

LEGISLATIVE ASSEMBLY OF MANITOBA
Tuesday, 17 February, 1981

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY

**SUPPLY — CO-OPERATIVE
DEVELOPMENT**

MR. CHAIRMAN, Morris McGregor (Virden): I call the Committee to order. 1(b)(1) — pass;
The Honourable Minister.

HON. ROBERT (Bob) BANMAN (La Verendrye): Mr. Chairman, before the committee adjourned this afternoon I indicated that I'd get some materials on fishing cooperatives. I have a four-year comparison here, which I'd like to give to the member and also a preliminary report; I hope the member understands that there could be some adjustments made to this report. It's just a preliminary report, a draft copy with regard to the Annual Report which will be made public.

MR. CHAIRMAN: The Member from Lac du Bonnet.

MR. USKIW: What item are we on, we are still on 1(b)(2) is that correct?

MR. CHAIRMAN: 1(b)(1) but I guess we'll have (2).

MR. USKIW: Prior to our adjournment hour at 4:30 it seems to me I recall asking the Minister whether he could give us a bit of a summary and perhaps it's in here but obviously we won't have time to peruse that. A summary of the co-operatives in Northern Manitoba. The numbers of them, in other words, and how many become extinct, if you like or gone out of business; or any new bankruptcies or any new co-operatives for that matter.

MR. BANMAN: We are presently working with approximately 13 co-operatives, fishing co-operatives, in Northern Manitoba and I believe there are four consumer co-operatives, so we're dealing with 13 fishing co-ops, four retail co-operative stores.

MR. USKIW: Of the 13, now is the 13 the totality of all of the co-ops that were involved in fishing or have there been some dropouts?

MR. BANMAN: I believe a number of years ago there were a number of them formed and we referred to that before that the base wasn't as strong as we would have liked it to be; there are a number have dropped out. I believe this is the same number as we had last year and we are in the process now of looking at another two, expansion of one; and I understand from staff here that there is one that is being dissolved, that is in the process of being dissolved, and there is a possibility of two new ones starting up.

MR. USKIW: Yes, Mr. Chairman, I wonder if the Department is in a position to indicate just what the status is of those that were having some difficulties over the last number of years. I believe Ilford was

one of them. Is it still in existence or is that one of them that's gone out? It was Ilford, South Indian, there were three or four of them that were having real problems over a period of years. The number 13 doesn't tell me very much in terms of what happened to those in financial difficulty.

MR. BANMAN: Ilford has dissolved a number of years ago; the South Indian Lake one — the Co-op Loans and Guarantee Board advanced the funds, I think were in excess of a million dollars for construction of that South Indian Lake — they have opted out of the co-op system. We at present lease the structure to the Freshwater Fish Marketing Corporation for, I believe, something like \$30,000 a year and that was started three or four years ago, and we are operating that facility; they are using it, but they are using it as a co-operative; they're delivering right to the plant where the Freshwater Fish Marketing Corporation takes over.

MR. USKIW: Who owns the facility then, Mr. Chairman?

MR. BANMAN: It was owned by the Co-operative Loans and Guarantee Board. It's still there but it's going to be transferred to the Department of Co-operative Development.

MR. USKIW: It'll become a government asset, in other words, if you can call it that.

MR. BANMAN: Yes, but which really it is now. I should point out that with the taxes and different maintenance and things that are involved with that, it really sort of washes itself out. There really isn't any revenue accruing to the province on it.

MR. USKIW: Yes, Mr. Chairman, I don't see in the Estimates where we can discuss this other than at the present time and that has to do with the question of CIL. There were a number of questions put to you, Mr. Chairman, in the House, as to what is happening to the CIL plant in Transcona with respect to its operations and its financing and where the Province of Manitoba is involved or is going to be involved in connection with their refinancing.

MR. BANMAN: I believe in May of '78 the three prairie provinces agreed to provide a loan guarantee of \$7 million, Manitoba's share of that being \$2.8 million; Saskatchewan's share \$2.625 million; Alberta's share \$1.575 million. The Federal Government at that time gave them an interest-free loan of, I believe, \$8 million. There was a group of individuals, some from the federal and one of the provinces that formed an administrative committee which worked together with the Board of Directors and the new general manager who was hired to try and help turn the thing around. They have done a fairly good job in the last number of years; their projections for losses in this last year that they've just finished were substantially higher than the actual loss; the actual loss was slightly under \$1 million, so they consider that a fairly encouraging sign

considering the drought in some of the other provinces that they've been experiencing.

One of the major problems, I guess, from having been involved in the retail business myself, was with their depots. The system of retailing was one which really needed a lot of revamping and they are in the process right now of doing that. As the member will appreciate, one of the problems they had was that every little community would like to have a depot or would like to have a dealer but that just doesn't become economically viable and as a result they have been trying to rationalize where their depots are and where they should be and trying to get the local organizations involved and hopefully we'll get their retailing industry in place. Several months ago we were asked to take a lesser position with regards to, and I'm talking now of the three prairie provinces to the tune of I think some \$600,000 so that they could go out and borrow, I believe, \$15 million extra on the assets that they had. At that time the three levels of government, as well as the Federal Government and I believe the co-operatives involved agreed to that and they did borrow the additional funds. They are now seeking from the government and I should point out that we're looking at gathering information with regards to their request. They are looking at trying to raise an additional \$35 million worth of capita. I think they started out wanting an interest-free loan. I think we're down to maybe, they are talking about equity now. I guess what I have to say to the member is that we're looking at compiling information and that there has not been any decision or any concrete proposal made to us which will have to be studied by the prairie provinces as well as the senior levels of government, and I might add, by all the other co-operatives and centrals that are involved.

MR. CHAIRMAN: Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, given the fact that there is an administrative committee, and a new manager, which I understand was appointed in order that the loan moneys would be advanced and the provincial and national banking be attained. I believe those are the conditions as I recall it. Can anyone indicate to me why the CCIL people don't try to market through a normal — in the same way, let's put it that way, as do other manufacturers market their product through the regular dealerships throughout the country, as opposed to having exclusive CCIL dealership depots.

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: This is one of the things that the new General Manager is wrestling with and I understand that they are looking at possibly letting franchises, for instance, if somebody has a versatile dealership this might be something, another line that he could carry, which would relieve the heavy costs of operating just one facility for their particular one product. So, they are looking at that and I understand that is one of the options that is very viable. I guess as the system has developed; it was a true co-operative owned by the Pools and the different farmers. What has happened is that they did try to create local co-operatives to run the depots rather than having head office run the depots. In some areas it just isn't viable because you haven't got the product line to support the total

operation. So they are now in the process, I understand, of looking at awarding franchises if I can use that terminology to the different dealers in the different areas.

MR. CHAIRMAN: The Member for Lac du Bonnet.

MR. USKIW: With respect to the reduced security, as I understand it, the company wanted to arrange for additional financing outside the government. I gather the figure was 15 million and in order to do that they had to have some security transferred to the other financiers. Would that be correct?

MR. BANMAN: Right.

MR. USKIW: If that is so, what amount of reduction did Manitoba have to accept in terms of the 2.8 being in dollars that were guaranteed by the province? What was the guarantee that Manitoba had for the 2.8 million when it was advanced and what is now the guarantee or security based on the amendment that was entered into later on?

MR. BANMAN: Based on the guarantee and the assets at that time, our guarantee was 2.8 million. In the event let's say that C.I. would wind up our position because of the move we made would be \$280,000 worse, if I can use that terminology.

MR. USKIW: Just to clarify that point, is the Minister saying that the changed position now puts us in the position of realizing 280,000 less in the event of a shutdown or foreclosure or whatever, why would the province have agreed to a reduction of the security? What was the basis of that agreement?

MR. BANMAN: The main thing is to allow them to float that additional loan of \$15 million and keep them afloat. I guess one of the problems that you have right now is the high inventories that they are faced with and you have the assets but you, in this particular instance, just didn't have the cash flow to come up with that additional funds. That's why the \$600,000 between the three prairie provinces was vacant.

MR. USKIW: Could the Minister indicate who was providing the additional \$15 million that required the release of the security?

MR. BANMAN: Canadian Central.

MR. USKIW: Yes, I see. Could the Minister then indicate why, in order to maintain the province's security why the province did not take equity in the company in order to maintain its security position as opposed to reduce the security against the \$2.8 million? Was that option considered at all or not?

MR. BANMAN: Not at the time, no.

MR. USKIW: Could the Minister indicate why that option was not considered, Mr. Chairman?

MR. BANMAN: This would seem to at the time be the simplest course of action with regard to all the parties involved and I think there was an understanding that even though it provided them with a certain line of credit, an operating line of

credit at the particular time, that a more in-depth look would have to be taken in the near future with regard to the future operation of the company and it just wasn't an option at the time.

MR. USKIW: Is there anything in the structure of the Co-operative or in law that would have prevented the province from taking an equity position in the company?

MR. BANMAN: I can't say; I don't know.

MR. CHAIRMAN: The Minister of Natural Resources.

HON. HARRY J. ENNS (Lakeside): Mr. Chairman, on a point of order. I say on a point of order but I say it in a friendly way. You know, the line of questioning that is being pursued by the Honourable Member for Lac du Bonnet seems to indicate that in some way or other, the department or the government indeed has been asked to take over a very substantial function of the management role of the company and I don't think that has been the case. I think some of the questions which are quite legitimate perhaps that the Member for Lac du Bonnet is asking, were questions that were not raised by Co-op to the Minister or to this government and therefore weren't considered. I mean —(Interjection)— well no, but the honourable member is . . . well, Mr. Chairman, I . . .

MR. CHAIRMAN: The Member for Kildonan on the same point of order.

MR. PETER FOX: There is no point of order. That's what I'm trying to indicate to the Chairman. The member wants to make an argument, that's all, Mr. Chairman.

MR. CHAIRMAN: To the Minister of Natural Resources, I don't at this moment think he has a point of order but maybe he can prove his point yet. The Minister of Natural Resources.

MR. ENNS: Mr. Chairman, I think there is some onus for us for trying to keep the debate on a proper track, on proper record. While I interjected gently I was simply suggesting that the Honourable Member for Lac du Bonnet was asking a number of questions which kind of implied a far greater degree of managerial control that the government was investing in Co-op Implements which wasn't in fact the case. Mr. Chairman, you know my modest and gentle nature; I would very quickly cease and withdraw from pursuing that point of order, always prepared to take the direction from the Chair, always prepared to acknowledge that . . .

MR. CHAIRMAN: I don't think that the Minister did have a point of order.
The Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, I am kind of amused at the interjection of the Minister because I think that all I would have to do at this stage is to reflect back on the debates of the Northern Co-operatives and the extent to which the government was managing those co-operatives during the 1970s, co-operatives that were having problems, financial problems. If I were

to take some lessons from my members opposite I would have learned, Mr. Chairman, that even though we played an advisory role in management from their perspective at that time we were the people that were in fact managing the co-operatives, so, Mr. Chairman, . . .

MR. CHAIRMAN: The Minister of Natural Resources on a point of order.

MR. ENNS: Of course it was quite different in those years. We were in opposition in those years.

MR. CHAIRMAN: All right, all right. Either let's get down to business or let's adjourn and go home.
The Member for Lac du Bonnet.

MR. USKIW: The Minister confirms exactly the point that I am making and it depends on whose ox is being gored I suppose, that is the substance of his contribution to this debate.

I am not suggesting that the government is managing the CCIL plant but my understanding of it is that one of the conditions for the loan was that there be an administrative committee set up with government representation and I believe we have a government representative on that committee and that a new manager be appointed and that manager would have to be satisfactory to that committee. If I am not correct perhaps the Minister would wish to correct me but my understanding is that those were some of the conditions that were applied in order to provide the necessary financing two or three years ago.

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Just to correct a few things; the Administrative Committee that was set up was at the request of, I believe, the Federal Government in Saskatchewan. Manitoba and Alberta took the position that we were providing a loan guarantee and in no way wanted to get involved in the internal workings of the company. Hence we did not have a man sitting or a person sitting on that committee on the Administrative Committee. Saskatchewan has an individual and the Federal Government has some representation but Manitoba and Alberta took the position that we were going to provide a loan guarantee at the time with the operation of the company, would be left in the hands of the Board of Directors as well as the Administrative Committee.

MR. CHAIRMAN: The Member of Lac du Bonnet.

MR. USKIW: Does the Minister suggest to us here today that Manitoba does not have a representative on the Administrative Committee?

MR. BANMAN: Manitoba and Alberta both don't.

MR. USKIW: Mr. Chairman, that does raise a question in my mind. The Minister indicated that Manitoba has guaranteed \$2.8 million to this company based on certain security at that time, which has subsequently been reduced because of additional financing needs of the company and that Manitoba plays no role in trying to protect its interest. Then it reinforces my other question, Mr. Chairman, and that is given the fact that the

government has advanced loan guarantees amounting to \$2.8 million with minimum security, why is it that the government would not take as an option, at least the right to equity in the company should the need arise. I'm not saying they have to take an equity interest but if there was a problem in the company in order to protect Manitoba's interest, to the government's interest, why would not there be an option for equity participation; should that kind of a crisis arise and should that be the only way in which we could realize on our guarantee. What would be wrong with that arrangement, Mr. Chairman?

MR. DEPUTY CHAIRMAN, Lloyd G. Hyde (Portage la Prairie): Mr. Minister.

