chairman, the key issue in terms of strategic decisions are obviously the activity of the mine, and the government has a very active concern in that area and has strategic considerations that are subject to broader economic issues as the members opposite know.

MR. L. DERKACH: Mr. Chairman, I'd like to move now to a couple of questions with regard to - well, one question with regard to MDC. I have a document here, Mr. Chairman, which talks about the development agreements and the policy that Cabinet has on development agreements. The proposed policy and development agreements had to receive approval in principle by ERIC and Cabinet. Now I'm wondering, Mr. Chairman, what the policy of this new Crown corporation or Crown Reform group is going to be with regard to the approval of development agreements.

Is it still going to be a Cabinet decision or is it now going to go to the Crown Reform Committee?

HON. G. DOER: Mr. Chairman, again the priority of the Crown Reform Committee for the last few months has been the fundamental vehicle and the rationale for what's contained within that organization, and what will be referred to it or what won't be. At this point, the development agreements have been going to Cabinet.

MR. L. DERKACH: Is the Minister saying that, with regard to development agreements, the decision hasn't been made yet, or is he saying that there's going to be a dual role, or are we now going to be looking at the Planning and Priorities Committee involved in it? What is he saying specifically, or does he know?

HON. G. DOER: We are reviewing what activity would go to the Crown Reform Committee vis-a-vis what would not go there. We do not want to plug the whole agenda of the Crown Reform Committee up with anything besides the fundamental format of what we're proposing, first of all, is the first priority. Secondly, that format will include what will go to the Crown reform group versus what will not go, and thirdly, ultimately whether it goes directly from the Minister responsible for MDC to Cabinet or through the other committee is still yet to be determined.

At this point, it's going directly from the Minister responsible to the Cabinet, but there is some analysis done by Crown Investments on request from either the Minister responsible for MDC or from the Cabinet if necessary, as I mentioned before.

MR. L. DERKACH: So once the Crown reform group has its policies in place, is it conceivable that development agreements would go to the Crown Reform Committee, then go to Planning and Priorities and then to Cabinet? Is that a conceivable route that development agreements may have to take?

HON. G. DOER: Mr. Chairman, unless there are major capital implications, I would see the normal Crown or the MDC agreements going to Cabinet probably with Treasury Board analysis. But we're still sorting that out under the new proposals we're developing.

MR. L. DERKACH: Can I ask the Minister now with regard to the creation of new Crown agencies, will this committee be responsible for the role of determining the creation of new Crown agencies for this government?

HON. G. DOER: Mr. Chairman, the Cabinet would of course decide that issue. That's a major issue.

Mr. Chairman, as I mentioned before, we are trying to rationalize those groups that now come under Crown Investments, and those groups that should not. We're looking at differentiating between those Crowns that are of a commercial variety in our economy, versus those Crown corporations that are social or regulatory being outside of the ambit of the Crown Investments Department.

So the answer to your question would be, it would depend obviously on what type of Crown. But normally, those analysis would take place and go to Cabinet and be dealt with at the highest level, because they're very significant decisions.

MR. L. DERKACH: I shake my head, Mr. Chairman, because every time I ask a question, it seems like there is no definitive answer. It's either well, maybe it'll be this committee, or maybe it'll be Planning and Priorities. Well, usually it goes to Treasury Board and to Cabinet, but we're really not sure because we don't have anything planned yet.

Now we have a First Minister who makes a press release and says everything is in place. He seems to give the impression to the people of Manitoba that he knows what direction he's going in. Now we ask his Minister, who is responsible for the portfolio, what the policies are, and it appears as though the Premier was a bit of a fool when he made the announcement, in accordance to the answers that are being given by his Minister.

Now, I'd be a little bit concerned about my own Minister, if I were seeing him give answers such as we've heard here today, so I guess I have to rephrase the question. According to the document, ERIC, in the past couple of years gave consideration to the creation of a new Crown agency, the Manitoba Portfolio Management Agency. My concern here is, now that we have a super Minister, is this kind of a consideration of an agency of this nature going to be under the purview and under the authority of this Minister, or is that still going to go to the Planning and Priorities, I guess now, and Cabinet?

HON. G. DOER: Mr. Chairman, I'm pleased to say that we have a super caucus, so that's the . . .

A MEMBER: Oh, now it goes to caucus, does it? How's caucus?

HON. G. DOER: That's where that term comes in, and the caucus thanks you for that terminology.

The member opposite raises the issue of where these things go. At all times, I've said, or in the majority of times where the question has been posed in a specific way, that they go to Cabinet. Now if you find that hard to understand, Mr. Chairman, the decisions of government go to Cabinet, and that is not going to change with the Crown Reform Committee. It will still go to Cabinet where these things are decided and issues, obviously broader policy issues, go to our caucus as well. Our caucus is involved in it.

In the issue of any new Crown corporation, Cabinet has the authority to make those kinds of decisions, but the Minister of Finance obviously has to be involved under The Financial Administration Act, I believe.-(Interjection)- Well you know, if you haven't read the act, don't ask me the questions, Mr. Chairman.

The Financial Administration Act of this province gives very specific power in terms of acquiring shares in a new corporation. I think that's very important for the member opposite to know those powers before they talk about where things go. No one on this side of the House would breach the act that we have to work under.

MR. L. DERKACH: Mr. Chairman, I guess I'm getting a little fed up with some of the silly answers we're getting here today because, all of a sudden, we find that we're asking some questions that were based on a press release given by the First Minister. We did not receive any specific answers to those questions that we asked. There doesn't seem to be a clear indication of where some of this authority lies.

The Minister doesn't know, the Premier certainly didn't appear to know when he made this press release, because we're not getting a consistent story. We're now being given the scenario that we should be reading the act and knowing where the responsibilities lie, but yet he can't tell us the answers.

HON. G. DOER: I did tell you the answers.

MR. L. DERKACH: You didn't, and you don't know the answers.

HON. G. DOER: The Financial Administration Act.

MR. L. DERKACH: Obviously, you don't know the answers.

HON. G. DOER: FAA, check it.

MR. L. DERKACH: We also had a mention in the press release of a holding company. Now we've heard from the Minister here today: Crown Corporation Review Committee, the Crown Investments Committee, Planning and Priorities Committee, Cabinet, Treasury Board, now we have Finance Minister, now we even have caucus involved in all of this. Where is the jurisdiction cutoff, and where does some of this authority lie?

HON. G. DOER: The people.

MR. L. DERKACH: Oh yes, now we have the people. We'll just put everything to a nice little vote.

I'd like to ask the Minister what the intention of the holding company that was referenced by the First Minister in his report is supposed to be and what its function is supposed to be in all this Crown reform scenario?

HON. G. DOER: Mr. Chairman, first of all, the press release that the member opposite is talking about, as I recall it, did not commit us specifically to proceeding with a holding company. It did say that would be one of the areas that the government would look at. When I made my opening statement, Mr. Chairman, I said there were four fundamental concepts of Crown delivery in this country: Treasury Board, holding company, staffing up the Minister's offices as we've seen in Ottawa, or the existing system of Crown Investments.

I mentioned, Mr. Chairman, that the act must be referenced if one is considering the creation of any new Crown corporation. The only individual who can go out and acquire shares, as I understand it - and I could be corrected. There are people in this House who have been around a lot longer than I have. The only individual under The Financial Administration Act who has the authority to acquire shares is the Minister of Finance, subject to approval of the Lieutenant-Governor-in-Council. Now, I can't change that and that is very clear. You asked me a specific question of how would a new Crown be created. I gave you a very specific answer, a specific answer that is in legislation, and I think that's very key.

The only other way, Mr. Chairman, I would see a new Crown corporation being created is by an act of this Legislature. Of course, then you may go and say, well, who's accountable, all the MLA's now. Yes, an act of the Legislature is a piece of legislation that would come before us. So when you ask a specific question in terms of who decides what, I'm trying to give you answers that are proper. The proper answer to the question of acquiring a new Crown, as I understand it, is the Minister of Finance, subject to the Lieutenant-Governor-in-Council, has the authority to acquire shares and/or a specific piece of legislation is necessary in this House. That is the lay of the law of the land, and I respect that.

MR. L. DERKACH: So I take it the Minister is saying that a holding company idea is still very much in the air, and may or may not be an idea that may be pursued.

If the Minister and his committee plan to form a holding company, will this holding company be intended to provide financial administration or will it be formed to hold public assets?

HON. G. DOER: What was the last word you used?

MR. L. DERKACH: Public assets.

HON. G. DOER: Assets?

MR. L. DERKACH: Yes.

HON. G. DOER: Mr. Chairman, as the member opposite again is aware, the creation of any holding company

under the Manitoba system of government - and I could stand corrected - would require an act of legislation. Mr. Chairman, the holding company situation in Saskatchewan required, as I understand it, and I'm not sure whether the Government of Saskatchewan has changed the format, but has required a piece of legislation to establish that kind of format.

So the answer to the question of a Crown Reform Committee can't just create holus-bolus, quite frankly, deviant from very much of the existing system. It would require legislation.

For example, if one were to look at the federal model where things went to Treasury Board, under what the Federal Government is doing now for control of Crown corporations, I believe C-24 was an act of Parliament. It was an act of legislation, specific legislation. It wasn't a decision made by a committee or Cabinet or whatever.

So if we stay with the existing system, it will not require legislation. If we move to a Treasury Board model or a different way of dealing with the Crown specifically or a holding company model or whatever else, it will require specific legislation.

MR. L. DERKACH: Mr. Chairman, I'd like to now move to a question on the Communities Economic Development Fund. Before me I have a document from Submission to the Department of Northern Affairs whereby Cabinet approval or approved guidelines for provisions of bid and performance bonding guarantees by the fund.