MR. BANMAN: The members know whether it be equity or a guarantee; it doesn't matter if a company fails. An equity position is no better than a loan guarantee position if they are paying out 50 cents on the dollar. If the creditors finally foreclose on the company, if you own half of the company, and there is nothing left of the company, there is no sense in having an equity position. It was considered at the time because of the large scale of the operation because it was a loan guarantee developed between the three provinces that Manitoba and Saskatchewan both indicated at that time that the guarantee was the thing that they were interested in doing. We were not interested in an interest-free loan or an equity position, hence all three levels of government got together, this was the agreement that was struck and as the member will appreciate that you're dealing with not only three governments on the provincial levels, you are also dealing with the Federal Government and dealing then sometimes becomes a little tougher, but this is the deal that was struck. We are now reviewing, not only the security on that particular guarantee, but what the requests of the Co-op Implements is and we'll be making a decision with that in due course.

MR. USKIW: Mr. Chairman, could the Minister then indicate to me just what is the security that Manitoba has against the \$ 2.8 million.

MR. BANMAN: The assets of the co-op.

MR. USKIW: The assets of the co-op. Could the Minister then indicate to me who else has the assets of the co-op as security?

MR. BANMAN: The co-operatives are involved. They have a loan through, for instance, the Manitoba Co-operatives through the central; Saskatchewan Co-operatives are involved. I understand and I'll make this point too, that we are head of common equity in the ranking of the security, secure positions. When the refinancing package took place, for instance, the Federal Government gave them an interest-free loan and the co-operative movement, I believe it was 7.5 that the co-operative system advanced.

MR. USKIW: Mr. Chairman, where does Manitoba stand in line to realize on their security in the event that they had to realize on their security? Who are the parties that are ahead of the Province of Manitoba?

MR. BANMAN: No. 1 is factory bonds, which I guess would be mortgages and other things; preferred shares and then the provinces.

MR. USKIW: Mr. Chairman, I would ask the Chairman to confirm, or otherwise, that it is reasonable for the province to take a lower position on their security to the preferred shareholders. Is it reasonable, in your opinion, that the province should take a lesser degree of security than do the preferred shareholders?

MR. BANMAN: Just to straighten that out we rank No. 3. The factory bonds are No. 1; the operating line of credit is No. 2; the province is No. 3.

MR. USKIW: Does the province have a fair degree of confidence in the viability of the plant?

MR. BANMAN: This is the whole thing that we're looking at right now. I think one of the problems, whether it be government enterprise or any enterprise, is one thing building a proper product that's got to be sold. We just touched on that briefly before, one of the problems was in the marketing system. In the old depot system the factory owned it; they would ship out equipment to the factory and not even charge any interest to that particular depot. The system was really out of touch with what should be happening. Given the preliminary sort of report that we've had which indicates that they've reduced their loss substantially from what the projections were seems to be sort of an encouraging factor, but I cannot at this time, until we've gone through the whole thing; we've been meeting with the chief executive officers to go through all the projections exactly where they feel they'll be heading in the next little while; how they intend to market; the different product lines they expect to bring onstream and that. Until that is done I would be unable to say how viable the company is, or how well they intend to perform in the future.

MR. USKIW: Can the Minister indicate just what is the purpose for which additional financial requests are being made of the Government of Canada and the three prairie provinces, the amount of some \$30-odd million? Is that for expansion, or refinancing, or a combination of both?

MR. BANMAN: It's a number of things; it has to do with some R and D work that they want to do; they want to replace some of the existing manufacturing equipment, I believe; the other thing they want is to expand some of the product line.

MR. USKIW: Is the Minister saying that none of that money would be used for refinancing?

MR. BANMAN: Again, Mr. Chairman, I don't want to negotiate in public but, from what we can gather right now, it doesn't look that way, but we're in the process, as I mentioned, of hammering out exactly what we're looking at.

MR. USKIW: Mr. Chairman, in the event that the decision by all is that we advance additional sums of money, what then is the security position of the province? Does that diminish, proportionate to the

then total amount of money, or is there new security that is going to be provided for the additional amount of money?

MR. BANMAN: I can't really say at this point.

MR. DEPUTY CHAIRMAN: The Member for Virden.

MR. MORRIS MCGREGOR: Mr. Chairman, I would just like to ask, through you, to the Minister. Last week when we all saw it in the newspaper, and apparently that was the first shot, of problems with CIL. My first impression was, is this another Chrysler? Remember a year-and-a-half ago when Chrysler was showing some problems, and I remember well seeing in the paper an article where the top man was getting something like \$160,000 and he very graciously passed up that salary in order to keep the company afloat, but his bonus contract came to something like \$183,000 if the paper report was correct. Then that company indeed went to the government for billions of dollars and also went to the employees and said "well, now we don't want you to have any more increase" and yet one man there, just on the bonus, was getting a huge salary, probably a good deal more than the President of the United States; and the question I would like to put to you is where does the head of CIL's wages compare to, say, the Premier of this province; salary and bonus, if there is such a thing?

What influence when the federal and the two or three provincial governments get nailed or get approached with \$35 million or so, do they have the right to say where is the employee; who is the top man; is there \$100,000 going to the top man in salary, and things such as that, in other words, the real heavy-paid employees of that company? Is the Minister privy to those kinds of facts, or do they indeed ask for those before they advance those \$35 million approaches, whatever way? Maybe I'll stop there and there might be a response.

MR. BANMAN: I'm just briefly checking here. The new general manager or chief executive officer doesn't have nearly the kind of contract that the chairman of Chrysler has; I understand that it's somewhere in the range of \$60,000 to \$70,000 so he's not looking at a quarter of a million dollar salary.

MR. MCGREGOR: That is one of the duties, Mr. Chairman, of the Minister, to find out those facts in all cases such as going into those kinds of millions. Is it a normal procedure to ask those questions, or not necessarily?

MR. BANMAN: It would normally be the Board of Directors who would be hiring the officer, as well as establishing salary for that particular individual, and I wouldn't get involved in that.

MR. MCGREGOR: You think then that included any bonus arrangement, even though sometimes the bonus arrangements are a good deal more than salary in many of these high positions. I'm not saying it's so, I just would be inquisitive if that might be the case.

MR. BANMAN: I can't give the exact arrangements of the contract and that, but I understand that the annual salary is in the range that I quote before.

HON. JAMES E. DOWNEY (Arthur): Mr. Chairman, the only comment I have to make is that some of the reasoning behind the initial support for the Co-op Implements, and of course, it was the fact that they were providing equipment for a lot of the farm community in Western Canada and the initial move by the Federal and Provincial Governments was to support the company that was manufacturing a product right here in Manitoba with the security of the farm industry being one of the main considerations being given. I think basically, that the Minister in his work that he has done over the past two or three years has helped a lot of the people in the farm community without getting overly involved with the concern over the exact amount of security he has; the main security was based on the strength of the agricultural community. I think we all know what has happened over the past year with the purchases of farm equipment. In a lot of cases the decision to purchase new equipment or expand in certain areas has been put off for some time because of climatic conditions and incomes that weren't as great as they normally would have been.

So the fact that the Minister has, I think, moved ahead to give support to the company in the past augurs well with the farm community and I want to compliment him for that kind of action.

MR. CHAIRMAN, Morris McGregor: The Member for St. George.

MR. BILLIE URUSKI: Thank you, Mr. Chairman, just on another note although we're talking about some very very large investments and very large industries. I wanted to ask the Minister on a very small matter I'm sure that is in his department, a small co-operative that was closed down I think a year or two ago and that is, I think it's called the Dauphin River Co-op, a fishermen's co-op, or in the process of winding down. Mr. Chairman, has the Minister got any background information on that co-op? As I understand it, the co-operative was operating and now a new shed has been opened up under private ownership under one individual and I would like to know some of the background information, whatever information the Minister has, with respect to the operations of that co-op and what are their reasons for deciding to close down.

MR. BANMAN: I guess this is one of these cases where if the people that are trying to make the co-operative run can't get along among themselves, there is very little that I or you or the department can do with regard to that. There is a certain conflict within the community where several groups couldn't get along and they decided not to operate the co-op and as a result it's in the throws now of being dissolved.

MR. URUSKI: Mr. Chairman, it's not a matter of financial insolvency or anything like that; it's a matter of just the membership not being able to get along, is that really the basic problem?

MR. BANMAN: That's right.

MR. URUSKI: Yes, because it's come to my attention that the former manager of the co-op has now — I guess because the service is required in the

community — gone on his own and established a packing plant in the community. I gather, at least from people in the area that some of course as the Minister said, some would like the co-operative to continue and it appears that may be the case. I don't know a great deal about the operations other than people have been very — some people anyway — sad to see the operation not closed but in effect change hands. So it's really not a matter of any financial difficulties that is closing it, it's strictly a decision made by the Board of Directors, am I correct?

MR. BANMAN: That's right, staff has been in and out of there for about a year-and-a-half hoping that maybe some of these impasses would be resolved but there is a conflict within the community that the Board of Directors has just said, that's it. It's not a matter of real financial problems that is forcing them to close; it's just a matter of some certain local conditions.

MR. URUSKI: There wouldn't be a problem for the department to become involved in the event that the ownership of the present facilities decides to allow a co-operative to start again. You don't see that as a problem for the department of becoming involved again?

MR. BANMAN: We would rather encourage that but the way things stand right now, it just isn't in the cards.

MR. CHAIRMAN: The Member for Logan.

MR. WILLIAM JENKINS: Thank you, Mr. Chairman, through you to the Minister, I don't know if he's given this information or not because I was in and out of here this afternoon but I believe the Minister said that he had nine development officers for the development and promotion of co-ops and credit unions within his department; is that correct?

MR. BANMAN: Maybe I should just explain a little bit; to these development offers there is two or three through the north as well as through the south. A lot of them work on a monthly basis helping with financial reports with the individual co-ops. So they are in one sense promoting the co-op by actually working with the people helping them run their own business.

MR. JENKINS: Through you, Mr. Chairman, to the Minister, do they also take part in helping groups in various communities, develop and establish new co-operatives and credit unions as such?

MR. BANMAN: That's part of their job.

MR. JENKINS: Then does the Minister for the past three years, for the years 1978, '79 and '80, I wonder if the Minister and his staff here can give us an idea, how many co-operatives were new co-operatives, I mean, absolutely new co-operatives were established to the year 1978; how many were established in the year 1979; how many were established in the year just passed, 1980; and also for the same period; how many co-operatives were closed because of bankruptcies, inability of people to get along? I think

that has been one of the statements that's been made here that there is a lack of compatibility amongst certain members of the community and with the result that the co-ops fail. I wonder if the Minister has any data or statistics on say, the last three years, to see exactly how the department is proceeding. Because as we look at the Co-operative Development department in the past three years, the activity as reflected by the amounts that are set out here in the departmental Estimates, unless I am very sadly mistaken, the Minister said this afternoon I believe that they were trying to consolidate some of the weaker co-operatives. I understand that's an understandable feature but in the meantime, what is being done to encourage people to start co-operatives within the province and how many have been established within the past three-year period?

MR. BANMAN: We had some discussion with regard to promotion this afternoon. With regard to the three-year comparison, I can undertake to get that for the member. There, to my knowledge, haven't been any co-operatives that have more or less declared bankruptcy. Most of them have become insolvent or dissolve because of inactivity with regard to them and as a result then, are dissolved.

MR. JENKINS: I thank the Minister for that. Is he saying then, he doesn't have any information at the present time for how many new ones there were and how many were disbanded or dissolved in one shape or form or another. Do you know of any new ones within the past three years yourself, personally, that have been established? I'm not talking about expansions to existing co-operatives such as the Home Centre for Red River or that because they're all tied in within the same co-operative unit. The expansions at McPhillips; the new expansion that took place at St. Norbert, which I think the Minister was speaking about this afternoon, are all part and parcel of the one co-operative that I happen to be a member of, the Red River Co-op but I don't consider those as new co-operatives, as such. In the consumer field, in production, fishing co-ops — well we have some notes here on fishing co-ops — but outside of expansions, and I know that there was one a year or so ago I believe in the City of Brandon which I think was a consumer co-op that pretty well had to go out of business. But other than that is the Minister aware, and I'm not talking just about plant expansions of an existing co-operative, I mean absolutely new co-operatives that have been formed within the province?

MR. BANMAN: There have been a number. I'll get the exact figures but one of the things that we've been doing in the last year-and-a-half is to identify the ones that have been inactive over the last number of years and try to clean up the loose ends on a lot of them; as a result there is a fair number that were, over the last little while, closed down. We have a number of the northern ones which were just sitting there for years that had not been closed down; I think we closed down something like 20 which would include a number of the northern fishing co-ops that have just been inactive over the last year. There have been several new ones, I believe a milk transport company which was a co-operative;

we had Manco which severed the dairy division from the poultry division and went into a large expansion out in my constituency and I think are doing very well out there which is now known as Granny's Poultry, I think the expansion was about \$1.5 million; so they've got a large new plant out there.

As I mentioned a lot of the programs that have evolved over the last number of years such as the Co-op Housing Program, and I guess previous Ministers could have got up and said well we started a co-op housing over and over here and over here; what has really happened is it's been a time for us to try and maintain those operations in a position where they will turn out to be viable ones and it's taken considerable time of the staff to try and bring those around. As I reported earlier on this afternoon I'm happy to say that most of the co-op housing units, with the exception of a few, are at a very low vacancy rate and hopefully will be able to turn their situation around but there hasn't been a dramatic increase because it's been a time to really sit down and look and make sure that the ones we have are in good financial shape before we move on to other areas.

MR. JENKINS: I appreciate what the Minister is saying but if he's using Manco as an example well that's really just a splitting off of an existing co-operative into another division and of course you could also say that the Red River Co-op, by opening a Home Centre, going into the retail trade of selling hardware, lumber, building products, it's a new venture for that existing co-operative, but it's not a new co-operative, as such; it may be in a different field. I believe that in the main in the past the Red River Co-op has been a co-operative dealing mainly with groceries, with a small building products branch out in Teulon, I believe it is, or Stonewall, I forget, I believe it's Stonewall. That is not the kind of information that I'm seeking from the Minister; the kind of information I'm seeking from the Minister, and I realize that the department has had to curtail its activities because the amount of staff that is employed I am sure is down to what it was; we are down to nine development officers, I believe we have an increase of 1.26 man years is it, staff man years from last year and I'm sure that there are people out there that would like to see other types of co-operatives being established.

But I must say that if those are the only ventures that the Minister has given me so far I must say I'm very sadly disappointed in the department and, of course, in the Minister because after all he is the one that is supposed to be directing and giving policy direction in this department. The staff only operate under his instructions and of course if it is not the philosophy of this government to see that the co-operatives, and when we're speaking of co-operatives I would also include in those requests, with another proviso thrown in too, how many of the new credit unions have been established in that time and how many have disappeared through amalgamation; because the credit union that I belong to is now all of a sudden, which is quite legitimate, by vote has become part and parcel of a larger credit union. So when the Minister is getting those figures for the co-ops I wonder if he could also get the figures for the credit unions — how many had to disband and dissolve over the past three years; how

many new ones were established; how many mergers took place? I wonder if the Minister would be able to supply that sort of information to the committee?

MR. BANMAN: That'll take some time to dig up but we'll dig it up for him.

MR. CHAIRMAN: The Member for St. George I think had the . . .

MR. URUSKI: Thank you, Mr. Chairman. The Minister sent me a note on the fishing co-operatives with the production in pounds and net earnings and equity. Could he indicate how many co-operatives are included in the year '77, '78, '79 and '80 or how many there are in '80, whatever figures you've got; how many co-operatives make up the . . .

MR. BANMAN: 13.

MR. URUSKI: 13 co-operatives. Where would they be located? Mostly north of 53 or there would be some south of 53?

MR. BANMAN: I'll just read them; Big Black, Dauphin, Easterville, Eddystone, Grand Rapids, Lake Manitoba Co-operative, Norway House, Lundar, Travis Bay, Viking, Winnipegow, Madison Island and Winnipegosis. So actually there's only a few over the 53 with the exception of Norway House I guess.

MR. URUSKI: Primarily Lake Winnipegosis, Lake Winnipeg and Lake Manitoba are co-operatives . . .

MR. BANMAN: Thanks.

MR. CHAIRMAN: (1)(b)(1) — the Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, according to this summary sheet there are going to be 34 staff man years, 34 1/4 staff man years. Could the Minister indicate to us of the 33 staff man years in the '80-'81 fiscal year, how many positions are vacant?

MR. BANMAN: One.

MR. USKIW: Yes. Could the Minister indicate in which capacity or which section of the . . . ?

MR. BANMAN: Yes, Development officer and the bulletin closed yesterday.

MR. USKIW: Yes, so the department has nine Development Officers. Could the Minister indicate to the committee just what the nine Development Officers are involved in, what fields, and how many in each field?

MR. BANMAN: They are all involved in dealing with co-operatives; I guess we can go through the list. By providing incorporation assistance, in other words, responding to groups seeking and corporation; they attend annual meetings of co-operatives throughout the Province of Manitoba; they help them with the preparation of feasibility or viability studies, budgeting, financing, operating forecasts; they assist in organizing and the preparation of by-laws and policies; they get involved in training, bookkeeping, managerial skills, policy and procurement

development; get involved in management support and operating plans; preparing budgets, again through the whole spectrum of operating a co-operative and operating the business — so they are involved in the whole field. And, I might add, the nine officers that are there, I think that's the same staff component that's been there since about '73 or '74; the same number of Development Officers have been there for a fairly long time.

MR. USKIW: Mr. Chairman, I think the Minister misunderstood my question. We have nine Development Officers. What I wanted was a breakdown of their involvement as by sector of the co-operative business in Manitoba. There are northern co-operatives; there are consumer co-operatives; there are fishing co-operatives; there are producer co-operatives. What are the specialties and how many to each specialty?

MR. BANMAN: They are assigned to certain regions in the province and handle all the requests from those particular regions.

MR. USKIW: Yes, the Minister indicated that one of their functions is to assist in the setting up of new corporations. How many such corporations did they assist in the last year?

MR. BANMAN: I understand there were two new ones established.

MR. USKIW: Could the Minister indicate which two new ones, in what area of co-operative enterprise; producer, consumer, credit unions?

MR. BANMAN: The two that were incorporated, were incorporated under the system, was the Granny's Co-op and the Milk Producer's Trucking Co-operative; Mound Milk Transport.

MR. USKIW: Was that a restructuring of an existing operation, Mr. Chairman, or is that a brand new co-operative that was established there?

MR. BANMAN: I understand that's it's a brand new one.

MR. USKIW: Could the Minister indicate to the committee just how many feasibility studies were carried out by the nine Development Officers in the last year?

MR. BANMAN: Well, maybe I can just give him some idea. We had new incorporation requests of 10; we had attended 180 annual meetings and special meetings; we prepared budgets for 30; financial statement preparation of about 50; field training and information was over 150; management support was 20; monitoring and administration services to co-operative loans and Loans and Guarantee Board at 24 instances; we assisted in 18 dissolutions; information on co-operative securities 15; dealt with different requests under The Co-operative and Credit Union Acts of 40.

MR. USKIW: Yes, the 10 new requests for incorporation, Mr. Chairman, the Minister just indicated moments ago that there were two new incorporations. Could the Minister indicate what

happened to the other eight applications for incorporation?

MR. BANMAN: I understand that a number of them are still under active consideration and the department is working with the people that have inquired.

MR. USKIW: Well, Mr. Chairman, now we are beginning to see the light of day since the Minister can't tell us how many new co-operatives were established in each of the last three years. He has told us something very important and that is that there have been 10 new requests for incorporation of which two have already been carried out and eight are in process. So surely then, the Minister is in a position to indicate to us, what is on the horizon, because he is talking about 10 new ones of which two have been done and eight are in the process of being done. Could the Minister give us an idea of what the eight are?

MR. BANMAN: I read it out this afternoon, Mr. Chairman, but I'll do it again. It has to do with consumer co-operatives; it had to do with some retail co-operatives; it had to do with some recreation co-operatives as well, as I mentioned the one specifically dealing with a group of individuals who have kidney problems who want to form a co-operative, so they can purchase food on a co-operative basis and some agricultural co-operative requests.

MR. USKIW: Would it be possible for the department to provide the committee with a list of co-operatives that were indeed established in the last three years and those that are now in process, the sort of list that the Minister is referring to; the list of eight more that are on the horizon.

MR. BANMAN: Well, Mr. Chairman, the member will appreciate that the people that we're dealing with right now, I wouldn't want to say who we're dealing with at the present time. Once they are incorporated it becomes public knowledge, and I have indicated already to the Member from Logan that I would try and provide him with the number of new co-operatives that have been formed as well as providing the information on the ones that have been dissolved.

MR. USKIW: Well, Mr. Chairman, we don't want to belabour the point. I don't have to know or don't want to know specifically who the applicants are but by the nature of their co-operative, whether they're consumer, producer, credit union, whatever it is. If you would give me a list of how many are in process; how many in Winnipeg; how many in Brandon; or Thompson; or how many outside of the urban area, and so on. Just so we have a picture of what the department is involved in with so that next year we can ask you how many you were successful in putting together, Mr. Chairman. Maybe that's unfair, but you know, we'd like to measure your batting order, Mr. Chairman, by a year from now. We don't know where we are vis-a-vis the last three years but we expect to receive that information. We now expect that there will be eight additional to the two that you had just mentioned that are already

incorporated, so that a year from now we should be able to know, of the eight applications, how many have been successfully established?

MR. BANMAN: We'll try and categorize that for you.

MR. CHAIRMAN: 1.(b)(1) — pass; 1. the Member for St. George.

MR. URUSKI: Mr. Chairman, I have another question with respect to the dairy co-ops. What category would the department hold the co-op plants at Arborg, the North Star Co-op that's been under the jurisdiction of the Stabilization Board, I believe; how do you categorize that kind of a co-op where it's operating but it's under management from elsewhere under contract? How do you categorize that kind of a co-op? In what area do you put that; is that co-op able to go back into producers' hands in the community or where is that co-op standing today?

MR. BANMAN: I understand from some of the information that the staff has given me that it's just been recently sold.

MR. URUSKI: It has been sold? To whom, to another co-op or what?

MR. BANMAN: I understand a private operator.

MR. URUSKI: Could the Minister indicate how does the Stabilization Board view that operation now? Does the private owner who has taken it over assume the liabilities that were outstanding at the time of financial difficulty or what are the arrangements of such a venture?

MR. BANMAN: I'll have to beg for a little more information. The member refers to a stab. fund . . .

MR. URUSKI: The Stabilization Fund was actually operating the co-op on their management because of, I believe, the loan capital that was advanced by a local credit union. Management was put into that co-op by, I believe, the Stabilization Fund. If my information is wrong, then let the Minister correct me.

MR. BANMAN: That could very well be, Mr. Chairman. The operation of the stabilization fund does not come under me and I'd have to go to the Stabilization Fund to see. In other words, my department wasn't involved with the operations of it.

MR. URUSKI: At all?

MR. BANMAN: At all. I'm informed here that the new buyer had arranged his own financing.

MR. CHAIRMAN: The Member for Lac du Bonnet.

MR. USKIW: Could the Minister give us an update on — well, perhaps maybe we should get down to Resolution 43.

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

MR. FOX: The Chairman was in an awful hurry. We did discuss some of the lotteries in Fitness and

Recreation and now we have the report before us, Mr. Chairman, and I'd like to say it looks like a very slick report. But, unfortunately, it's also to a great extent confusing because it really doesn't lay out the money aspect of the expenses and revenue of the Manitoba-Western Canada distribution system. It does give you on Page 23 the breakdown in respect to the Western Lottery, the Provincial Lottery and the Super Loto, but it doesn't tell you what its breakdown expenses are. On another page it gives you a little graph with little percentages and you have to do a hell of a lot of figuring and then I'm not certain whether that would give you the true picture of what it's all about. Now I'm just wondering whether the Minister can provide us with that breakdown of the true operations for the distribution for Western Canada or not.

MR. BANMAN: There are two other reports probably that he wants. He wants the Western Canada Lotteries Foundation Report which is the corporation which runs the lotteries; in other words, that is the corporation that's owned by the four prairie provinces. They put out an Annual Report and we can get him a copy of that. The other one which he would probably want is the WLMD, which is the Western Lotteries Manitoba Distributor, which is the group which is comprised of the four non-profit organizations. They also put out one. This is an attempt to show an overall — there was criticism that nobody knew where the whole thing tied together and this is an attempt, I might add, in sort of the first year to try and bring it all together and show an overview of what it is and shows basically where their revenues go. If you want a detailed breakdown, I can get you those two reports and they should show you exactly the figures that maybe you're interested in.

MR. FOX: Yes. The other thing that I find in this booklet that is supposed to break down the lottery dollar, and it does it very well for the Western Foundation, where the Commission distributes its share and also the distributor and the retailer, but also at the back it indicates where the advertising goes. Now, again, there is overlapping advertising. One, if my calculations are correct, amounts to over \$600,000.00. Now whether that is for the total or not, I can't say. Then when you're going into the specifics of the breakdown and the balance sheet and the statement of expenditure and revenue, we find again costs at a much smaller level for advertising. So I just would like to know why they have duplicates in advertising. Is one advertising for the fact that they exist and the other one for the fact to promote the lottery? That's what I can't determine out of this general statement.

MR. BANMAN: The exact breakdown of those figures would be contained in the two other statements. WLMD, which is the Manitoba distributor of the tickets, does some advertising and the Western Canada Lotteries Foundation does the other. Then we also belong to the Interprovincial Lotteries Corporation which handles the \$5.00 and the Super Loto ticket. The Province of Manitoba itself doesn't do any advertising. The amount of money that you see here that flows to government through the Manitoba Lotteries Commission, we

don't advertise anything. It's the Western Canada Lotteries Foundation, as well as the Manitoba distributor, that advertise, and those figures, you would be able to see those in the Annual Report.

MR. FOX: The other question I would like to ask, in respect to the breakdown that they have on the lottery ticket itself on the very last page — if the Minister will look — it says in the top one, prizes are 45.2 percent; then the Provincial, 49.8 percent; and Prize Fund, 58.3 percent. Is that relative to Manitoba or is that relative in respect to the Super Loto? Is that relative to the whole picture across Canada for Super Loto and, of course, the Provincial for the other provinces?