When this Crown Reform group is in place, Mr. Chairman, will this still be in effect? Will Cabinet approve guidelines for provision of bid and performance bonding, or will that be a responsibility of the Crown Reform group then?

HON. G. DOER: Mr. Chairman, the Communities Economic Development Fund is an organization where many of the loans are from the Minister of Finance, and the whole issue of how we are going to deal with some of those loans and the procedures, we are discussing presently with the Minister of Finance. He is on the Crown Reform Committee.

Of course, the Communities Economic Development Fund, I believe, showed a \$612,000 loss in '86 in terms of its deficit, but provided a number of jobs in the North in terms of hotels and gas stations, etc.

MR. L. DERKACH: As I understand it, the performance bonds were up to a value of \$150,000 previously. Is that still the case, and is this going to be under review by this Minister?

HON. G. DOER: Mr. Chairman, I can take the question as notice. There is approximately \$3.8 million in loans. They're out for projects, but I understand, Mr. Chairman, that this group as well, with the Minister responsible, is reporting to the legislative committee dealing with the Communities Economic Development Fund.

MR. L. DERKACH: Mr. Chairman, because the Communities Economic Development Fund is one of the 19 corporations that are under the purview of this Minister, I'm wondering, he must have some input into this area because it's a fairly significant and important area.

He indicates that the Minister reports to the legislative committee; but the Minister must also have to make some kind of report either to Cabinet or to this particular Minister and his group.

The performance bonding for Northern Affairs, is it still under the supervision of the Minister of Northern Affairs, or is it now going to be under the supervision of this particular department and the Crown Review Committee?

HON. G. DOER: Mr. Chairman, the answer to the specific question, it's still under the Minister of Northern Affairs.

The answer to the general issue of the loans and the loan issues with all the Crowns, and this Crown included, is under discussion. Again, it's another item with the Crown Reform Committee and it's a matter that the Minister of Finance and I and other members of the committee are presently discussing.

MR. L. DERKACH: Again, it almost seems unfortunate that the Estimates for Crown Investments came up so early, because the Minister is having some genuine difficulty, I think, in trying to provide some genuine answers.

But I'd like to press him just a little further especially with the Communities Economic Development Fund, because it's before committee and there have been some specific requests made of that particular Minister and his department to come back with some pertinent information.

Now, because this is also under this particular area of discussion, I'm wondering if it's appropriate to ask this Minister who is responsible for Crown Investments to provide that kind of information or to encourage his colleague, the Minister responsible for that particular community's economic development fund, to provide that information to the committee so that we could proceed with the hearings, or should we discuss it here.

HON. G. DOER: Well, as I said before the break, Mr. Chairman, I'm willing to take that question as notice and discuss it with the Minister responsible.

MR. L. DERKACH: I have a question to the Minister with regard, again, under Manitoba Energy Authority and it's with regard to another piece of information that we have before us. When ERIC was in existence, ERIC approved budgets for the Industrial Benefits Coordinating Agency. Now, because we have the new Crown Reform Committee, will the Planning and Priorities Committee, or will Cabinet, or will this group now approve the budgets for the Industrial Benefits Coordinating Agency?

HON. G. DOER: Well, Mr. Chairman, the matter of what specific decisions will go to what committee, as I mentioned before, is a matter that's on the table for the new Crown reform package that we hope to make public soon. I can understand the member's frustration in terms of who will be dealing with these issues but, ultimately, Mr. Chairman, these matters go to Cabinet and as such it will get there through means by which the Premier ultimately mandates where they go and they will get to Cabinet that way.

MR. L. DERKACH: I guess maybe I could have been paying a little more attention to the answer, Mr. Minister, but I'm going to ask this question anyway. Do funding allocations now approved by the Planning and Priorities Committee, or what used to be the ERIC committee, are they now under your purview, or do you know, or is that going to be determined at a later time?

HON. G. DOER: Mr. Chairman, the member opposite keeps trying to get me on the Planning and Priorities Committee of Cabinet, notwithstanding the fact we haven't told you who is on and who is not. That committee is chaired by the Premier and, Mr. Chairman, I believe the public of this province have the right to decide who their Premier is going to be. They've made their decision. I respect it. I'm sure all members of this House respect it.

The issue of the loan, I did mention before, the issue of the Energy Authority, ultimately the major decisions go to Cabinet, Mr. Chairman, and we're still dealing with the issues. We have a package on the Crown reform issues that we'll be dealing with, our terms of reference vis-a-vis what would go directly from a Cabinet Minister to Cabinet.

Mr. Chairman, I see the Member for Pembina getting ready. I would like a one minute - I know the Member for Pembina is not usually short - recess please, Mr. Chairman.

MR. CHAIRMAN: Is that agreed? (Agreed)

(RECESS)

MR. CHAIRMAN: Committee, please come to order. The Member for Pembina.

MR. D. ORCHARD: Mr. Chairman, I've listened with a great deal of interest to the Minister's answers and, indeed, if I can be so kind to him, his lack of answers tonight, in that he doesn't really know what he is doing and where he's heading as the Minister of Crown Investments.

But, Mr. Chairman, I suppose this we should all take as a classic lesson in damage control, because the Premier, on November 26, 1986, put out a four-page press release, and this was in conjunction with the very decisive action that they'd taken with the Minister for St. James half resigning from Cabinet in a half responsible fashion where he said, I'm no longer fit to be Telephones Minister. But the Premier put out a four-page press release on November 26, and for those who might not recall, it was coincidental with the first meeting of the Public Utilities Committee where we dealt with the Coopers and Lybrand Report investigating MTX wrongdoings in Saudi Arabia and other business ventures.

Now you read over this press release and for anyone who, I suppose, was a New Democratic Party supporter and was clutching at the straws that there was some semblance of integrity left in that party, that there was some semblance of management ability left in that party, this press release might give some jaundice to the New Democratic Party supporters, some hope to return to the fold after the MTX fiasco. It laid out a course of action wherein the Crown corps would not come under

greater political control, because the Premier announced that, and I quoted this already this afternoon, "Central to our approach is increased government supervision of Crown corporations."

Mr. Chairman, I want to give you some background on this, that the Minister is well aware of, or will be well aware of now. He may not have been on November 26, but he is well aware of it now, because I believe he has probably done his homework. What is suggested in here, with the exception of a few semi-formal details, which he hasn't yet developed, and indeed may never develop, is a process that was in place since the NDP - I shouldn't say since the NDP came to power in 1981, but since at least 1983. The process that's outlined in here has been one that's been followed by the government.

We have to remember that the former Deputy Minister of Crown Investments, one Robert Silver, was an attendant at board meetings where both the Telephone System and MPIC, etc. Now he was there as the Deputy Minister of Crown Investments, presumably to exercise increased government supervision of Crown corporations. The Minister, in replying to my colleague from Roblin-Russell tonight says, no, all the major decisions shall be made by Cabinet, that his little super committee of Cabinet Crown corporations Reform Committee will not be making a lot of the major decisions. They will be going to Cabinet.

Mr. Chairman, that's interesting, because I posed a question to this Minister earlier on this afternoon and I asked him specifically about how exercise of the guarantee that we give to new Flyer, the new owners of Flyer Industries, how that exercise of that guarantee would be determined and who would make the decision. This Minister said, well, that's a major decision and it would be decided by Cabinet. If my memory serves me correctly, that is a \$10 million maximum guarantee that can be exercised, I believe. I might be high on that, I'm not certain, and I'll stand to be corrected on that. That was a figure I tried to get from the Minister but he didn't want to answer it this afternoon.

But I just want to point out that under the system that has been in place throughout the entire MTX fiasco, we have had telecommunications advisors, namely Charles Peever, at MTS board meetings where problems in Saudi Arabia were discussed, we had Deputy Ministers of Crown Investments at those board meetings where problems were discussed in Saudi Arabia, all in an exercise of greater political control over Crown corporations.

And what did we have during the whole MTX fiasco? We had the Member for St. James, the Minister responsible for the Telephone System, saying, "I didn't know anything; no one told me anything." But yet we had Deputy Ministers, communication policy advisors, highly placed staff people sitting at board meetings where the minutes show problems were being discussed in Saudi Arabia.

Now the Premier comes out in his effort of damage control on the 26th of November with a four-page press release outlining the new format, the new way that Crown corps are going to be controlled. By and large, it is exactly the way it was controlled before. You're going to have professional staff groups. Well, I don't know whether you call a former Deputy Minister of Crown Investments professional staff, but I would

assume you would have to call him professional staff. I think you would call a telecommunications policy advisor professional staff.

All of that was in place and we still had the fiasco in MTX, we had the fiasco in MPIC, we have an ongoing fiasco in Workers Compensation Board, all with a high degree of political control by the NDP Government over the last three-and-a-half years, a very high degree of political control never before exercised, I don't even believe during the Schreyer years was exercised. It certainly wasn't that close a political control during our time in government.

And the reform is to put more political control, and that's why we're very specific with this Minister because we want to know what the line of reporting is, what the decision-making threshold is where Cabinet gets involved because we know, as we stand here today, that the Cabinet was informed of the MTX fiasco, and was probably informed prior to the last election, because you don't have former Cabinet Ministers like Mr. Saul Miller as chairman of the board of MTS and MTX in possession in December of 1984 of the Plunkett Report, in April of 1985 of the internal audit by MTS, and not inform his political boss, the Minister responsible for the Telephone System. That simply will not wash.

That was the level of political control you had last time, but you managed to wiggle and twist and turn your way out of assuming political responsibility for the MTX fiasco. You're attempting to do the same thing in MPIC. You'll attempt to do the same thing in WCB. Every turn of the way you'll attempt to wiggle your way out of the political responsibility, but nothing is changed.

Major decisions now will be going to Cabinet, and I submit major decisions went to Cabinet before, such as the \$8.5 million of additional financing, capitalization, provided by MTS to MTX, decided by ERIC committee of Cabinet, in which Mr. Kostyra - well I can't use the names - yes, I can in committee . . .

MR. CHAIRMAN: No. The same rules in the House apply to the rules in committee.

MR. D. ORCHARD: The finance commissioner, the former Finance Minister, the Minister of Energy and Mines and a number of other people were on ERIC committee of Cabinet and made that decision to put an additional capitalization of \$8.5 million into MTX.

Now that's the kind of major decision that this Minister is saying that's going to be made by Cabinet. It was made by Cabinet people before, and when it was made incorrectly, no Cabinet Minister took responsibility and resigned. That's why we're asking this Minister of Crown Investments, the Minister who now has responsibility for those 19 or 20 Crown corporations: Who takes political responsibility when mistakes are made?

We want to know the reporting system, the line of communication from the Crown corporations to the boards, to the Ministers responsible and to his department as Minister of Crown Investments. Because the next time there is a Crown corporation fiasco, this Minister, with this press release put out by his Leader, the Premier, and the activities he's described for us tonight, there will be no skating and slipping away of

Cabinet Ministers of the NDP stripe in the next Crown corporation fiasco because they now have their Premier saying there is more political control than ever in the Crown corporations.

I submit it's not any different than what it was prior to MTX, prior to the election. It's just that now to bail themselves out of the problem of MTX on November 26, 1986, the Premier put out this four-page document that this Minister is going to regret because this Minister is the one that's going to have to stand up as the Minister of Crown Investments and carry the can for every fiasco that comes forward in Crown corporations under his purview, and there's no escaping.

The people of Manitoba didn't accept that the Member for St. James was as politically squeaky clean as the NDP tried to say. Manitobans didn't believe that Coopers and Lybrand exonerated the Cabinet and the Minister responsible because the people of Manitoba knew that Coopers and Lybrand had no mandate to investigate political culpability.

So, Mr. Chairman, now that we've got this new reporting system as damage control during the MTX affair, we now can expect, and the people of Manitoba can expect, a Cabinet Minister's head under this new overpoliticized control of Crown corporations. When they make mistakes you're not going to be able to pick five scapegoats in the Telephone System. You won't be able to stop there. You're going to have to tender some Cabinet Minister resignations because you have set up the trail directly to the Cabinet tape.

In answer to all of our questions this afternoon and this evening, you have put the trail directly to Cabinet Ministers in the Cabinet. You can't escape from it now, and that is why we are taking some time with Crown Investments and this Minister because we will not accept on behalf of the people of Manitoba that the next Crown corporation fiasco, the bleating pleas of ignorance that were given to us by the Member for St. James, that will simply not be accepted by us and it will not be accepted by the people of Manitoba because now the format is there.

It's written in stone, if you will, by none other than the Premier, and handed as a political reward to this new fledgling Minister of Crown Investments whose head will be on the line with 19 Crown corporations and their varying operations, and major decisions go to Cabinet and minor decisions get discussed with the Minister and end up in his Crown committee.

I would suggest in retrospect now, taking a look at the political landscape and their desperate search for leadership on that side of the House, that maybe the Minister of Finance had more to do with the induction of the Member for Concordia being given responsibility for Crown Investments. Because the next political hot potato will not be juggled by the Minister of Finance; it'll be juggled by the Minister of Crown Investments. I don't know whether you'd want to run the Member for St. James for leader of your party, but I don't think he'd win. After the next MTX I don't think you could win either.

MR. CHAIRMAN: Item 1.(b)(1) Crown Corporations Support - Member for Roblin-Russell.

MR. L. DERKACH: I'm surprised the Minister did not have a response for some of the queries that were

posed by my colleague, the Member for Pembina. But I guess we're getting to the point where the frustration is building in the Minister, whereby he doesn't even want to answer questions that may be posed to him, even though they may be . . .

HON. G. DOER: There was no question.

MR. L. DERKACH: I think if you review Hansard you will see several questions that you could have answered. I've seen the Minister get up when there hasn't been a question and go on at some length with regard to some comments that have been made.

I want to get a little more specific with regard to the Manfor project that is also under the purview of this department. The Minister responsible for Manfor, tabled the report on Manfor and also showed, and made it known very clearly that Manfor made a profit of \$2 million. But when he was questioned about depreciation, he said, well, that's before depreciation of course.

A MEMBER: That's a minor item.

MR. L. DERKACH: It's a minor item. We still had a profit of \$2 million outside of depreciation because we really don't have to count depreciation in. Last year during Estimates the Minister, who was responsible for Crown Investments, at that time said in a response to a question about losses: "The point the member makes with respect to Manfor is well taken, that sometimes people like to present a better picture than is really there." This is what the Minister responsible for Crown Investments was saying. He goes on to say: "I think that for some time some of our management have liked to think that depreciation is something that they shouldn't be concerned with, even though, at the same time, we're buying equipment possibly or other capital goods for them, which don't show up on the one side. On the other side, if they don't want to show the depreciation either, then we've got ourselves a problem in terms of reality. Because depreciation is certainly a reality."

Now, Mr. Minister, you are now responsible for the Crown corporations within this province. I would like to know that when your Ministers, who are under your purview, or under your control . . .

MR. CHAIRMAN: You are reminded that questions should not be directed directly to the Minister but through the Chair.

MR. L. DERKACH: My apology, Mr. Chairman, through you to the Minister then. I would like to know whether this Minister will then be instructing the Ministers who are under his control, who are responsible for the various Crown corporations, whether they in fact will have to count things like depreciation as an important part of their accounting, or will they be then allowed to have this creative accounting system where they can show profit without including depreciation?

HON. G. DOER: Mr. Chairman, the situation at Manfor was explained to committee. It was explained to committee in terms of the great improvement from last year over to this year in terms of the Manfor operation.

Also the figures produced to the public are, I'm sure, unless the member opposite has opposite information, prepared under generally acceptable accounting procedures.

Mr. Chairman, there is no question that Manfor provides a lot of needed jobs in the North. There is no question that the Minister responsible and the government has turned around Manfor from a situation which was quite a bit more serious than it was this year. There's also no question that with that turnaround, with the more positive numbers, Manfor remains a challenging Crown corporation, Mr. Chairman. It's public knowledge that the Minister responsible has looked for potential situations for the Manfor Corporation for divestiture, but would only do that, I'm sure, with the ability to have the employment opportunities in the North maintained, because that's one of the *raison d'être's* of the original project back in '68-69.- (Interjection)- Merci.

It was one of the rationales originally to provide, Mr. Chairman, some employment opportunity in an area with high unemployment. The Golden Boy on the roof of this building that we sit in today faces the North. Many of our forefathers and foremothers believed the future of this province is in the North. We have to continue to stimulate our economic development in the North, Mr. Chairman, and I'm proud that this government is committed to that.

Mr. Chairman, Manfor has turned around, but Manfor is a situation that is very serious. But any future consideration of Manfor would have to consider employment and a fair return to the public of Manitoba for their extensive investments in that plant.

MR. L. DERKACH: Well, Mr. Chairman, I really didn't expect the Minister to go on at length and tell us about how the future of Manitoba is in the North. I was simply asking a question which related to the way a Minister under his control now reports back to the Legislature and to the people of Manitoba.

In addition, I have a question with regard to the potash. I'd indicated to the Minister I would be asking a couple of questions on potash because it's near and dear to me. It's right next door, as a matter of fact, to the town I live in.

My first question is: Now that this Minister will also have some control over what happens in a Crown corporation such as the Potash Corporation, what will be the policy with respect to the Manitoba Government selling shares in a Manitoba Potash Corporation? Will those shares be then sold as part of the government's share or will the shares be sold as part of Canamax shares?

HON. G. DOER: Mr. Chairman, the potash situation is not listed in our report. It's not been dealt with by Crown Investments.

The Minister, I did mention the fact that you would want to ask some questions on potash, and he is more than willing to discuss all the questions you have when his Estimates are available for the House, I believe, shortly.

MR. L. DERKACH: Well, I can understand why the Minister is saying that he won't answer the questions.

I don't expect him to know, but there have to be some policies in place fairly soon about how these corporations conduct themselves.

I guess I raise these questions because I want to know whether or not this Minister, who is responsible for the Crown Reform Committee, has addressed some of these very real concerns that Manitobans will have when it comes to policies of Crown corporations and how they conduct their business. It is going to be this Minister who will have to answer for many of these questions again at a future time, and I guess I'm putting the Minister on notice that a year from now, when we review the Estimates for real, I suppose, we will then expect some more definitive answers to all of the questions and I won't accept, if I'm still the critic in this category, a response like, well, we're not really sure, we'll have to leave that for another time, or we'll defer it to another Minister. I will certainly expect this Minister to have some more specific answers.

I would like to ask some questions on behalf of the Member for Virden because I'm sure he would be very much concerned about the fact that the Manitoba Agricultural Credit Corporation and the Crop Insurance Board are under the purview of this department and yet I see very little expertise on the Crown Reform Committee when it comes to talking about agriculture in this province.

I wonder why the Minister of Agriculture would not have been included to represent at least the rural and the agricultural sector of this province, which to me and to many of my colleagues and to many people in Manitoba is certainly a very important part of our economy. It is not only important for the people who are directly involved in agriculture, but for the many hundreds of jobs that are created because of the spinoff industries related to farming.

I wonder whether or not the Minister and his Crown Reform group have considered including the Minister of Agriculture as part of that committee in an advisory capacity or whatever.

HON. G. DOER: Thanks for the question. The Minister of Agriculture has been part of some of our committee meetings on rationalizing what Crowns will likely come under in any new format that we're dealing with.