MR. BANMAN: The Western Express is established by the Western Lotteries Foundation which is the four partners. Every ticket sold — the Express ticket sold — represents that kind of a prize fund. It doesn't matter if you buy it here or if you buy it in Vancouver; it would be the same. The same with the Provincial; you could buy it anywhere, you could buy it in the Maritimes or Manitoba or Quebec or wherever and that is the prize fund that's involved there and the same with the Super Loto. I might add that our prize returns are fairly heavy. People like the Australians say that we're crazy; we shouldn't be giving any more than about 38 percent away but the prize funds have been kept at a fairly high rate and if you average them out it's about 50 percent.

MR. FOX: Yes. It says on Page 7 the lottery dollar is divided into . . . and then it gives you the breakdown for that so therefore that must correspond with the Western Express for 45 percent. Is that what we're talking about? The Lottery Foundation.

MR. BANMAN: That's right.

MR. FOX: So it's one and the same really, the other two are a different breakdown.

Since I'm going to get the information from the Minister I'd like to switch to the other area in respect to Lotteries and that is he indicated that there was also a lot of work done in respect to licensing for various lotteries. Could he indicate whether there's been any change in respect to the guidelines as to who is eligible to have a licence for a lottery? Also I understand that casino nights and things of this kind are licensed — what the basic parameters are for applying for that? Further, who is entitled to get licences to have these — what are they called — Nevada tickets or whatever?

MR. BANMAN: Just to give you an idea of what gross revenues, where we always talk about the Winsday and the Provincial which are the high profile ones but really when you look at what has happened to some of the other products that we licensed — and I might add that particular section used to be with the Attorney-General's Department and has just recently come over to this particular department — gross revenues on bingo licensing last year was over \$9 million; these break-open tickets, the Nevada tickets, in excess of \$13 million retail sold of those by the different groups.

MR. FOX: Could we have a breakdown of that revenue? Does any of it flow to the province?

MR. BANMAN: Just in licence fees.

MR. FOX: Just in licence fees.

MR. BANMAN: If you put this aside we act strictly as a licencing agency, for instance, the province doesn't run any bingos, doesn't run any casinos, doesn't run any of the Nevada games or anything like that, that's strict . . .

MR. FOX: It doesn't share any of the revenue either?

MR. BANMAN: The revenues that we accumulate are through licence fees, for instance, on a casino the licence fee is 2 percent of the gross wagering if you want to call it that; but we don't share in any profits that may accrue to the group that has it. On the casino side we are licensing 12 casinos a year now, trying to spread them one a month.

MR. FOX: Can the Minister indicate who gets the licences?

MR. BANMAN: The Licensing Board every year looks through a list of applications — non-profit groups, cultural groups, sports groups, charitable groups. Last year I believe there was something like 72 to 74 applications with only 12 casinos so what the board attempted to do was to try and make different groups double up so that everybody would get a fair chance at it.

MR. FOX: Could you get a list of the people that were licensed?

MR. BANMAN: Yes, sure. There's just a press release that has just gone out

MR. FOX: Pardon?

MR. BANMAN: We'll get you a copy of the press release that went out announcing out.

The other thing that the group tries to do, with the exception of a few casino licences, is to try and spread them over so that we can say that everybody can sort of get a kick at the cat, so that there aren't just a few groups that get it every year. Some of the ones, like the Festival du Voyageur who if you want to say pioneered the casino business here in Manitoba, because of the nature of the festival and everything, have since the last five, six years have always received a licence. So I guess with the exception of that one group the other licences we try to spread them around so that everybody can have a chance.

MR. FOX: The Nevadas — how do they go, to whom?

MR. BANMAN: The Nevadas you have to apply for in a licence; you have to be a charitable or a religious organization; you have to sign the proper documentation saying that's what you are and then you can sell them. The Legions sell a lot of them, a lot of the curling clubs sell them, during casinos they're sold. But you've got to get a licence for it, you've got to sign for it.

MR. FOX: I wonder if the Minister could provide us or could tell us where there's a financial breakdown

of the kind of revenue that comes in from this aspect of the lotteries and gaming licences.

MR. BANMAN: The revenue to the province?

MR. FOX: Yes.

MR. BANMAN: It accrues to the Minister of Finance and I can give you a rough idea. Last year there was roughly \$650,000 collected in licence fees.

MR. FOX: And the Minister will provide us with a list of those that were involved will he?

MR. BANMAN: I guess we could but . . .

MR. FOX: You said there was only a dozen.

MR. BANMAN: On the casino side.

MR. FOX: Yes.

MR. BANMAN: But if you're talking Nevadas there's hundreds and hundreds, and there's thousands of bingos. I guess we could dig it up. But I'll get you some numbers here, I've got some here.

Bingos, there were 183 bingos licensed; break-open, these tear open Nevadas 551 licences issued; Wheels of Fortune, 101; Casinos, as I mentioned there were 9 last year, there'll be 12 this year; raffles were 131; Calcuttas, that's at the curling bonspiels and that, there were 43; agricultural fairs and exhibits, 4; we also licensed some midway operators on the Wheels of Fortune that they use and there were 8 of those — total revenues as I mentioned were \$650,000 and I'll get the member a copy of the release which showed which groups got the casinos this year.

MR. FOX: When we have the Red River Ex do those outfits that come in and have their various midways, do they pay the same 2 percent as well?

MR. BANMAN: No, that's a different setup.

MR. FOX: No, they don't. Are they licensed separately or do they just not pay anything?

MR. BANMAN: I think they're examined like a lot of the local fairs that tour the rural areas, the Crown and Anchor games and that.

MR. FOX: But all of those that are licensed is it 2 percent line only, nothing else? So in other words the amount that is raised would be 49 times the 2 percent; is that right?

MR. BANMAN: Yes. If you want to use that example you're talking like about \$30 million worth of . . .

MR. FOX: Gambling.

MR. BANMAN: . . . gambling. On the licensing side only, which is actually more than — and this is the astounding that I found interesting after being Minister a little while — there's almost more of that going on than we sell in all the lottery tickets combined.

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

The Member for Logan.

MR. JENKINS: Yes, Mr. Chairman, thank you. Looking at the Annual Report here dealing with co-operative associations and their classifications and their members and active members, I want to draw to the Minister's attention that some of these seem to be incomplete here. I find here some that have had no members in 1979; no members in 1980; no active members in the same two periods; I'm just wondering if these are some of the ones that are inactive and in the process of being disbanded or just what? If the Minister looks at Table 1, he will find that there's an elevator at Alexander, incorporated on May 13, 1927. There were no members in 1979; no members in 1980; no active members in the two years. The Alonzo Co-op Limited, Winnipeg, date of incorporation June 6, 1968; housing - again no active members in 1979, or '80. Now, I don't know, I see this thing is dated as of December 31, 1979, yet we do have memberships shown here for 1980, inactive members. I can go page by page on this part of the report and find quite a number, some of a fair size. On page 4, Kernhill Co-op Limited, Winnipeg, incorporated November 27, 1972; merchandising.

(Interjection)— Well, whoever he is, yes, I don't know — but it shows the same amount of members for 1979, 1980, 2,838. In 1979, there were 2,823 active members but in 1980, no active members. I mean, what gives with this report the way it is here? Are some of these in the process of being disestablished? We have another one at the bottom of the page, Isabella Co-operative Elevator Association, located at Isabella, Manitoba, August 9, 1940; an elevator. No members in the years 1979, 1980; no active members. There is not a page where there isn't some shown here as — some for a fair length of time, back in the Forties, Fifties, some even earlier. Is this Table that the Minister has prepared, and I know it's only a rough draft, is it not complete?

MR. BANMAN: One of the problems when we go back to what we've been discussing all the time here before — I'm talking about getting our house in order before we move on to do all kinds of other things — one of the problems we've had over the last number of years is that there never was a proper reporting system in place. The staff has been busy this last year developing that particular system, trying to standardize a reporting system for all these credit unions to put together a meaningful report and all report in that fashion. I think you will notice that the ones we've been working hard with now, the fishing co-ops and that, most of them are in there and most of them have reported. Some of the elevator co-operatives report through the Manitoba Pool system and we get a joint submission on that whole thing. So it's a matter of standardizing the reporting system, making it meaningful and then being able to go ahead and make sure that we pass on the information in this type of form. But a lot of them that you're looking at, the elevator associations and that, are ones which report directly through the Pool system and we pick up the information through the Pool side of things.

MR. JENKINS: Well, I can appreciate that the Minister has some problems just looking at this

report. Here's the Buckwheat Growers Co-operative of Manitoba Limited, located in Winnipeg, May 16, 1974, agricultural classification. In 1979 it shows no members but it shows in the following column, 47 active members for the year 1979. In 1980 it shows 69 members and lo and behold, on the opposite side it shows no active members. Now, how long has the Minister been working on trying to get and establish a standard reporting procedure? I know the Minister has had the department for what, for two years now? It's just too bad I don't have last year's report here to see just where we have made any improvements and I can quite understand the ones he says, like the elevators, that they are reporting, but they are still co-ops under The Co-operative Act of Manitoba even though they report through the Manitoba Pool Elevator system. Are they being instructed to follow the same procedures, as the Minister is sending out instructions to other co-operatives, that are dealing in other ventures? When you look down through here, it's merchandising, housing, recreational, miscellaneous, fishing, financial, daycare, ambulance service. When the Minister is talking about standardizing this reporting procedure, does he also include the Manitoba Pools? These elevators, in what shape or form are they part and parcel of the Manitoba Pool system? Are they Manitoba Pool Elevators, or are they affiliated to the Manitoba Pool Elevators Association of Manitoba?

MR. BANMAN: I understand from staff that about 40 years ago the co-operative elevators were allowed to file through the Pool system. Further to the question the Member asks, whether they're on their own or what, the majority of them are dealing with Pool, some are going to be amalgamated with the Pool operation. The other question he raised with regard to inactive credit unions, an inactive credit union can be inactive for three years before action is taken. In other words, they have three years before they dissolve. During that time . . .

MR. JENKINS: I'm not talking about credit unions, I'm talking about co-operatives. I'll get to credit unions later.

MR. BANMAN: The same thing applies.

MR. JENKINS: They have the same reporting procedure?

MR. BANMAN: Yes, the same annual reporting procedure, and it started about a year-and-a-half ago.

MR. JENKINS: A year-and-a-half ago. Thank you, Mr. Chairman.

MR. CHAIRMAN: 2(a)(1) — pass; 2(a)(2) — pass — the Member for Logan.

MR. JENKINS: What is covered in Other Expenditures here?

MR. BANMAN: It provides for general operating and administration costs associated with the co-op. Major expenditure items are: fees and honorariums \$2,000; automobiles \$26,000; office equipment, supplies, printing, telephone \$18,600; travel, freight,

express, miscellaneous expenses \$46,000; educational assistance \$4,000.00.

MR. JENKINS: Item (3) here, Grant Assistance. I see last year there were . . .

MR. CHAIRMAN: 2.(a)(2) — pass; 2(a)(3) — the Member for Logan.

MR. JENKINS: I see that last year we had a Grant Assistance here of \$30,000 and there is no item here for this year. Could I ask what was the grant for last year and was it a one-year shot affair or is it something that comes up periodically?

MR. BANMAN: Over the last number of years the Co-op Department gave CHAM, which is the Co-op Housing group, a grant for advertising and promotion. CHAM has become inactive because there is no activity in that particular field at the present time and the vacancy rates are very low; that grant is not required at this time.

MR. JENKINS: Then I get from what the Minister is saying that in the past there was a higher vacancy rate and in order to pick this up the department granted a . . .

MR. BANMAN: There was a fairly substantial vacancy rate in some of them and as a result there had to be some promotion to make sure that we could get them filled up.

MR. JENKINS: Thank you, Mr. Chairman. What did this promotional program entail?

MR. BANMAN: I remember driving down the street and looking on the side of a bus which was advertising Westboine Co-operative Housing; it took the form of ads, bus billboards and that type of thing.

MR. JENKINS: Was that the only type of advertising? It's not a very large sum of money, if you're talking about advertising. I must say that if the Minister reduced it from 40 percent, I think he said a 40 percent vacancy rate, down to, I believe he said somewhere in the vicinity of a little in excess of 5 percent. I would like to know the secret of the Minister's success, of a grant of \$30,000, being able to turn around a situation, when we find that the government is spending \$62,000 here to tell everybody what a good place Manitoba is to live in. Just what seems to have been the secret of his success in this pudding, then, in being able to turn a 40 percent vacancy rate down to around 5 percent?

MR. BANMAN: There was an aggressive type of advertising put on. It started back, I believe, in '77 and in a number of successive years they were in building shows, they were in a number of areas. I might add that the vacancy rate is down in some of the units to less than 2 percent. This means, really, that there isn't a vacancy rate but they were facing some serious financial problems if they hadn't been able to fill their occupancy.

MR. JENKINS: Is the Minister telling us then, that this Grant Assistance has been in effect for say, a few years? Could the Minister tell us how many years

this has been in effect and what was the grant? Has the grant assistance been around for \$30,000 every year for the last two or three years?

MR. BANMAN: It started back in 1977. It started off at \$50,000 for the first two years I think, then we negotiated it down to \$40,000 and the last year was \$30,000, and this year we haven't got anything in it.

MR. CHAIRMAN: 2.(a) — the Member for Lac du Bonnet.

MR. USKIW: Yes, Mr. Chairman, perhaps the Minister has covered this ground, but if he has he can so advise. What is the status of the various credit unions that have had to fold up or close down?