Quite frankly, many of the issues in agriculture, or the two Crowns under Agriculture, are under the very direct supervision of the Department of Agriculture, which is quite different than some of the Crown corporations that are removed.

I, quite frankly, will be recommending that they be excluded from whatever format we use in Crown Investments and be rationalized in terms of where they already are and that's the department.

MR. L. DERKACH: Mr. Chairman, I'm going to ask a question now that I hope the Minister responsible can answer very definitively.

In the detailed Estimates of Revenue for the Province of Manitoba, under the item for Crown Investments, in the estimated revenue for the year ending March 31, 1987, there isn't any figure, but for the year ending March 31, 1988, there's a figure of \$787,400.00. It's just labelled "Sundry." Can the Minister explain that, because I have a little difficulty in understanding that

when there's isn't any figure at all for the 1987 budget year?

HON. G. DOER: The whole area of the Estimates in terms of revenue for the Crown Investments Department is an issue that is again under discussion by our Crown Reform Committee. The method by which Crown corporations and the Department of Crown Investments and the various formats we're looking at is an area that we are reviewing for purposes of the revenue section in the Estimates.

MR. L. DERKACH: Mr. Chairman, but I still am somewhat confused why there isn't a figure there for 1987, and there's a figure there now for 1988. I'm talking about the relative comparison here and why the figure has been completely omitted, even though we do have it in the detailed Estimates Book, but we don't have it in this particular revenue section. There had to be revenue there last year as well.

HON. G. DOER: Mr. Chairman, that's another area that, as I say, we're dealing with in the 1987-88 fiscal year in terms of the whole area of Crowns and the method by which the Crown Investment Department and any vehicle we will be looking at in terms of future Crowns will be funded in terms of the Estimates.

MR. L. DERKACH: Well, I hate to press the point, but I don't understand the explanation the Minister has given me, because I know that it's still under review and the whole area of Crown Investments, Crown reform group is all under review, and we have learned, I think, this evening that Crown Investments in fact may be changed and all those kinds of things may happen.

But why has the figure been completed omitted for the estimated revenue for the year ending March 31, 1987? Why is there no figure there?

HON. G. DOER: Mr. Chairman, in the 1986-87 fiscal year, it was the method by which the revenue was recorded for Crown Investments. We are reviewing a number of different alternatives for the revenue section for Crown Investments or what model they're going to use. I'll be able to, when we deal with the model in which we're dealing with, make that public.

MR. L. DERKACH: If it's still under review and if that figure was omitted for that reason for 1987, then how was it arrived at for 1988?

HON. G. DOER: Mr. Chairman, when we proceed with our Crown reform package, I would be willing to produce that for the member opposite.

MR. L. DERKACH: Mr. Chairman, I guess I'll just have to await the response and I would hope that, when the Minister has found the response to that question - I was hoping that was one question the Minister could answer quite directly. But since we have to wait for that answer too, I will hope that he can provide it for me in written form before the next year's Estimates, because this is a fairly important area. It almost signals that there is going to be a change in the entire department, which I would suspect, even though the Minister hasn't come out clearly and indicated that.

For the time being, I would conclude my remarks or my questions of the Minister for this point in time and, if we could have the Minister responsible for Venture Tours Manitoba and Gull Harbour come forth, we have some specific questions that we would like to pose to him at this time, Mr. Chairman.

I would first of all like to ask, because this area of Venture Tours Limited was not discussed in previous Estimates, I'm wondering if the Minister responsible for Venture Tours Incorporated in Gull Harbor Resort has an opening statement to make.

MR. CHAIRMAN: The Honourable Minister of Natural Resources.

HON. L. HARAPIAK: Mr. Chairman, only a brief statement. I want to indicate that I offered when my departmental Estimates were being reviewed at the conclusion to deal with Ventre Manitoba Tours. It was a decision of the critic at that time not to ask any questions, I gather, so I am prepared to answer them now.

MR. L. DERKACH: Mr. Chairman, we certainly do have some concerns about what is happening out at Hecla Island and the Venture Tours Limited and the Gull Harbor Resort. I think the interest is genuine, Mr. Chairman. It's because last year there was not a thorough review of what was happening at Venture Tours Manitoba and, for that reason, I think there are still some outstanding questions that should have been answered last year. This section by and large will be handled, or each will ask the specific detailed questions, but I have a few questions I would like to ask as an opening.

The first one deals with the operating deficit as indicated here in Exhibit (b) in the auditor's report of \$1.847 million as compared to last year of \$1.048 million. My question to the Minister is, although this figure shows \$1.847 million, it's been reported to be \$2.4 million. Can he indicate what makes up the other \$600,000.00?

HON. L. HARAPIAK: Mr. Chairman, I think the figure that is being used, we tabled the audited report for the year ending 1986; we also gave our projections for 1987. Those figures are not audited at this time. We were projecting a reduced deficit from over the previous year. I think if the projection was for \$600,000 and, if you add that to it, I believe that's where the figure of 2.4 is being arrived at.

MR. L. DERKACH: Mr. Chairman, I would like to know if the Minister has a handle on what the accumulated deficit for Venture Tours Manitoba at the present time is?

HON. L. HARAPIAK: Yes, Mr. Chairman, for the year ending 1986 for which is the last audited statement, it is the figure that the Member for Roblin-Russell himself used, 1.8 million.

MR. L. DERKACH: Is that the accumulated deficit? Is that what the province has invested in the project, or are we now dealing with a different figure? I guess what

I'm asking for is, how much money in total has the province invested both in capital and operating losses at Venture Manitoba Tourist.

HON. L. HARAPIAK: Mr. Chairman, that clarifies it somewhat, Mr. Chairman, because, when we were talking about the accumulated deficit, it's important to understand that is being distinct from the province's equity position in investment in the resort.

We can indicate over the period of years that the construction of the Resort Hotel and Convention Centre took place in two stages. The original facility costing some \$4.3 million and, if I recall correctly, \$1.7 million of that was by way of a participation from the Federal Government.

There was an improvement to the facility wherein the kitchen was expanded and the staff lounge was added. That was slightly in excess of .5 million. Then there were 30 rooms added and the facility was expanded for another \$4.1 million of that portion. That gives a total investment, if you like, in the facility of roughly \$9 million, recognizing that there is some participation within that. That is the value of the investment. That is not the total provincial investment. It includes some cost-sharing from the Federal Government.

So our accumulated deficit is \$1.8 million in the operation but, in terms of the investment, it's about \$9.1, I think.

MR. L. DERKACH: Mr. Chairman, I can appreciate the fact that we have two new Ministers responsible for Crown Investments, this one for Venture Manitoba Tours, but again it's another further example of a Crown corporation which has not done very well over the past number of years. As a matter of fact, it has lost considerable amounts of money on behalf of the Manitoba taxpayers.

It always leave the question, Mr. Chairman, as to why we would have a province running a resort. Why would our government want to invest and to run a resort? Now I know the Minister can come back and say, well, if we take a look at previous administrations, those administrations saw fit to run these public resorts as well.

But let's go a little bit further than that and let's take a look at the performance of this publicly owned resort. What has it done for Manitobans that it couldn't have done under a private ownership? If a private owner could not operate it at a profit, he probably would have sold it to somebody who could make a profit at it. But the province continues to lose money.

Now I know the Minister and his most optimistic figures and in a press report had indicated that, you know, we have turned this ship around and we are pointing it in the right direction. The expansion program is now complete and we can hope for some profits over the next while. But we don't see that much usage of this facility from outside of our province. We don't. As compared to other resorts, we don't see a great usage of this facility from outside of our province.

Therefore, I wonder what marketing plans this Minister has in place to market this resort, not only within our province - and I have a copy of a pamphlet here that is put out by Gull Harbour, the facilities and

so forth, but there has to be a further marketing strategy whether it's through this Minister's department or whether it's through the Department of Business Development and Tourism, to promote this area if it's going to turn around and make a profit for this government and again for the people of this province.

I guess a general response from the Minister would be appreciated.

HON. L. HARAPIAK: Mr. Chairman, I think it's important to go back a little bit in history to understand why indeed the area was developed as a park facility. It was identified under a joint federal-provincial program for regional economic development, as a region wherein there was a concern about the depopulation, a loss of opportunities for the people of the area. So there isn't any doubt in terms of the origin of the park, Hecla Island, that it was an attempt on the part of two levels of government, the Federal and the Provincial Governments, to add something to the economic activity of the area.

Now the Member for Roblin-Russell, he seems to be questioning the wisdom of the decision. I would ask him to consider the interests of the people from communities like Riverton and Arborg and other communities of the Interlake area who were feeling very much the negative impacts of depopulation and loss of economic opportunity.

This was an opportunity, and the decision was made not only to develop a park, but as part of that park experience, a resort hotel would be developed. It is regarded by many people and, in fact, most of those who would visit it - I expect that both members opposite have had the opportunity to visit - it is a very good facility.

There isn't any doubt that given the location, there are some obstacles, if you like, that have to be overcome in terms of making this a successful operation; but if you look at the usage of the area, we're pleased that a large number of Manitobans are using the facility.

The occupancy rates, I have the historical averages over the years, ranging from 53 percent to 62 percent in the last few that I have the figures, and that's from 1985. I am told that if you take the provincial-wide occupancy rate, that's in the range of about 54 percent. So our occupancy rates have been up fairly high. But given the disadvantage that we have in terms of some of our operating costs, I think we have to look at even higher occupancy rates.

Now the member asked as well: What is our plan? It should be pointed out as well that the facility was being operated under a management contract with Community Hotels from sometime in 1981 onwards. That was an attempt, I suppose, on the part of the people of the day to bring to the operation some of the expertise from the private sector, but I have to tell you very frankly that that arrangement was terminated in 1985-86, in that range, because it was proving not to be a satisfactory arrangement.

What we see as perhaps a less than desirable performance at that location occurred during that period in time when the facility was, in fact, being managed under a contract with Community Hotels. There was a change in the board structure. Mickey Levine assumed the responsibility as board chairman, Alan Finnbogason

came in as a board vice-chairman - people with a considerable amount of private-sector experience - some additional changes to the board, and the board made a decision to terminate that management agreement.

We have undergone some other changes, and I think that we are, in fact, moving in the right direction. We will see the facility operating at a point where it is not drawing on the resources of the province, and it will make a significant contribution to the economic activity of the Interlake area and provide a good quality experience for those who visit.

MR. L. DERKACH: Mr. Chairman, I'm not going to argue the fact as to why the resort was built or some of the economic reasons that were considered for building the resort there.

I think if you look at the province in general, in the rural areas, you will find that the trend of depopulation throughout rural Manitoba is prevalent; and if we take a look at the present economic state in our province today, we find the agricultural communities are being depopulated at an ever increasing rate.

I would hope that this Minister, who has some interest in agriculture, would influence his colleague, the Minister of Agriculture, to take some very serious steps in assisting the rural population of this province and specifically the farmers of this province.

But getting back to the situation at hand, Venture Manitoba Tours Ltd., when we take a look at the Auditor's statement, there is a note at the back, and I believe it's Note 7, which says that in July of 1982 the company received a conditional grant of \$325,000 from the Government of the Province of Manitoba. The conditions are that it is repayable by annual payments of \$100,000 and that the first payment would be on March 31, 1983. There is a final sentence that says, "No principal repayments were made during the year."

Has any of this money been repaid or has the loan been forgiven, or at least, has the interest been paid on this particular loan?

HON. L. HARAPIAK: I'm working from memory, Mr. Chairman. Some interest was paid in the earlier period of time, but there has not been any payment on principal or interest and it is still a loan outstanding at this time to the province.

MR. L. DERKACH: In addition, Mr. Chairman, Note 11 says that the Government of the Province of Manitoba provides certain management and administrative services without charge to the company. The costs of these services are not reflected in the financial statements.

Did that particular agreement end when the agreement with Community Hotels ended, or is that still an ongoing situation? Where are the expenses for the administrative services and management recorded, and why is it not channelled to this particular department or this particular corporation?

HON. L. HARAPIAK: It is really, Mr. Chairman, in the area of accounting and structuring the management of the hotel that our internal audit people were able to provide some assistance. It is not a large amount

of assistance; it's not an ongoing commitment of staff. There is a periodic visit to the site when they've experienced some difficulty.

But the point that the member raises in terms of allocating the costs for that, I think we will be looking to reflect that in the statements, because there is in fact an allocation of time, though it's not that significant, from the Department of Natural Resources, through that review, to Venture Manitoba Tours.

MR. L. DERKACH: So is the Minister saying that the costs for these services are reflected in his Department of Natural Resources?

HON. L. HARAPIAK: Yes, because the staff time, it is, in fact, some of the staff from the administration section of the Department of Natural Resources who would, on occasion, spend a portion of a day, as an example, at the hotel to help them deal with some administrative arrangement there, and that cost then would be really borne by the department.

I can try to arrive at a figure in terms of time. I want the members to rest comfortably that it is not a significant investment of time, but whatever that is, it is reflected in the Department of Natural Resources.

MR. L. DERKACH: Mr. Chairman, the Minister made reference to the occupancy rate being at about 62 percent on the average. Am I incorrect in that figure?

HON. L. HARAPIAK: I said that was for the last year, 1985, at 62.1.

MR. L. DERKACH: Yes, for the last year.

My question is, if that's the occupancy rate, why have we decided to expand the facilities and why were the facilities expanded? Was there an overoccupancy rate prior to that time which made it necessary to expand the facility? What was the situation there, Mr. Minister?

HON. L. HARAPIAK: I just want to point out, that if you look at what was happening in terms of occupancy and where there would be original 60 rooms, and I have graphic illustrations of this, that we have peak seasons, so that there were seasons in which you could not accommodate the demand that was there. There was not sufficient capacity and there was also the interest in developing the conference centre further. There was not sufficient space at the hotel to really go out and market the conference circuit, if you like. It was an attempt to be able to deal with the peak season and then add to that the conference market that led to the decision to expand the facility.

MR. L. DERKACH: It only stands to reason, Mr. Chairman, that the government would encourage its agencies and departments to utilize this facility for its conferences, but my question is to the Minister with respect to the government itself, members of the Cabinet, members of the government. Do they utilize the facility extensively in their retreats and in their conferences?

HON. L. HARAPIAK: I think, Mr. Chairman, at least one of the members opposite had the opportunity to

attend a conference there, the Tourism Industry Association of Manitoba, TIAM, for example. I've had the opportunity to be at the conference centre with the Manitoba Wildlife Federation. I've been at the conference centre with other groups not directly associated with government, but it is true that government departments do have the need to hold conferences, to have staff briefings. They will utilize space in the City of Winnipeg.

I've seen the Department of Natural Resources utilize space at the Rodeway Inn in Dauphin as an example. I've seen them utilize space at the Elkhorn Ranch in Riding Mountain. Truly, throughout the province there will be need to locate space and from time to time space will be utilized at Gull Harbour. Though we rely on the conference traffic, if there is any suggestion within those comments that the government asks people to go to Gull Harbour when they need conference space, that would be incorrect. It is simply one of the sites from which those who are planning conferences can choose. Sometimes they choose it, sometimes they do not.

MR. L. DERKACH: Mr. Chairman, I would like to ask the Minister whether he is aware of or whether there are long-standing reservations by any government members at the Gull Harbour Resort Hotel.

HON. L. HARAPIAK: I wonder if the Member for Roblin-Russell could be more specific. Is he indicating that there are ongoing reservations for government members? Is that the question?

Mr. Chairman, I am not aware of any. Now that would not mean that individuals from government in their own right, as any other citizen of Manitoba or elsewhere, might not make some long-term bookings. They could well be doing that. But I am not aware of any government member who has an ongoing commitment or an arrangement at the Gull Harbour Resort. I would suggest that, if the member is aware of any, he would advise me and I could verify that.

MR. L. DERKACH: Well, I was just wanting to ask the Minister whether he was aware of any, Mr. Chairman.

I have a letter from an individual who has spent some time at the Hecla Resort, and I guess I want to read this letter into the records so that there'd be some indication of the need for some more perhaps supervision or management at Gull Harbour. We have heard these comments before from individuals who have visited the resort, so this isn't the first. I'll leave the person's name out of this particular letter, because I think it's better left that way. He is from Manitoba. In his letter, he says, and I quote:

"Finally as I stated on the telephone, the week of May 11, I spent two days at the Hecla Resort. To try and tell you about the mess things are in up there would take much too much of my time and yours. Suffice to say, I can now see how our tax dollars are being wasted in a resort that we have no business being involved in. A government cannot run a resort. They have proved that in Ontario at Minaki, and they are now doing it here in Manitoba.

Let's get out of the hotel business and turn it over to the private sector if they want it, which I think is

highly unlikely. Governments should govern, not run hotel resorts”.

And, Mr. Chairman, I guess this is what I've been trying to say in some of my questions, is the fact that I think that we, no matter who is sitting in government, really should focus our efforts at governing, rather than trying to run enterprises where we are in direct competition with people who are experts in the field.

HON. L. HARAPIAK: Mr. Chairman, I guess what I would ask is that the member table that letter. I think it would be useful for us in terms of dealing with issues of this sort, and I would ask that he do so.

I am not going to suggest, Mr. Chairman, that there aren't going to be people who are dissatisfied with their experience at Gull Harbour, any more so that there aren't going to be some people who are dissatisfied with their experience at the Elkhorn Ranch or at the Westin Hotel or any other one that you would want to name. There is going to be, under certain circumstances, some disappointment in people's experience.

But I think, to put it into proper perspective, what I would be prepared to do is share with the members opposite the letters that we have received in support of the good service that they have received while they've been at the hotel. I've had the opportunity to be at the hotel, and I've had the opportunity to see the letters of commendation that have come from people who have stayed. I would be pleased to table them. What I would ask the member to do is table his letter and I, in turn, will table those letters that have been submitted in support of the facility that we operate.

Now the member says that we should not be trying to operate a hotel. Let the member remember and let the record again show that, for that period from 1981 to 1986, it is not the government who was running the hotel. It was being run under a management contract with the Community Hotels. Clearly, what we should be looking at is the question of whether there should in fact be a hotel there, and we have it. So what we should be doing is making it work. It's disappointing to me that what some of the members opposite would do, rather than work in a way to say, let's look at the things that are posing some difficulty for the hotel, what things can be improved - I must say that the board of directors has done just an excellent job in the last year-and-a-half in terms of putting forward a package, putting forward a promotional effort to see that more people are aware of the facility.

Rather than working in that vein, I hear members opposite trying to cast a shadow on the facility and trying to say that government shouldn't be involved. I agree that the main role of government is not to run hotels, it is not to run business, and I don't think you would find any disagreement from members on this side. But there is a legitimate role for government to be involved in business. True, when they become involved in business, by the nature of business, it will then mean that they will be in competition with those who are out there in that field. That is not an unhealthy kind of undertaking.

I want to point out and have stated into the record, Mr. Chairman, that in terms of the efforts of the people who are involved with the board now, there has been

a change in the manner in which we present the Gull Harbor Resort. I think it was at one time presented perhaps as being too exclusive and perhaps it was. In terms of providing service to the people who were visiting the park, there wasn't a sufficient effort made to accommodate all visitors to the park, not just those who were simply guests at the hotel. That has changed.