MR. CHAIRMAN: To the Committee, that's the next section. If we want to go onto that . . . 2.(a)(3) — pass; 2.(b)(1) — the Member for Lac du Bonnet.

MR. USKIW: Well perhaps the Minister could give us some idea as to the status of a number of credit unions that either had to fold or are in the process of winding up and the reasons for it, Mr. Chairman.

MR. BANMAN: As the member will know, one of the real problems that has not only caused a lot of anxious moments for the business community and for the average person on the street is the high interest rates. Some of the credit unions got caught in the squeeze by having established fixed mortgages over a longer term and did not go to the demand type mortgage system which a lot of the other credit unions had. Those credit unions, of course, could protect themselves and pass on the increased cost of interest to the people who had made the different mortgage loans or whatever loans possible.

Maybe we could deal first of all with the ones that have been closed in the last little while. Several months ago it was decided that because of the problems that were faced by Thompson, The Pas, Leaf Rapids and Lynn Lake, that those particular facilities should be closed.

One of the problems that you have in the credit union movement is that a lot of people don't understand that it's not a branch banking system and they think that if you deal with the credit union in Thompson, Manitoba and you move back to Nova Scotia that one of the same credit unions over there will be responsible or look after whatever happens to you over there. One of the problems that you have in an area where you have a high turnover of people all the time is, for instance, you can put a loan on a car, that person moves away or if he defaults, you can't phone your branch out in Nova Scotia or in Victoria or wherever and get them to collect. That was one of the big problems of the Thompson one with the high turnover of the population.

The Thompson Credit Union, unfortunately, ever since it has been incorporated has lost money every year. It never saw the light of day, to the point where it had, since 1974, for instance, lost \$149,000; the next year it lost \$215,000, \$140,000, \$224,000, then in 1978, which includes Lynn Lake, they were down to \$46,000, 1979 a little less and in 1980, for the half year were up again. So that they had an accumulated deficit of \$1.2 million in Thompson alone.

The Pas had accumulated deficits; again, the same situation. It never saw the light of day except for the one year where they did a little better than break even, accumulated a deficit of \$1.16 million. Leaf Rapids accumulated a deficit of \$267,000; Lynn Lake \$308,000.00. There was just no light at the end of the tunnel and Co-op Central just couldn't continue to see this kind of a cash drain go on.

The Pas, really, in all intents and purposes, had wound down already a while back because there wasn't any chequing involved or anything so it was a matter of finally bringing the whole thing under control.

The Stab. Fund has taken the view that if they are going to put the whole system under proper management and get a good management reporting system to them, they will have to take some of the tougher decisions like closing down some of the smaller branches in rural Manitoba. You will see more amalgamations probably within the city and a few of the other things that will have to be done, some of which won't be the most pleasant tasks but will have to be done in order to strengthen the system. I know that a number of the credit unions within the City of Winnipeg, as well as out in rural Manitoba, have got involved in a number of ventures which, in retrospect, I would imagine they are very sorry they got involved in.

Basically the biggest problem with the whole credit union system when they're dealing with large loans, the large commercial loans, they have not got the expertise. The management doesn't and they haven't got the big branch bank system to fall back on to try and get the proper managerial skills in developing and looking after and monitoring these extremely large loans. A case in point is the one in Dauphin where they lost close to \$5 million on one plastic factory. That happened back, I believe, in 1974. That particular operation, I might add, is doing well if it wasn't for that tearing that big balloon, that one big loss.

So what has happened is that the Central will be tightening up on the operations of all these credit unions.

The credit union seems to do very well when they are dealing with small mortgages on houses, dealing with individual loans, whether it be for vacation or education and things of that type. But the problem has been the large commercial loan.

As I mentioned before, the system is right now examining all their monitoring systems and their reporting systems to them. They will be concentrating on managerial courses to strengthen management throughout the credit union system and also will be going ahead and undertaking a number of courses for directors to show them what their responsibilities and what the obligations are when you accept the responsibility of becoming a director in any of these co-ops, which I may add, control some pretty sizable assets as far as the amount of money that is involved. I believe the system this year has assets of about \$1.2 billion, which represents a fairly large investment in the province and there are a lot of people who have got their money invested in the system. The system realizes that and they want to make it as strong as possible and are working on trying to build up reserves and trying to get tighter control of the operations of the credit unions.

MR. CHAIRMAN: Is the Member from Lac du Bonnet finished? The Member from Lac du Bonnet. There was another hand up at the same time.

MR. USKIW: Mr. Chairman, what is the financing arrangement that carries the Stab. Fund at the present time, the Stabilization Fund of the Central? What is the financing arrangement to establish the funding itself, which in turn is drawn down whenever there is a credit union in trouble?

MR. BANMAN: It's a levy which is placed on the credit union, on each local, which then of course goes to the general reserve. I come back to the misconception that a lot of people have about the credit union movement in itself, is that the central or the Stab. Fund has its own reserve fund which they try to build up through levies to credit unions. On the other hand, the individual credit unions are trying to build up their own reserves. Some have accomplished that very well, others not. In retrospect now when we look back, what happened in the whole movement in the early Seventies, one of the problems we had is that there was nothing in place which said that the local credit union had to have X percent of their assets involved in reserves and this has caused some of our problems now. It is now mandatory to build up a reserve fund and hopefully the credit unions will be able to do that. not only build up a healthy reserve on the Stabilization Fund side, but build up their own reserves.

MR. USKIW: Can the Minister indicate whether there is an impediment to the idea of participating in the Canada Deposit Insurance Corporation Fund as opposed to the Stab. Fund; is there a legal impediment there or is it just that it isn't desirable? Is it more expensive? The levies that are applied in order to establish the Stabilization Fund in Manitoba, are they sufficient to pay the premium on the Canada Deposit Insurance Corporation system if they were to move in that direction? Or is it even possible to do so, given the fact that the Canada Deposit Insurance Corporation is a Federal arrangement governing banks and trust companies?

MR. BANMAN: There are several schools of thought and the member has expressed a few but I understand that the Central at present is negotiating with them and it could quite possibly be applying to the federal organization for that type of insurance.

MR. USKIW: Just to follow up on that, is the Minister suggesting that the Stabilization Fund or the Central would be applying for recognition with the Canada Deposit Insurance Corporation as a reinsurer, or is it applying on behalf of all of the credit unions? Is it to protect the Stab. Fund that they are making application or is it to protect each credit union?

MR. BANMAN: First of all, the Central belongs for liquidity of the Central. I understand that the Stab. Fund has been looking at the same type of liquidity insurance.

MR. USKIW: Does the department know whether or not it's within the jurisdiction of the Canada Deposit Insurance Corporation to become involved or to

become an insurer of credit unions, whether the legislation governing the deposit insurance corporation permits it to take on credit union obligations?

MR. BANMAN: I understand for liquidity purposes there is legislative authority to do that.

MR. USKIW: Does the Department know whether other jurisdictions are now using the Canada Deposit Insurance Corporation in Canada?

MR. BANMAN: Again, only for liquidity purposes.

MR. USKIW: It is being done in other parts of Canada. Okay, that's fine.

MR. CHAIRMAN: The Member for Kildonan.

MR. FOX: I wonder whether the Minister could inform the committee if under the regulations there is any necessity for the credit unions to be involved in any kind of education of their members. The reason I ask is because at one time I recall CUNA used to have some seminars and inform people, not just on how to form and carry a credit union but also other aspects in respect to the use of money. What I am trying to get at is whether there is anything that would engender some education of the members of credit unions so they could handle their finances better and so on. As you know we are into some real tight money situations in respect to inflation and cost of living, etc., and I would hate to say that credit unions only serve the same purpose as the banks and that is grant loan associations and no more. I would hope that the real origin of co-operatism and credit unions would be towards educating their members towards better husbandry of their financial resources. I am just wondering whether anything in the regulations is there to do this and if there is any kind of work being done in this particular area. Also, secondly, is the department doing any research to see whether it is necessary or not?

MR. BANMAN: There is no legislative or regulatory requirement to do that. A number of credit unions — for instance, I know one that holds, not a seminar, but holds a little bit of a series of lectures inviting newly-wed couples to come in and take in a few lectures dealing with money management, for newly-married couples.

The other question, whether we are doing research along that line, I haven't requested that type of research being done. I know what the member means, that one of the problems that you have in the system today is with the high interest rates. You have some people who have purchased certain things, have bought that particular thing when the interest rate was maybe 10.5 percent, and now with most of the institutions going ahead and having even their mortgages on demand, what used to be a payment of 325.00 a month, which you could handle, suddenly jumps to maybe 450.00 because of the increased cost. Again I would hope that the loan officers involved in that type of thing do some counselling. I know in my particular credit union they are very cautious and do provide you with a lot of information and a lot of counselling before they do give you the loan.

MR. FOX: I can appreciate that some of the credit unions would probably be doing that on their own, providing they have the resources with which to carry that out. If they are large enough, naturally they can afford to hold seminars and it wouldn't affect their budget too much, but I was just wondering whether there was any other input through the department to alert the credit union, the small ones, that they should be advising their customers in respect to how they are investing their funds, because after all, if you're involved with a financial institution, and that's what a credit union is, they should be able to give you advice whether to buy bonds or not just stick your money in and borrow out of the credit union because, you know, that is I believe insufficient of a credit union. Now, yes, you can get some of that advice from the banks too, but I would hope that the credit unions, if they're going to serve the public, and because they are built on the co-operative principle would be able to support and give that kind of service as well. To what extent are the people that are involved in guiding the credit unions from the department initiating this kind of information to the credit unions?

MR. BANMAN: When the new Credit Union Act was passed a number of years ago, a lot of the functions that the department did were taken over by the Credit Union Central, namely, the auditing and a lot of the other functions that the department was doing. The Credit Union Central, along with the Stab fund, really now are charged with the responsibility of looking after the credit union system. Our particular role right now is registration, monitoring certain aspects with regard to them, as far as regulatory requirements; but the development and that with regard to the system has now virtually been taken over by the Co-op Central.

MR. CHAIRMAN: (2) — the Member for Kildonan.

MR. FOX: There was no monitoring whether the Central is doing a good or bad job; we're just going to leave it to them now?

MR. BANMAN: No, that's precisely what we're monitoring because the registrar who has to approve the forming of co-ops, the dissolution of co-ops, the merging of co-ops has to be apprised of the type of figures that we're talking about, whether they are viable or whether we're going to be forming additional problems by getting a merger together and things like that. So we are monitoring it constantly with assistance from the Central; but as far as the direct input which we used to have with regard to the co-op movement, that has changed about five, six years ago when the new bill went through the House; I think it was 1974.

MR. FOX: I can appreciate what the Minister is saying that they're checking to make sure that the merges and so on are viable and that there is sufficient capital and so on, but I still maintain that I thought that the premise of credit unions had a greater impact than just being glorified loan companies and functioning efficiently at a loan and savings level. I was hoping that there would be some input and some direction from the department to make sure that this is taking place. I can understand

that there may be a desire to give the Credit Union Central some autonomy but they should be living within guidelines of their original principles. If they have just become autonomists and then forgotten all the other issues which originated them, then I'm afraid that they are no better than the banks. I was hoping that the credit union movement, through this department, would be alerted to this and that there would be a watching brief on this continually that they do not just slump into being glorified banks in a different form.

MR. BANMAN: I think anybody that deals with them, and I've dealt with them all my life, appreciates that there are certain differences but in the world of financial institutions I think when they hit a certain size, and maybe because they cannot survive unless they hit that certain size, smaller ones are just having too much of a hard time struggling. Many of them have adopted some of the very businesslike tactics that the banks have in order to just survive through the tougher times.

But I think the other thing that should be pointed out is that in many areas, especially I'm talking about rural areas now, if it isn't for the credit union, and hadn't been for the credit union, many of the business ventures that have been started, many of the people who have received their loans and that just wouldn't have got a start and wouldn't have got going. I know in my own community when ours was started you're looking at having one bank and there was no alternative and the credit union has played an important role and, I might add, is continuing to play a very important role with a very broad section of the populace out there.

MR. CHAIRMAN: 2.(b). the Member for Logan.

MR. JENKINS: The Member for Lac du Bonnet raised a point here and the Minister was giving him some information. This had to do with the Stabilization Fund and then the Minister said that some of the larger branches now are actually in the process, or have been in the process for some time, of establishing a reserve fund; has the Minister given any thought to changes in legislation that, say, of the total assets of a credit union, in that branch itself, a certain amount of money must be in reserve; or is that covered within the Act? From the way the Minister answered I got the idea that it was not mandatory within the Act; and I realize they have to pay their levy to the Co-op Central for the General Stabilization Fund but I'm talking about on the local level, at whatever credit union we may be talking of, and as the Minister said, some of them have already, on their own, from what I understood the Minister to say, have already established reserve funds. Is it mandatory under the legislation of The Credit Union Act of Manitoba that local branches must maintain a certain amount of their assets in reserve?

MR. BANMAN: Several weeks ago Cabinet passed some regulations saying that the funds would have to be built to 5 percent. The previous figure was 3 percent and the formula on which you try to build it is 1/4 of 1 percent a year should go into that reserve fund. Now the problem that you have is that once you have a fairly large credit union, most of them have not been paying income tax because they pass

the profits, if you want to call them that, along in the form of increased interest to the person that has the savings there, or the shares there; and as a result some of the co-operatives, especially the larger ones, will be put in an income tax bracket which they would rather not see. But I think the whole system realizes that in order to strengthen it and to insure that the depositor has the maximum protection that this is a good step forward.