Let me give you the example of the chef from the hotel who, before he starts preparation of the day's meal, drives out during the summer months and posts the day's menu in the camping area, really inviting people to come in, whether it be for a hamburger and chips or steak and shrimps, whatever it is. There was a point in time where the menu perhaps was too exclusive, and the attempts to accommodate people were not sufficient. That is changing. I'm pleased with that change, and I think that is part of the overall effort in turning this facility around and making it an enjoyable experience for all of those who visit the Island, not only those who are registered guests at the hotel.

MR. L. DERKACH: Well, Mr. Chairman, I think the Minister overreacted somewhat to my questions. In my questions, I did not attempt to take a negative view of what this Minister is doing because, of course, this is the first time we've had an opportunity in the last couple of years to take a closer look at what Venture Manitoba Tours Limited is doing. I'm not about to criticize the Minister for his role as Minister responsible for this particular venture, because I know that he has just taken over this particular area, and therefore is going to do his utmost to turn this whole project around to where it's a profit-making enterprise, or at least one that is not creating a hardship on the taxpayers of Manitoba. I think the Minister is genuine in his attempt in doing this, and is putting his endeavours in that direction. So I'm not being critical of the Minister. I think all I'm doing is posing some questions that I would like to be placed on the record.

Also, I'd like to hear his responses put on the record, rather than an overreaction and a political harangue over whether or not we should be in the business or not. The fact is that the resort is there and has got to be looked after.-(Interjection)- I don't know what that chirp over there is talking about because I can't understand him. I would hope that the Minister will continue to do his utmost.

I beg your pardon?-(Interjection)- They don't deserve live ones. That's all you deserve.

Mr. Chairman, I would conclude my questions. I know the Member for Portage has some questions.

With respect to tabling this letter, I would be prepared to meet with the Minister and share the contents of the letter with him.

A MEMBER: The Rules of the House are that you have to table it.

MR. L. DERKACH: Do you have the floor?

A MEMBER: Mr. Chairman rules the House.

MR. L. DERKACH: Mr. Chairman, I'm not going to table this letter at the present time, but I could certainly - because I did not read the entire letter, I read just an

excerpt from it. I would be prepared to discuss the issue with the Minister, excepting the fact that, when I requested some information, the Minister was kind enough to share it with me on a basis where it was between he and I and I would be prepared to treat this in a like manner.

MR. CHAIRMAN: The Member for Portage.

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

To the Minister, I did a lot of perusing of Hansard and the financial statements and tried to get a real understanding of the Gull Harbour Resort and the Hecla island. I think maybe understanding some of the comments that the Minister made earlier, that maybe indeed this resort should not be where it is. It's an extremely long ways away from the majority of people. It was done maybe in the best intentions of providing work for local people.

But when they developed the park, they closed down a village and put people out of fishing jobs and made them move. There was a big upheaval of people when they developed the park but, nevertheless, the park is there and we have a problem. But I don't think that we can discuss Gull Harbour in isolation from Hecla or vice versa, because I don't think if you just had Gull Harbour there alone, without the marina and all the other things, that you would really have a resort.

The Minister said that it was done to provide local work. Does the Minister know where the majority of the people that work at that resort year around come from?

HON. L. HARAPIAK: The majority of the people come from the Riverton-Arborg area, but I want to make it clearly understood that it's not exclusively from those areas. The majority are from Riverton and Arborg. It should be pointed out, not only do the people who are employed come from there, but many of the goods and services that are required for the operation of the resort hotel are acquired from businesses in Riverton and Arborg.

MR. E. CONNERY: I have been there, and the Minister knows I was there for the Tourism Industry Convention. The Minister wasn't, but I spent the full time there.

Yes, indeed, there are some people from Riverton, but there are an awful lot of people from other areas. I do believe that they're having a severe problem in maintaining a steady staff at the facility. It's a very isolated area. If people are brought in, and I didn't see the facilities for the workers, but I'm told that they're not that great of accommodations for the workers there.

Has the Minister viewed the accommodations for the workers at the facility? Are they up to snuff? What is the total number of workers the year round? What is the total number of man years or staff years at the facility?

HON. L. HARAPIAK: I'm just getting the information on staff numbers, Mr. Chairman, but in terms of the facilities, with the most recent expansion, there were new housing units brought in for the staff. There's a combination of housing units and trailers to accommodate staff, and I'm not sure if the member,

when he was there, had the opportunity to visit those because I've been there on a number of occasions and he references the Tourism Industry Association meeting. That is correct; I was not there, but I have been there on a number of other occasions for meetings.

We do have good housing for the people now. It is not elaborate, but it is certainly their new housing units and some of the supervisory staff have trailers for their accommodation, so for the most part I would say, yes, we do have adequate and comfortable housing for those who are at the site. But it is true as well, in terms of the location of the hotel, with the distance from Riverton, that in some cases that may cause some awkwardness for some people who would work there.

But given the arrangements for accommodations at the hotel, I think it is a very good arrangement and certainly one that I would continue to support and I would not want to see cast in a negative light. The staffing levels vary of course from season to season. We do have seasonal variations in our occupancy and at the end of March of 1986, there was a staff complement of 43, but this will vary, depending on the demands on the facility and it is one of the areas where we have been working, I should tell the member, to reduce our costs. There's an increased effort to improve on the scheduling of staff, on the assignment of staff, to try to reduce our costs in that area.

MR. E. CONNERY: I guess the Member for Roblin-Russell got started in other areas, Mr. Chairman, and I'd like to maybe go back to Square One and I'd like to try to establish what this facility - and I think maybe we should be taking a look at the cost of the Hecla Island Park at the same time, because I think they can't be discussed in isolation.

Can the Minister really, honestly, or will the Minister honestly put a handle on the total cost? I perused the annual reports and Hansard and I've done my very best to find all of the various grants and loan write-offs and everything else that has gone into it. I wonder if the Minister could give us a complete and up-to-date total cost. If he can separate Gull Harbour from Hecla Island it would be nice, but I would like to know the total cost of that facility.

HON. L. HARAPIAK: Mr. Chairman, I think we are dealing with Crown Investments here and I'm here to answer questions on the resort. We did have my departmental Estimates and we answered all of the questions that were posed with respect to Parks. I do not have the Parks staff here; when we had Parks staff we were able to get figures in terms of investment in the different areas.

I've indicated to the Member for Roblin-Russell what the total investment in the resort hotel is, what the accumulated deficit is in terms of operations, so that has been answered. But I'm surprised really that the Member for Portage la Prairie would try to suggest that somehow the park itself is the responsibility of the hotel and we have to justify the investment in the park through the hotel. And some of our highest occupancy rates in terms of parks, Mr. Chairman, are at Hecla Island. That has nothing to do with the hotel operation. The facility that we have there is amongst those that are the highest in demand anywhere in the province.

So clearly there would be a demand for the facility even if there wasn't the resort hotel there. We have other locations in the province where we invest in parks. Most of the parks, in fact, are totally apart from the resort hotel. For the member to suggest that somehow the facility, the investment in the park, has to be justified in terms of the Gull Harbour resort, I think does not deal with reality.

MR. E. CONNERY: Mr. Chairman, it's the old problem of divide the thing up and then you never can get completely a full grasp of the cost of the situation that's going on there. It's unfortunate that the Minister wants to go this route. But nevertheless, when the sewage treatment plant was put in, was that only for Gull Harbour or was that also for the park and trailer campsites at that facility?

HON. L. HARAPIAK: Mr. Chairman, I, frankly am not aware of how that was staged but there is the facility for the disposition of sewage that accommodates the hotel and for the cottagers. Whether there is a sharing on that or whether they're totally separate facilities, I can do some checking on that and indicate how the costs were shared. I don't have that at my disposal.

MR. E. CONNERY: Was the cost of the sewage system for the resort, was that part of the capital cost of the resort or was it paid by Natural Resources?

HON. L. HARAPIAK: Mr. Chairman, I can only assume that if they were building a hotel, they would have some some arrangement for disposing of the effluent, but I will verify again what kinds of costs were assigned to the hotel.

MR. E. CONNERY: To speed up, I would like to know if there's been any additional expansion to the sewage system and, if there has been, who paid for it? And the original \$190,000 for the contribution to run the hydro into there, which I'm sure you wouldn't have run in if it was just for the park facility, was that part of the capital cost of the Gull Harbour resort, or was that part of Natural Resources for the Hecla Park?

HON. L. HARAPIAK: Mr. Chairman, I would have to do some checking on it, but I understand that hydro was on-site at the village site so there was hydro electric power in at that point. As is the case with other facilities, we do enter into arrangements with Hydro and Parks to extend hydro electric power to other areas.

MR. E. CONNERY: It would take a few minutes to find it in Hansard, Mr. Chairman, where there was indeed a contribution to Hydro for \$190,000.00. It was either a 1976 or 1977 Hansard which would show that, to the Minister, so obviously he hasn't perused the area as much as I would have thought that he would have. If you look through -(Interjection)- Well, maybe it would give you a handle on what's been happening in the department, and why we have a problem. Sometimes history can be very interesting and you'll find out what's going on. So obviously the Minister hasn't got a grasp on some of those early costs.- (Interjection)- We're right on, obviously, so the Minister isn't fully cognizant. Of

the \$4.1 million expansion, there was a \$2 million grant from the government and was there a \$2 million to carry the financing, or how was the expansion financed, because it is now under the Gull Harbour Resort and it's not part of the government investment?

HON. L. HARAPIAK: Again, just to clarify, the member is enquiring about the expansion that was completed. Is that correct? He's indicating that is so.

There was a loan initially, as it was structured, of \$2 million from the Department of Finance, the Destination Manitoba grant of \$1.1 million and the Jobs Fund of \$1 million, and the loan was then assumed as an equity position from the province.

MR. E. CONNERY: On the \$325,000 loan that was left, there is \$257,910 left on that one. Why wouldn't the interest be accruing at this time; because in the agreement, as I read in the Financial Statements, that the capital would be repaid as there was profit, but the interest should be showing up on a yearly basis?

HON. L. HARAPIAK: Mr. Chairman, the interest is accruing but not being paid. So, clearly, the interest is being accrued.

MR. E. CONNERY: The government has been guaranteeing the loan at the bank and it was up to \$1.2 million. What is the current guarantee at the bank?

HON. L. HARAPIAK: Mr. Chairman, I believe that's still at \$1.2 million.

MR. E. CONNERY: Where did the resort get the \$600,000 that they lost this last year?

HON. L. HARAPIAK: Mr. Chairman, I think if the member reviews the statements, there's an accumulated deficit of the 1.8, but not all of that is a cash cost. Some of those are a depreciation.

MR. E. CONNERY: Now we're using depreciation again and we're not consistent in our depreciation use. In other areas at Manfor, we ignore the depreciation because it's advantageous to do so. I get indications that that's not so, but the member from up in that region does this sort of thing. So I really can't argue with him.

The Minister had said in his news release there was a new plan to eliminate the deficit within three to five years.

Was that to bring it into a break-even point on an annual basis, or was that also to repay the accumulated deficit? Those answers.

And what is the plan? Can the Minister table a plan with us to show us how this is going to happen?

HON. L. HARAPIAK: Mr. Chairman, I guess I'm realistic enough to know that if we could bring it to a break-even position on its yearly operation in three years, I think that would be an achievement.

The question of the accumulated deficit would have to be dealt with beyond that point. So it is clearly in a three-year period that we want to bring it to a break-even position in terms of the annual operation.

There is, in fact, a plan in place but it is an internal board document. It is not one that I am prepared to make as a public document, but in general terms, I can point out for the members that it takes into account some of the statements that I made earlier in terms of how we will package the hotel, to whom we will try to make it attractive, that we will make it attractive to a wider range of users than was previously the case. We are looking at the question of providing services to people who are not necessarily guests at the hotel - visitors to the island. I think we have a very good promotional package now in terms of making people aware.

The Member for Portage la Prairie again is shaking his head as a nay sayer, but clearly the figures show that we've been very successful. In fact, the Member for Roblin-Russell was so concerned he was saying that we were having too much of a convention activity in the area. So it is successful. We've been attracting users to the golf course; we've put together golf packages.

There's clearly the need to utilize the facility, to promote the facility for other than the peak periods, the summer seasons and the weekends. So there are the shoulder seasons that we are targeting very much at and then also the week-day traffic that we want to increase our occupancy. Winnipeg is obviously one of our major markets, and the Member for Roblin-Russell had some appreciation for those figures. There isn't any doubt that we want to look at that, but we're not confining ourselves to Winnipeg.

We have been able to get some exposure in some of the brochures for outside of Canada, outside of the province, but indeed we want to target to much of rural Manitoba. We want to make sure that people from Manitoba, other than the City of Winnipeg, are aware of that very fine offering that we have for them at Hecla.

So those are basically the components of what we see as the ingredients for the recovery that I spoke of.

MR. D. SCOTT: Pass.

MR. E. CONNERY: I hear an echo in the background. The Member for Inkster seems to have a nervous twitch or something.

The Minister is saying that he is going to make it break even, and I would be delighted in three to five years, even on an annual basis, if it was breaking even in the true sense of breaking even.

What the Minister is saying, Mr. Chairman, is that we are writing off all those grants and, oh, there was a loan write-off in 1977 of \$277,000; there was a subsidy of \$251,000; there's still that loan of \$257,000 - that's against that 325; the funding of the expansion, the Destination Manitoba, in 1984 of \$250,000; plus all the others. The Minister is saying that we're going to write those off, that's not part of the capital cost of Gull Harbour, and so it's just going to be what shows on the books, and on that basis, we're breaking even and we're doing well.

Of course, from a business sense, this wouldn't fly very far and nobody would be too thrilled, and neither would you if you were in business breaking even on that basis. Of course, if we looked at all the other costs that go into the whole area surrounding it, as you know,

in Natural Resources, I think you're recovering, if I recall, and I haven't got the annual report here, about 28 percent of your costs in the park. So the park itself is costing us a tremendous amount of money, plus the cost of the Gull Harbour.

Can the Minister tell us what it's going to cost to put the highway into the area?

MR. CHAIRMAN: The Honourable Minister of Crown Investments.

HON. G. DOER: Mr. Chairman, we did agree to discuss the Venture Tour project, which is abnormal, actually, for Crown Investments, it's first time. We got into the park, which I think was discussed in Natural Resources. I think the highway question was also asked of the Minister of Highways and Transportation. It's certainly outside of the expertise, the ministerial accountability of both of us, Mr. Chairman.

MR. E. CONNERY: Mr. Chairman, he says it's the first time that we're dealing with the Gull Harbour Resort in Crown Investments. Well, last year, in Natural Resources, when I tried to question the Minister on Gull Harbour, he said you'll have to take it up in Crown Investments. So I think you two better have a little discussion because he told us that's where it should be; so we're here.

But just out of some of the figures that I have, and I could be somewhat out, just to kind of put into perspective, some of the total costs of this facility is that this highway of some, what is it, 25 miles that's going to be in from the gate into the resort, may be approaching \$10 million. So we see this facility in a way out-of-the-way place and we see other highways in Manitoba that are pretty poor, that \$10 million, if that is really actually the figure, and maybe the Ministers will verify those figures to see if I'm too high or too low, but it shows the total cost of the investment in this area and the very low return that we're seeing.

On the other hand, I will say that it is a nice facility. The older part is a little bit noisy. You can hear through the rooms; it's not quite as well done. The new part is excellent. From a facility-wise, the structure is a very nice structure. The scenery around is nice. The golf course is excellent. The service within the hotel left a little to be desired.

I'll cite you an instance where my wife went for coffee on the one afternoon at this particular tourist meeting. There was nobody in the restaurant, and she heard a scuffling, so she looked around the corner of the door and there was one of the male attendants and the waitress having a wrestling match on the floor and, of course, when he saw her they stopped wrestling. And my wife said, "How do I get a cup of coffee?" And the young fellow said, "Well, when she gets up off the floor, she'll get you a coffee." Well, that is not quite the conduct that you would think you'd have at a world-class resort where you're having people from all over.

If the Minister wants to reply, that's my other question.

MR. CHAIRMAN: The Honourable Minister of Natural Resources.

HON. L. HARAPIAK: Mr. Chairman, I think it's rather upsetting to me to see the schizophrenic positioning

of the Member for Portage la Prairie. On the one hand, he suggests that we have a good facility, it's a beautiful place, and that he would cast really into the record a statement of that nature which will reflect upon the entire staff, because that kind of a comment really puts the entire staff of the facility in a suspect position. It's in the public record now.

I think it was rather shameful that the Member for Portage la Prairie would deal with an isolated incident that I will not suggest won't happen, that it could happen in that facility as it could happen in any other facility in Manitoba, whether it be in the hospitality industry or elsewhere, but it is despicable, I think, that he would leave on the public record a mark against all of those good people who work at the Gull Harbour Resort.

I would want the record to show that I hold the staff of that facility in much higher esteem and I will recognize that the staff in that facility are fallible, as we are in this Chamber, but I will not put that into the record.

MR. E. CONNERY: It's unfortunate that the Minister doesn't want to recognize that there are some problems in the operational end of it. I'm told, "Tell us what's going on, give us the names; tell us what's happening and we'll do something about it." Then when we do, we get chastised for bringing out these points. So we're bringing out some of the problems that maybe you've got to address.

At one point in time there was a performance bonus plan for employees or for the management and employees there. Is that still in effect?

HON. L. HARAPIAK: I'm not aware of that. I can check with the Board of Directors. I, as the Minister, am not aware of that.

MR. E. CONNERY: The Minister was discussing his promotional plans and he was saying that yes, we're keying in on Winnipeg as probably our main market, but we're looking outside of Manitoba, we're looking outside of Canada to market. I questioned in this House why we weren't at Rendezvous Canada and I was ridiculed for asking that question, "Why are we not marketing this world-class facility outside of our province?"

It was at the business show here a couple of weeks ago. There was a booth there and there was a representative and I stopped and talked to that representative. The person was very good and talked to us about the hotel facility, but that you're targeting only for within Manitoba, that you're not advertising outside of Manitoba to any degree. If you are, this person didn't know. You are not advertising in the Yellow Pages in Saskatchewan or Ontario, where Ontario class resorts are advertising in the Yellow Pages in Manitoba. Your toll-free line which is in the green accommodations book for Manitoba shows a toll-free line, an 800 line, and it's not in operation.

Now, if you have an occupancy deficit, why aren't you promoting this world-class facility?

HON. L. HARAPIAK: Mr. Chairman, in terms of communication with the hotel, there are three dedicated lines, I'm told - I believe it's three - and there is also a toll-free line. It was really a duplication of costs and

the decision was made to be more efficient in our operation to phase out the toll-free line. It is really for that reason.

Now, in terms of marketing the hotel, it is true the major effort is in Manitoba. The major market for anyone marketing in Manitoba is the Winnipeg market where the population is most concentrated. We have had some exposure, by way of some of the publications in brochures and magazines that have gone outside of the province and, indeed, have gone outside of Canada, but our main effort is within the province.

MR. E. CONNERY: I would ask, then, if the Minister would supply this committee, another day, naturally, of the marketing plan that we have to market the facility: where the money is going, the amounts of money, probably the total budget for marketing, and where it's targeted.