I referred before, in the early '70s the requirement for that local reserve was taken away totally and what happened was that a lot of the credit unions that had built up reserves over the years paid it out to their members during the early '70s; which really is now causing some part of the problem now. If we would have maintained — and hindsight is a wonderful thing — if we would have been able to maintain that we would be in a much better position right now than we have been before.

The other thing I might add, at that time there was something else coming crawling into the mix and that was the uncertainty of what Federal legislation would do, and I think a lot of people were kind of nervous, with that reserve sitting there, what would happen under Federal legislation. So I guess in an attempt to avoid any problems with that it was paid out to the membership and hence we do have a bit of a problem with that right now. But there are a number of credit unions, for instance, I know my local one is up at 3 percent, which means they have a very healthy reserve, I think they're over \$3 million in reserve, their own reserve, a number throughout the province that way; hopefully over the next couple of years we can build it up, as I mentioned, it's supposed to be built up at a rate of 1/4 of 1 percent per annum supposed to be put away in the reserve, which is 5 percent of assets.

MR. JENKINS: The Minister said 5 percent, and they are to build that up at 1/4 of 1 percent till they reach the maximum . . .

MR. BANMAN: Or more.

MR. JENKINS: . . . or more. There's no stipulation that they can't, if they wanted to, put 10 percent in reserve.

MR. BANMAN: Well, they could do that but I would doubt whether any of them would want to because of the income tax ramifications on that.

MR. JENKINS: The Minister was also discussing, and I believe he said the Dauphin, and I think the Portage one that we were discussing last year, the Portage Credit Union, got themselves into some difficulty with the issuing of a large loan that subsequently went belly-up, and I think we did pass some changes in the Act. I just forget what it was, whether it was done by legislation or regulation or whether it was the Co-op Central itself that took upon itself to have that expertise and advice and even some authority to say to a local branch that if you're going to lend money of that size that they would have some say over it. How has that worked in the past year since we met last year?

MR. BANMAN: By regulation the Central was given the authority to limit the loan level to \$50,000 on

commercial loans of credit unions that they felt were not in the position of going ahead and giving loans of a higher amount than that; so they are screening these applications as they come through. To date, and I guess I'll have to really check with them a little closer, but to date I haven't heard of any major problems that have been encountered since then; the track record, I think, has been pretty good. But the member will appreciate it's been in effect one year and it's not usually the first year that a loan goes sour; it's two or three years down the road. So we'll have to see what that policy has done, but hopefully it will stop that type of thing that we're talking about in Portage and particularly the one in Dauphin where you had almost the whole reserve fund eaten up by one big loss. It started out with 500,000, and constantly trying to bail it out till all of a sudden it had \$5 million.

MR. CHAIRMAN: 2.(b)(1) — pass; 2.(b)(2) — pass.

Be it resolved that there be granted to Her Majesty a sum not exceeding \$867,100 for Co-Op and Development — pass.

3. pass — the Honourable Minister.

MR. BANMAN: This provides the Co-op Loans and Guarantee Board to make loans to qualifying co-operatives and associations as the board may approve. Some of the outstanding — I can give you an example of what they're dealing with right now.

MR. CHAIRMAN: The Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, the description here is Acquisition/Construction of Physical Assets. That has nothing to do with the Co-Op Promotion Board. Promotion Board moneys are their own moneys; these are appropriations of the department.

MR. BANMAN: There's two different boards; there's the Co-Op Promotion Boards and the Loans and Guarantee Board. The Loans and Guarantee Board has to, because of some financing changes, has to go back to the Legislature every year to receive additional authority. The authority that we're talking about here now is a request for \$55,000 for loans which could be given and we will be asking for a million dollars authority to provide loan guarantees.

MR. USKIW: Well, Mr. Chairman, then perhaps the title should be changed. The title reads Acquisition and Construction, or Construction of Physical Assets.

MR. BANMAN: It's capital money, that's why.

MR. USKIW: Why do we have a provision in the Estimates for loans of \$55,000 and then we're going to go through the Department of Finance, General Purposes Capital for a million dollars, why don't we put the million and the 55 together in the general purpose capital? Why does it show up at all in this department, Mr. Chairman? The whole of it isn't showing.

MR. BANMAN: Mr. Chairman, I will say this is how Finance instructed us to do it and this is how we've done it but this is what the moneys are for; \$55,000 for direct loans and we'll be asking for a million dollars under the loan authority for guarantees — \$55,000 loans and one million dollars for guarantees.

MR. USKIW: Mr. Chairman, what is so magic about \$55,000 in direct loans? How do we arrive at \$55,000.00?

MR. BANMAN: There is an outstanding loan for \$5,000 and we wanted to have some flexibility so we've asked for \$50,000 which we may loan throughout the course of the year. We are asking for authority.

MR. USKIW: Could the Minister elaborate as to which co-operatives are involved in making loans from this fund?

MR. BANMAN: The only outstanding loan is one to the Seymourville Consumer Co-operative for \$5,000, then we have a number of guarantees that we're involved with right now; Bonnie Co-op; Grand Rapids; Independent Co-operative Enterprises; Manitoba Co-operative Honey Producers; Northern Co-operative Service; and Traverse Bay Co-operative Limited — those are guarantees.

MR. USKIW: Could the Minister then give us an indication as to whether there is a ceiling on the size of any one loan; direct loan?

MR. BANMAN: Yes, \$25,000 on the direct loans.

MR. USKIW: So presumably then what the Minister is saying is we have a potential for two loans for the next fiscal year then, that is being approved in this

MR. BANMAN: Or ten \$5,000 ones.

MR. USKIW: All right, let me pursue it a different way, Mr. Chairman. Is this to finance small loan requests generally or what is the rule of thumb or the history of this program?

MR. BANMAN: I am informed that there has only ever been one of \$25,000.00. Historically it's the \$5,000, \$10,000 loans which are required maybe to get some small co-operative that happens to have a cash-flow problem over a period of time.

MR. CHAIRMAN: (3) — pass; 1.(a) The Minister's Salary.

Resolved that there be granted to Her Majesty a sum not exceeding \$55,000 for Co-operative and Development — pass; 1.(a).

The Member for St. Vital.

MR. D. JAMES WALDING: Mr. Chairman, I wanted to ask the Minister a few questions on the Lotteries and Gaming Licensing Board. I apologize to the committee for not realizing that it was coming before this committee this evening and I was sitting in the other committee. I would wait for Hansard because I understand one of my colleagues was asking the questions but with Hansard running a bit late it would then be too late to ask the Minister.

I noticed that this particular board has changed its name — it used to be the Lotteries Licensing Board. I understand it might have come about following a report, I believe it was the Haig Report that commented on Lotteries and the Licensing Board. I would like to ask the Minister when he took over authority for this board and has it changed its functions and responsibilities with the name change?

MR. BANMAN: The member probably recalls that in the last Session of the Legislature we passed the new bill, Bill No. 84, dealing with this which effected all the name changes and everything. It was passed in the Legislature last Session.

MR. WALDING: Could the Minister tell me when he took over the responsibility for the Board and what the changes are in its responsibilities?

MR. BANMAN: I took over the Board about four or five months ago.

MR. WALDING: Mr. Chairman, I understand the Board used to be under the responsibility of the Attorney-General, and it used to have the responsibility for issuing licenses for a number of different organizations in the province who ran Bingo or Lottery or some game of chance on a one time only basis or on a regular basis and that there was a good deal of money involved in it. Does the board still have those responsibilities or has it been given other responsibilities since the Act?

MR. BANMAN: The Board has precisely the same responsibilities as before under the Attorney-General.

MR. WALDING: I would like to ask the Minister, if he could give us details of the make-up of the Board. Is there any change in the Board membership numbers or personalities; are there any vacancies there?

MR. BANMAN: I believe the Board consists of five individuals and there are no vacancies.

MR. WALDING: I would like to ask the Minister now about the staff that is allocated to the Board.

MR. BANMAN: There are a number; I'll get the exact figures. The General Manager who was looking after the whole lotteries field with the other side of the lotteries which is namely the government sponsored lotteries, they then have an Administrative Secretary, Compliance Officer, an Auditor. There are seven people that are going to be employed in the overall lotteries scheme in the Province; that has to do with the other side running the Winsday, Super, and the Provincial.

MR. WALDING: Is the Minister now telling me that this particular board has responsibilities other than the licensing arrangement and if so, what is the arrangement with the staff, he mentioned the other side of the lotteries I'm particularly interested in the licensing aspect of the Board and it's duties; how many individuals are involved in the inspection and auditing functions.

MR. BANMAN: The Manitoba Lotteries Gaming Control Commission and the Lotteries and Gaming Licensing Board, share the same staff and that's one of the reasons for bringing them together. The number of staff persons involved in that, the seven which includes the General Manager, is a Compliance Officer, Auditor, and some administrative secretaries.

MR. WALDING: I would like to ask the Minister then, how many of those seven individuals would be

involved in the actual inspection overseeing, checking of these various games of chance, and lotteries that are being put on. I gather from the title, Compliance Officer, that would be one person. Now would the Auditor be involved in doing those sort of checks?

MR. BANMAN: Yes, the Auditor would be involved with post audit reports and the compliance officers would spend time at for instance the casinos that are held in the Convention Centre; also one of the admin secretaries is fairly active in checking out the different gaming things that are going on so that we have a number of people that are involved in that particular function.

MR. WALDING: Mr. Chairman, the Minister is probably aware that the number of events, if I can call them that, over a year are extremely numerous, run into hundreds probably thousands of events that are held and the amount of money involved in the total turnover on which the government gets its, I think 1 percent, runs into the tens of millions of dollars, and the Minister may also be aware that there was concern expressed by a number of people including the Provincial Auditor, about the degree of control and this is a matter that goes back several years, even before this particular government. I recall raising it with the Attorney-General a year ago when I seem to recall there was one inspector become Auditor and that another one was to be hired. I would like to ask the Minister whether he thinks that number of staff involved in auditing and checking on such a large operation involving so many millions of dollars is in fact adequate to do the job.

MR. BANMAN: We are in the process of bringing the two shops together, if I can use that terminology and we'll be now assessing, there's a new General Manager that has come on and we will be assessing precisely what the member is talking about and if there are more compliance people required, we will make those recommendations to my colleagues, so there are basically two new people that have been added this year and that's the Auditor who does the post audits and the compliance officer and if there are more compliance officers required, we will move in that direction.

MR. WALDING: Mr. Chairman, Maybe the Minister could bring me up to date as to how many licenses are issued in a year and perhaps give me an indication of how many millions of dollars are involved in the total.

MR. BANMAN: I went all through that before but I'll go through it again. Last year there were 183 bingo licenses issued for \$9 million; 551 break open Nevada tickets licenses issued for a total \$13 million; 101 wheels of fortune for \$56 million — these are gross revenues to the individuals who are operating it. Total, about \$30 million.

MR. WALDING: Is that \$30 million an increase from the previous year and if so by how much?

MR. BANMAN: I would say '79 over '78 about \$5 million.

MR. WALDING: And the province takes one percent of that, or the board takes one percent of that as a fee?

MR. BANMAN: Two percent.

MR. WALDING: Is that a recent change, Mr. Chairman, the figure of 1 percent, sticks in my mind for some reason?

MR. BANMAN: It was changed this past year; I don't know the exact date.

MR. WALDING: The Board has doubled its take, or more than doubled since the amount has gone out, or perhaps I should say that the government has doubled its take since that amount goes directly into general revenues, I understand. I wanted to ask the Minister about another recommendation in the Haig Report having to do with casinos, I believe is the term, the Report had recommended that twelve, no more than twelve be held in the year. I don't recall any announcements from the government whether they had accepted that recommendation. I'd like to ask the Minister whether that is a matter of policy that there will be no more than twelve or is there some other number that is in effect.

MR. BANMAN: No, that's the policy we have adopted. There will be twelve casinos this year.

MR. WALDING: In that case, I'd like to ask the Minister what his policy is in deciding which organization gets the benefit of the very profitable undertakings. Is the decision made by the Minister or if not where is the decision made and what are the criteria for deciding?

MR. BANMAN: It has to be a non-profit group which will spend the funds in Manitoba as something happening here in Manitoba. The decisions are all made by the Board, the announcement, and I told the Member for Kildonan that I would provide him with a copy of the groups that got it this year. There were something like 74 applications if my memory serves me right and what happened is that the Board decided to double the number of them up to give more groups an opportunity to share in it. They do, with the exception of the Festival du Voyageur who gets a license every year, try to see that different groups get it so that it can be worked out on a rotating basis.

MR. WALDING: When the Minister says that the Board decided to double the number, is he indicating it was doubled to 24 or was it less the year before.

MR. BANMAN: I said doubling up, which means that you have two organizations that might have to share a casino.

MR. WALDING: I understand, but the number of 12 in a year is a matter of policy. Was that decided by the government or by the Board itself?

MR. BANMAN: No, that's a government decision.

MR. WALDING: One further question on the Board and how it allocates these casinos. The Minister mentioned that there was just one festival that gets it every year and I'm wondering how the Board handles requests from an organization that held a casino the previous year and wants a repeat for the second

year. How does the Board handle that as opposed to another group that would come along and says, well, we haven't had one of these yet and we want to get in line? How is it decided which groups will be so favoured and why is it just the one example that the Minister gave us as getting an annual grant that apparently doesn't go to any other group?

MR. BANMAN: As I explained before the Festival du Voyageur was really sort of the pioneer in the field of the casinos and have established a winter carnival and part and parcel of that particular carnival is the casino and they have built their whole activities for that week to include that particular function as well as over the last five, six years, come to depend heavily on the funding of it. So the previous administration as well as ourselves have indicated to them that as long as they obey the rules and regulations and that there aren't any problems with regard to the operation of it, that they will, in all likelihood, continue to receive that.

The others are done on the determination of the Board that is looking at all aspects of it and they are looking at a rotating sort of a cycle so that they try and get as many groups involved in it as possible, and hence having all the applications this year, they have tried to couple the groups up so that you can have more people sharing it.

MR. WALDING: Does the Board take applications on a first come, first serve basis or do they have a means of prioritizing those who are more worthy or more deserving or more in debt than others?

MR. BANMAN: There is a deadline for receiving applications, I think this year they had all the groups that were interested and wanted to make a presentation to them. They arranged a time and those groups could then come and put their case forward why they needed the casino and the Board then in their wisdom, awarded the ones to which they thought should be getting it.

MR. WALDING: One further question in regard to the particular gambling devices that might be used in a casino. I have no idea where they come from, whether the group themselves own these or whether they rent them. Does the board itself have technical expertise to assure the public that these games are absolutely fair?

MR. BANMAN: Unfortunately some of the more technical staff is gone here, but the equipment belongs to the Red River Ex. That was another one of the recommendations so we're not using all kinds of different equipment.

The operators, we have two basic operators here in Winnipeg, who have a very good reputation. Just last week I know one of the television stations, CBC, did an in-depth study on how to beat the system and interviewed a lot of people involved with it and did a lot of checking themselves and came up with the conclusion that the only way you're going to beat it in Manitoba here was to have a lot of lady luck on your side. The control is pretty tight. They can't use just any wheels and both operators are of a good calibre and a good quality.

MR. WALDING: I don't have any further question, Mr. Chairman, just a word to the Minister. Really the only way to beat the system is to stay at home.

MR. CHAIRMAN: 1.(a) — pass. Resolved that there be granted to Her Majesty a sum not exceeding \$216,800 for Co-operative Development — pass. Committee rise.

SUPPLY — HIGHWAYS AND TRANSPORTATION

MR. CHAIRMAN, Albert Driedger (Emerson): Call the Committee to order. For the Committee's consideration the Estimates of Highways and Transportation, Resolution 83, Item 5(b) — pass. The Member for Ste. Rose.

MR. A.R. (Pete) ADAM: Thank you. If I can just find my Estimate book here somewhere. We're on Construction now, is that right?

MR. CHAIRMAN: On Resolution 83, Item 5, Assistance Programs 5(b), Construction and Maintenance.

MR. ADAM: I wonder if the Minister can tell us, did he give us a breakdown on the gross expenditures, did we get that before supper?

HON. DONALD ORCHARD (Pembina): Yes.

MR. CHAIRMAN: (b) pass. The Honourable Member for Ste. Rose.

MR. ADAM: We got that into the record. What about the other appropriations? That comes from Other Appropriations, that \$1,574 million?

MR. ORCHARD: Yes.

MR. ADAM: What are the amounts recoverable from Canada?

MR. ORCHARD: Nothing in that appropriation, Mr. Chairman.

MR. ADAM: Mr. Chairman, is that moneys that comes from Canada?

MR. ORCHARD: No.

MR. ADAM: What is the purpose of its being in the book now?

MR. ORCHARD: Mr. Chairman, on (b), Construction and Maintenance, sorry. A little bit of explanation here. That's the UTAP money, Mr. Chairman, the Urban Transportation Assistance Program.

MR. ADAM: That's for the cities, Urban Transportation, Brandon, Winnipeg?

MR. ORCHARD: That is the anticipated recovery on the construction of the CNR rail overpass on PTH No. 12.

MR. ADAM: That's just the one appropriation for that one particular job. Is that it?

MR. ORCHARD: Yes.

MR. CHAIRMAN: The Member for St. George.

MR. BILLIE URUSKI (St. George): Mr. Chairman, when we broke at 4:30 we were discussing with the

Minister the other item and he will recall that I was mentioning other communities, that the department was viewing and looking at other areas that might be coming up next in the event that a decision was made on the Vogar situation, that other communities might be next in line just waiting in the wings for the Highways Department to be approached to see whether or not access routes could be provided for those communities.

Mr. Chairman, I'd like the Minister to consider that this community has been in existence for I don't know how many years. There isn't admittedly much of a commercial establishment in the community. There is basically one store. There is a school in the community and many residences within that area. The community probably, in terms of description, would not be much different than the community for example, just down the road of Mulvihill where there is an access road into the community and in terms of long establishment I believe that there is precedence there.

As I mentioned to the Minister after we stopped the Estimates, I indicated that the department has already moved and I should say that I believe most of the people are very pleased with the moves the department has made in the reconstruction of Provincial Road 235, where the approaches have now been corrected. The problems that were there earlier have been basically taken care of in terms of making the right-angle approaches and making it easier for public service vehicles, the buses, in entering the community.

It would really be a matter now of designating this route and probably some upgrading would be necessary in order to bring it up to a standard that some dust treatment would be able to be put on for that community as it has been in other areas. On behalf of those residents I once again ask the Minister to review that situation and see if there can be any change in the long-standing policy.

MR. CHAIRMAN: (b) — pass.

The Member for Ste. Rose. The Member for St. Vital.

MR. D. JAMES WALDING (St. Vital): Mr. Chairman, I would like to follow up a rather short remark that the Minister made about a UTAP program in an amount of \$1.4 million Recoverable from Canada. Could the Minister just confirm for me what UTAP stands for?

MR. CHAIRMAN: The Honourable Minister.

MR. ORCHARD: Urban Transportation Assistance Program.

MR. WALDING: I ask the Minister, under what conditions the program operates? Is it a cost recovery basis? Is it a divided jurisdiction? Can the Minister give us some idea of what the parameters or the criteria are evolved for the projects to come within this particular program?

MR. ORCHARD: The UTAP program is a cost-shared program with the Federal Government and in this case is for grade separation, that the highway improvements were undertaken on PTH No. 12. It's

cost-shared according to the formula with the Federal Government which involves the Federal Government up to 50 percent, I believe up to a given maximum on a project and it's a part — this almost \$1.5 million is part of, I think it was \$12 million — that the Province of Manitoba was allocated under the federal UTAP program that was instituted about, I think it's three years ago, and is coming to an expiry date the next fiscal year with the possibility of an extension of one year to expend our allocated funding.

MR. WALDING: Just so that I understand it clearly, Mr. Chairman, can the Minister inform the Committee whether eligible projects are initiated by the province which seeks the federal approval or are they initiated by the Federal Government or is there some other criteria for deciding which particular grants and indeed how much money is involved? Is there in fact a ceiling as to how much the Federal Government will put in? The Minister mentions that an amount of up to 50 percent can be approved as being cost-shared. How is this amount arrived at and is there any criteria involved about the positioning of a particular program? One would imagine from the name "Urban Transportation" that it would be in cities and towns, yet the Minister has mentioned just one particular project which, at a quick glance at the map, would seem to be some 20-odd miles outside of the city.

MR. ORCHARD: Mr. Chairman, I suppose the name lends itself to believe that you would only expend the money within urban centres but in fact the program has been used, not only in Manitoba but other jurisdictions, in providing a type of grade separation on rail level crossings that we are undertaking in here. It's the same funds that were slated for the Sherbrook-McGregor Overpass that may or may not come to a fruition and I believe was the only other major project that the province undertook under that UTAP funding.

It was a five-year funding program on the basis of \$2.00 per capita per year and that gave us roughly I guess \$10 million or \$12 million, but it was between \$10 and \$11 million that the province was eligible to receive but had to expend and, as I understand it, there's no particular limit as to how much could be expended on an individual project; only a limit on the total amount that was available to the province for allocation.

MR. WALDING: Thank you, Mr. Chairman. That fills in a few details of the program. I believe I understand it somewhat better now. Do I understand from the Minister that there is only about \$1.5 million which is recoverable on a total program of something like \$11 million or \$12 million that he mentioned or is that only the portion that is recoverable for the coming financial year? The Estimates Book doesn't indicate that there was an amount recoverable for this particular fiscal year. I wonder if the Minister could just clarify that for us please.

MR. ORCHARD: This amount of funding is recoverable in this fiscal year only because we're undertaking the construction in this year. We didn't undertake in the Department of Highways and Transportation, in the last year or this current fiscal

year, any project within our departmental construction budget which was eligible for UTAP funding so that we are only recovering this portion because we've got roughly a \$3 million grade separation under way this summer at PTH 12 — (Interjection)— roughly \$3 million, yes.

MR. WALDING: Mr. Chairman, that would indicate that this particular project is to be shared about 50-50. Can the Minister tell us whether the approximately \$10 million to \$11 million that he mentioned over a five-year period as being cost-shareable, I'm not quite certain which the Minister is telling us — cost-shareable by the Federal Government — will in fact be expended in that particular five years? Do I also assume from his remarks that the five-year period would end March 30, 1982?

MR. ORCHARD: That, as the honourable member may well appreciate, is rather up in the air right. As I understand it the Sherbrook-McGregor overpass is defunct unless something happens to revitalize it and have construction take place; that is where the bulk of the UTAP funding for the Province of Manitoba was earmarked. Now if the Sherbrook-McGregor overpass per chance doesn't proceed then quite frankly we're going to have to scramble to get designs in place to find a home for that \$8.5 million that are going to be allocated to the province and have to be expended in the next two years. That causes us some problems because the Sherbrook-McGregor overpass was as I understand it slated for construction very shortly and would have cash-flowed those dollars and taken advantage of the UTAP funding. So if there are no changes in direction by the City of Winnipeg on the Sherbrook-McGregor overpass we have to identify other projects in which qualification for that other \$8.5 million available from the Federal Government would be eligible.

MR. WALDING: Mr. Chairman, I'm having a little difficulty in fully comprehending the program and perhaps it's my fault for asking the Minister several questions all at once. Can the Minister tell us when this five-year plan began and when it will end?

MR. ORCHARD: From 1977 to 1982 and there is some indication that the Federal Government will allow one year, in other words 1983 fiscal, to expend any unexpended funds so that there'd be a one-year grace period, with no increase in funds, but just a one-year grace period to expend the provincial allocation.

MR. WALDING: The Minister made reference in the previous answer to an amount of approximately \$11 million which I understood from him was the federal contribution cost-shared 50-50 with the province. Can he explain whether that amount is the total for the five years or whether that is the amount to date?

MR. ORCHARD: That, Mr. Chairman, is the total that was available to the province on the basis of the UTAP funding formula. To date the only qualification of any major consequence in this department is the Ste. Anne Overpass on the C.N. and PTH No. 12. That is the only funds in which we are assured at this

time of getting, unless we move ahead with some other projects, namely the Sherbrook-McGregor Overpass as I say, was the major one. In other words, to expend the \$10 to \$11 million the Province of Manitoba, between the city and the provincial jurisdiction, had to expend some \$22 million on UTAP eligible projects. To date we have only got approximately \$3 million in the works in the presence of the grade separation on PTH No. 12.

MR. WALDING: I believe I'm beginning to understand, Mr. Chairman, if I can just recap. The Minister is telling us that the Federal Government will make available to Manitoba somewhere between \$10 and \$11 million within a five-year period provided that the province will put up a like amount and that so far approximately \$3 million is being spent on a particular grade separation of which some 50 percent or \$ 1.5 million is Recoverable from the Federal Government, which would leave some \$8.5 or \$9 million eligible, which I understand had been provisionally earmarked for a Sherbrook-McGregor Overpass in the city, and that is where we get the 8.5 and 1.5 coming to around 10 million, still working in rough figures.

The Minister has suggested to us that in view of the decision made by the city that he may have some difficulty in finding sufficient projects on which to expend a further \$8.5 million of federal money within the next couple of years. Would I then be safe in deducing, from what the Minister has said, that the government had agreed and was willing and ready and able to spend some \$8.5 million out of provincial funds to match the \$8.5 million that was coming from federal funds, so that a total of \$17 million from senior governments would be made available to the City of Winnipeg if it should decide to continue with the Sherbrook-McGregor overpass.

MR. ORCHARD: No, that wouldn't be a correct deduction.

MR. WALDING: Perhaps the Minister would be good enough to explain where my reasoning is at fault, since he has said that there was \$8.5 million of federal money available and was apparently committed. He has also said that that amount was matched dollar for dollar with the Provincial Government. Am I then to assume since the Minister said that my reasoning was incorrect that the Provincial Government was not prepared to put in a like amount to match the federal funding for Sherbrook-McGregor?