You say there is a toll-free line. There's a toll-free line out of Winnipeg, it's a 475, I think it is, from Winnipeg to Gull Harbour free of charge. But anybody in Saskatchewan or anywhere else outside of Manitoba would have to call long distance. So there isn't a toll-free line for people outside the City of Winnipeg.

HON. L. HARAPIAK: Mr. Chairman, I'm not sure what the member is suggesting, that we should have toll-free access to all of Saskatchewan and Ontario. We've indicated where our target market is; it is Winnipeg.

MR. E. CONNERY: Well, I'm sorry that the Minister has such a short-sighted view of marketing this facility. If that is the view of the Minister and if that is the plan of the Minister and of the super Minister, then we're not going to market this facility and we're not going to, in three to five years, have it break even.

Mr. Chairman, I've had complaints of other hotel people of this facility lowering rates to get conventions and groups to it. The hotel, because it's on a park, doesn't pay realty taxes, doesn't pay income taxes, doesn't pay capital taxes. Is there a capital tax charge against this facility?

HON. L. HARAPIAK: Yes, Mr. Chairman, there is a capital tax.

Now, I listened to the member again, and on the one hand he suggests that we're not aggressive enough in our marketing, that we should be going outside of Manitoba. We are looking at that market but we're saying the core of our effort will be here in Manitoba. In his next sentence he criticizes us or brings to the Chamber the criticism that we are marketing in a way which is competitive with some of the others in the private sector. So on the one hand he says we're not aggressive enough in our marketing, and when we show some aggressiveness in the market, we are criticized for it. Which way would he have it? He, I think, would have us not succeed at all.

MR. E. CONNERY: Well, I don't think the Minister, Mr. Chairman, would be very happy if he had a business and the government was competing with him with taxpayers' money. I think you've got to market it. You've got to market what you have. You don't market a cut-rate facility. You've got a world-class facility, if that's

what it is, and I think the facility is world class. You bring the standards within that facility up to world class and you've got a very first-rate facility. You have to market it as such, not as a cut-rate venture for competing with places in Portage and Steinbach and those other towns - Brandon - where hotels are losing out.

So I think that the Minister needs to be marketing it aggressively but not at the expense of people who are paying taxes and paying to subsidize that particular facility.

I would now like to ask the Minister - he told us in his news release that there are packages available - can he describe the packages that they have at Gull Harbour?

HON. L. HARAPIAK: Well, at the outset, Mr. Chairman, I want to indicate to the member that I, in my role as the Minister, am not the marketing manager for the corporation; and clearly I, as the Minister, am not going to involve myself in those duties that are delegated to the board.

Mr. Mickey Levine, who was at the press conference, had the illustrations of the marketing packages. I would be delighted to have, for the Member for Portage la Prairie and any other members of this house who would be interested, a session in which we could illustrate all of the good things that are happening at the Gull Harbour resort, including the packages.

We did focus on golf packages, given that we have a very good golf course, as the Member for Portage himself recognized. In the winter season we have the ski packages. We've also encouraged people to come for other activities, whether it be hiking, taking advantage of the other facilities that we have at the island - visiting the village as another example. So the marketing efforts take in all of the offerings of the island.

MR. E. CONNERY: Mr. Chairman, the Minister says that he's not responsible for the day-to-day workings at the resort and I fully agree that he shouldn't be. He has hired staff for that. But when the Minister issues press releases and saying there are packages available, then there better be packages available. When I phoned, the only package that they could give me was a group discount rate. There was no golf package; nothing else except a discount for 10 rooms or more. That was the only package they had available and there wasn't a discount for golf. So if you have packages, and this surely is the season, if you're marketing, you need to have had your packages in place some time ago because people will be phoning and booking ahead. If they don't have the packages available now, when will they?

HON. L. HARAPIAK: Mr. Chairman, again, I am not going to say that I know what packages are available every day of the week as the Member for Portage la Prairie. Given that he has the time to peruse 1976 editions of Hansard, you would think that he would have time to peruse some of the materials that were presented by Mr. Levine at the press conference. He was available.

Now, there are packages for particular moments of time. I don't know what day of the week or what season

of the year the Member for Portage la Prairie was calling about. But clearly, as he would know from his business background, that in the peak seasons it is not the time for us to be offering our packages. We want to develop the packages around the shoulder seasons to increase our occupancy rates when they have historically been low.

MR. E. CONNERY: Is the Minister saying, Mr. Chairman, that this is not a shoulder season for golf, that this is the peak season? It was a week ago that we phoned and I would say that this is the shoulder season for golf. I'll bet you they're not full up there at this point, during the week, so I think the time is now.

Mr. Chairman, we could go on and on and on with the problems related to Gull Harbour and the cost related to Gull Harbour and Hecla Park. My figures tell me that, with the highway and everything else, we're looking at somewhere in the area of well in excess of \$20 million that we have invested of public money and that we're not going to see any comeback on, because we know that - well, we've got a mini-Minaki on our hands - those are the unfortunate facts of life - a good resort in a location that is not likely ever to turn a profit and likely to be always deficit-carrying. The way the Minister says we're going to break even is by excluding most of the cost of the facility up there. If course, if you exclude 75 percent to 80 percent of your costs, any idiot can show a profit or break even, but they're having trouble even with those sorts of figures.

So with that, Mr. Chairman, I would, unless the critic has any other comments, foreclose.

HON. L. HARAPIAK: Mr. Chairman, I just wanted to indicate in my last comment that to include the costs of the roads and the parks in his assessment of the Gull Harbour resort makes absolutely no sense. Do we include the cost of roads and the development of all of our other parks in making an assessment of a particular facility that exists there? No, I think we recognize that there are people who will use the roads. There are people who will use the parks, aside from the facility, and each should be there on its own merits.

It is only out of the desire of the Member for Portage la Prairie to paint a dismal picture for a project that I think has the ingredients for success. But he is not wanting to see a facility owned by the people of Manitoba. It is not owned by the province in that sense. It is owned by the people of Manitoba, and he would see the people of Manitoba fail. But I think he will be disappointed. The people of Manitoba will succeed and their facility will succeed.

MR. CHAIRMAN: 1.(b)(1)—pass.
The Honourable Minister.

HON. G. DOER: Mr. Chairman, I believe the member opposite wants to give a final remark. I'll just make a one-minute comment, and that way we won't get into what we've seen in other Estimates where we're going back and forth for a couple of hours just trying to get the last word in.

Mr. Chairman, the -(Interjection)-

A MEMBER: Come on Superman.

HON. G. DOER: No, I've been called Superdud tonight, so I'm quite happy with that.

Mr. Chairman, the discussions on Crown Investments, I think, have been interesting. We feel, generally, that our Crowns are doing quite well, but there's a lot of room for improvement in some areas.

Mr. Chairman, the Premier's announcement, particularly the one in February creating the Crown Reform Committee, has meant that we have been working very hard. It would have been much better for these Estimates to have a concluded package or proposal forward today so that I wouldn't have to say, "it's in the works," or "we'll let you know in due time," or "we'll table that in a week or so," or "we're still working on that" - whatever else, Mr. Chairman. So I do recognize for the critic opposite, it's probably been frustrating. But I look forward to whatever proposal we are able to get through our decision-making process on our side to help.

There's no such thing as a fail-safe system, Mr. Chairman, notwithstanding the Member for Pembina's great attempt to present that kind of scenario. There's no way that there's going to be any system that's fail-safe, but we do believe we need a system that will give us information at an earlier point from a strategic planning perspective, that will allow us to make decisions at an earlier point rather than a later point where damage can be done to the public good.

So, I know that it's been frustrating for the member opposite, the critic opposite, and I do hope in due time to conclude our committee work and fish or cut bait in terms of the issues of "Crown reform."

Thank you very much, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Roblin-Russell.

MR. L. DERKACH: Thank you, Mr. Chairman.

Well, I would have to say that the experience has probably been not only a frustrating one for me but probably somewhat frustrating for the Minister responsible for the department, because there is definitely an air of confusion with regard to where Crown Investments is and where the new Committee on Crown Reform is going. It appears that the Premier made a premature statement when he made his press release in indicating that many of the steps were already in place and that now he was releasing this powerful committee to have more control over the Crown corporations which were going awry.

The Minister indicates that the Crown corporations are in good shape in this province and I would have

to differ with him and object to that statement, because I think the people of this province have seen the fiascos that have gone on, not only with MTX. Every time we come into Session here - and this is only my second Session - we find new Crown corporations which have created a mess for themselves and for the people of this province. We have not yet got to the bottom of what's at MPIC or at Workers Compensation or Manitoba Hydro. We're just working our way out of Manitoba Telephones, and this Minister is responsible for that particular portfolio. We have to give him the opportunity to be able to show that he is capable of turning around a situation which is dismally unfair to the people of this province.

We talked today about marketing plans and internal audits, lines of authority. We talked about business plans, and this whole area is still an area of confusion and, unfortunately, we could not get any specific and meaningful answers.

Mr. Chairman, I submit to you that we have proven to the people of Manitoba here today in the review of these Estimates that the First Minister did not really know what he was talking about when he made his commitment about Crown reform. To date, some three months after this committee has been formed, we have not had a clear indication of the path that this Crown reform group is taking this province in, and how it is effectively going to control not only the Crown corporations, but also the Ministers and the boards that are responsible for these Crowns.

I think we have had some good discussion here this afternoon and this evening and I look forward to more definitive and more meaningful answers the next time that we meet to discuss the Crown investment area. With that, Mr. Chairman, I will be prepared to pass this particular section.

MR. CHAIRMAN: 1.(b)(2) Other Expenditures—pass.

1.(a) Minister's Salary—pass.

Resolution No. 41: Resolved that there be granted to Her Majesty a sum not exceeding \$787,400 for Crown Investments, Crown Investments Administration, for the fiscal year ending the 31st day of March 1988—pass.

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

IN SESSION

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