MR. ORCHARD: Well, Mr. Chairman, that would be dependent upon where the City of Winnipeg allocated their bloc funding. If they earmarked \$8.5 million of the bloc fund that we provide and earmarked it for the Sherbrook-McGregor overpass, yes, we would have put in the \$8.5 million but, as you are well aware, the City of Winnipeg's construction budget is more than the dollars that we provide them through bloc funding. So his answer is half right and half wrong. Someone between the City of Winnipeg and the province had to come up with the matching 50 percent in order to qualify for the full \$10 million to \$11 million available from the federal UTAP funding. We are coming up with it in this appropriation with 100 percent provincial dollars;

the city, in the Sherbrook-McGregor overpass, certainly, they could have said the whole works of that \$8.5 million came from provincial bloc funding. On the other hand, I don't know how the city would want to run their accounting; they may well not want to put anything from the provincial bloc funding towards the Sherbrook-McGregor overpass and said take it from the general construction revenue; but nevertheless, between the city and the province someone had to match the 50 percent contribution that the Federal Government was putting up.

MR. WALDING: Now, I'm confused again, Mr. Chairman. I had understood from the Minister's earlier remarks, when I was asking him about UTAP grants and the Federal Government, I had understood him to say that where the Federal Government had approved of a particular project, that it was willing to put up 50 percent of the cost as long as the province put up the other 50 percent. If that is not correct and the Minister is now telling us something different, that some other agency or government is entitled to put up 50 percent to get the province off the hook for that, then I would ask him to make that clear, because I am hearing two different versions coming from the Minister in answer to two different questions. I realize that the City of Winnipeg has now, by a vote of a couple of weeks ago, decided that it would not proceed with Sherbrook-McGregor, but I understand from the Minister's earlier answers to questions that the province had agreed that \$8.5 million under the UTAP program from the Federal Government would be made available to the City of Winnipeg if they wished it to proceed with the Sherbrook-McGregor overpass.

Going back to what the Minister told us before about equal cost-sharing between the province and the Federal Government, I would have to assume from that, that since the province was prepared to put the Federal Government's money in that it was also prepared to put its own money in and that, some \$17 million, was ready or committed or willing to be put into the City of Winnipeg for Sherbrook-McGregor. Perhaps the Minister is telling us something differently; that of the amount of some \$33 million at the last count of bloc funding that the province gives to the City of Winnipeg this year, that some \$8.5 million of that would be counted as the province's input into Sherbrook-McGregor. Now is that what he's telling us or was there in fact a commitment from the Provincial Government for \$8.5 million from the province to the city for Sherbrook-McGregor Overpass?

MR. ORCHARD: Mr. Chairman, under the administration of the UTAP program, the Provincial Government, the Urban Affairs Minister had to give approval to any project which is undertaken on a 50-50 cost-shared basis with the Federal Government under the UTAP Program. We earmarked one being PTH No. 12; the other one that was earmarked was the Sherbrook-McGregor Overpass in which we were willing to allow \$8.5 million of UTAP funding to go towards the construction of the Sherbrook-McGregor Overpass. The City of Winnipeg would have been the contributor of the other \$8.5 million and as I said whether they wanted to consider that to be part of the bloc funding, it would be then considered total

provincial dollars going into it. If, on the other hand, they wanted to allocate general tax revenues, it would have been city dollars that went into the other 50 percent. But the province approves which projects qualify and we have to, between the province and the city, come up with the other 50 percent on UTAP funding.

MR. WALDING: Mr. Chairman, then what I hear the Minister saying is that there was agreement on behalf of the province that they would put \$8.5 million of the Federal Government's money into the city for the Sherbrook-McGregor Overpass but they were not willing to match in federal dollars the same amount. What they were in fact saying to the City of Winnipeg was, well, you put up \$8.5 million and we'll consider that cost-sharing. Now, Mr. Chairman, that seems rather an odd manner of administering a program which is cost-shared between a province and a federal agency. I would suggest that the Minister is sloughing off his responsibility by requiring the City of Winnipeg to put up 8.5 million for a shared-cost program. I wonder if he is doing the same thing to the other program that was mentioned there as a grade separation on Highway 12 to suggest to the municipality, whichever municipality it's in, that they put up \$1.5 million to match the federal input into it and consider that to be 50-50.

MR. CHAIRMAN: The Honourable Minister — pass; (b) — pass.

The Member for Ste. Rose.

MR. ADAM: Could the Minister explain what is the criteria for the funds for the unorganized area from the Federal Government? How do those funds come in? On what projects do they come in?

MR. CHAIRMAN: The Honourable Minister.

MR. ORCHARD: There are no federal funds to the unorganized districts.

MR. ADAM: In the \$3 million that we're looking at now, what other projects are there in this appropriation outside of what the Minister has mentioned on the railroad crossing? Are there any other programs? The 50 percent I understand would be the recoverable amount of 1,487,000.00. The province will be putting up a likewise amount and could the Minister give us a breakdown of the balance of that, where the funds are going?

MR. ORCHARD: Mr. Chairman, as we discussed in this afternoon's Estimates, the maintenance and construction funds are allocated to the main market road and to the school bus roads in the local government districts in the Province of Manitoba.

MR. CHAIRMAN: (b) — pass.

The Member for The Pas.

MR. RONALD McBRYDE: Mr. Chairman, in the past the Minister and I had some discussion and some exchanges on the use of a chemical under this maintenance section called 2,4,5-T. I wonder if the Minister could indicate to us what his intentions are

for the upcoming year when he will have to control willow growth and bush growth along the side of the roads in our province, whether it's his intention to continue to use this chemical.

MR. CHAIRMAN: The Honourable Minister.

MR. ORCHARD: Mr. Chairman, this appropriation for maintenance and construction is for dragging and snowplowing and not for right-of-way maintenance.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister could tell me exactly under which section I should ask him the question or whether he could just answer the question now in terms of his intentions in the use of this chemical.

MR. ORCHARD: We are not contemplating the use of any 2,4,5-T for right-of-way weed control this summer.

MR. CHAIRMAN: (b) — pass.
The Member for Rossmere.

MR. VIC SCHROEDER: Thank you, Mr. Chairman. Mr. Minister, I'm just wondering whether you're prepared at this time to talk about the Sherridon road in Northern Manitoba. Would that come up at this point or at some other point in your Estimates?

MR. CHAIRMAN: The Honourable Minister.

MR. ORCHARD: That's an unorganized territory. That could be discussed now if the member would so desire.

MR. SCHROEDER: Mr. Chairman, this is a matter going back several years. There was a project funded by the Federal Government, a Canada-works project, under which some 14-and-a-half miles of road were to be constructed and when the project started out it required an application to the Federal Government by the local organizations down at Sherridon, the community of Sherridon. I have a copy of a letter from the Manitoba Forestry Resources Limited, dated May 19, 1978, and it was signed by Mr. Jonas, the manager of the Woodlands Division. It states, "Dear Sirs: I understand that the people of the community of Sherridon plan on constructing a winter road from the end of ManFor's all-weather bush road, known as the Fay Lake road, eastward to the C.N. Lynn Lake rail line and hence north to the Town of Sherridon following the proposed location of a road that ManFor has been considering for harvesting of timber. We presently plan on commencing the harvest of this timber in the 1980s. In our opinion the proposed road would be a very valuable asset, not only to the community of Sherridon, but also to Northern Manitoba." That was ManFor. The Manitoba Metis Federation supported the application, the Sherridon Community Council supported the application and the Freshwater Fish Marketing Corporation supported the application. As a result of the application and I suppose the support, the Federal Government provided the funding for some 14-and-a-half miles.

The Provincial Government didn't have anything to do with that at the time, that is true, but as time

went on it appeared that they required another three-and-a-half miles, some \$21,000 for which they did not receive funding so we had a fourteen-and-a-half mile road leading to nowhere, leading to absolutely nowhere from a town in Northern Manitoba which doesn't have a store. It used to have a store; the store closed a while back. These people have to take a train to the nearest town to pick up their groceries and when the local group came to this government, this Minister of Highways, to ask for the \$21,000 he turned them down. He said; you don't need a road, you've got a railway; that is the kind of government that we have here; that is the kind of concern that this government and this Minister is showing for people in this province. You don't need a road, even though the government's own organization, the Freshwater Fish Marketing Corporation, which is a Federal-Provincial organization, ManFor and various other public and private organizations all agreed that the road was required; and for \$21,000 this Minister would have been prepared to say, no, we're not going to continue that three-and-a-half miles; we'll just have the road leading to nowhere, instead of a road to resources, a road which would give these people the opportunity to work at ManFor — which is one of the things that they wanted; a road which would give them the opportunity to go and buy their groceries at a town nearby — which is what they wanted; a road which would provide their kids with a way into a school — which is what they wanted. He said, no, we're not giving them \$21,000.00. Just because the Federal Government refuses to do it they say well, you know it's up to the Federal Government. It is not up to the Federal Government; it is up to this government to begin to look after the resources of this province. This is one of the examples; this is one of the examples of lack of concern, lack of humanity of this government and of this Minister.

I have some copies of letters here that have been written by the Minister of Municipal Affairs but that is something we will take up when his estimates come along. But here we have the Minister of Highways denying a community \$21,000 in order to complete a road which will give its people an opportunity to work for a living. I would like some comment from the Minister.

MR. ORCHARD: Mr. Chairman, it is interesting how the Member for Rossmere has all of a sudden turned a situation around with the community of Sherridon and Pukatawagan into his classic tirade that this government doesn't care about the communities and doesn't care about people. What in actual fact happened with that Sherridon road, the Federal Government, under a funding program which was the last two years, provided funds so that the community could in the winter develop a winter road using local labour and hewing a road out from a ManFor forestry road to the community and it was to be a winter road established for use of the community during the winter.

Now the community ran into some difficulties in completing the construction and, first of all, I suppose the major difficulty was that they ran out of money; so here the province was faced with a federal-funded program with the objective, from the start, to provide the community of Sherridon with a winter road; that was the initial concept when the

federal government agreed to fund it for two years. After the community organization ran out of money the Federal Government said, no, we are not going to continue to fund it; we're going to leave the thirteen-and-a-half mile road unfinished; not the Province of Manitoba but the Federal Government and I want the Member for Rossmere to understand that. The organization who was undertaking the construction at Sherridon then approached my department and myself, on the basis of providing \$21,000, not to complete the road because it has already been completed and had been completed not by paying their local people wages for clearing the road but rather to pay a bulldozing bill, because they had got in a bulldozer to clear more than just the last three-and-a-half miles but a few more miles besides which weren't completed under the labour agreement.

Now that left us with a rather interesting proposition. The Federal Government had abandoned them; they had to hire a caterpillar to complete a contract which was primarily labour; and we had no ability within departmental appropriations to undertake that kind of funding because winter roads are funded by this province to remote and isolated communities. A remote and isolated community does not have, Mr. Chairman, access to a railway; those are the same criterion that had been in place since the winter road program has been funded by the Province of Manitoba.

Now, right across the hall from me there is a gentleman who watches very carefully how we spend our money in the department and he would be quick to draw to our attention that we spent funds where we should not have spent funds. I happen to respect the function of the Provincial Auditor and when I did not have an appropriation in which I could provide that kind of funding to the Sherridon group I dealt with them forthwith and honestly and I told them that I could not help them. I didn't hold out a carrot to them; I did not promise them that I'd look at it and tomorrow I might give them an answer and never get back to them; I told them I'm sorry, I have no appropriation to pick up the pieces from the Federal Government program which has left you with an almost completed road and now a completed road and a \$21,000 bulldozer bill. So any reference that the Member for Rossmere might want to make in terms of the lack of heart of this provincial government are just not quite factual, Mr. Chairman and I would like to just conclude by saying that the Federal Government was under the obligation in providing a two-year funding program with the objective of providing that winter road connection, in seeing that project completed.

We are picking up enough pieces from the Federal Government in programs they have left to die on the vine in the Province of Manitoba and that is one that we had no appropriation at the time to deal with and could not deal with, Mr. Chairman.

MR. SCHROEDER: Yes, Mr. Chairman, it was the Provincial Department of Highways, according to my understanding of it, which did the initial survey indicating that it was 14 miles and it was after that survey was done that it was discovered that there was some swamp or muskeg and that you need to go around another 3.7 miles or something like that. It was the understanding of the community throughout

that this was the basis of an all-weather and not a winter road. And surely there are many communities in this province that have rail lines who also have all-weather roads leading both in and out.

I would refer the Minister to the letter from Freshwater Fish. Their letter is dated June 19, 1978 and it reads as follows: "We have been advised by Mr. Archie Nabus, on a submission presently being prepared by the Sherridon Community Council to the Province of Manitoba toward completion of the construction of an all-weather road between Fay Lake and Sherridon. We wish to go on record supporting your submission to open the way for job creation in the field of commercial fishing holding a potential in excess of \$50,000 a year in fish production, values and transportation which is presently not possible because the railway have discontinued refrigerated reefer service on fresh fish packed on ice. There was another very good reason to have this road; the railroad had abandoned this community; the town store had abandoned the community and this was a very good reason, another good reason to provide this \$21,000 extra that was required for what was the beginning of an all-weather road.

Now this is the same government that has to face the same Auditor for \$62,000 worth of ads telling people to stay in Manitoba, the very same government. I suggest to the Minister that if he has any difficulty in facing the Auditor with respect to \$21,000 which will allow people to work; which will allow kids to go to school; which will allow people to obtain their food and necessities of life at a more reasonable cost; if he has difficulty in squaring that with the Auditor then it is time we got rid of the Auditor. If he does not have difficulty squaring spending \$62,000 on that ad campaign; if he does not have difficulty squaring that with the Auditor, then again, I suggest we have problems with our Auditor and I submit that his priorities are reversed; the Minister's priorities are reversed. He shouldn't be worried about spending this \$21,000 in order to educate children; in order to allow people to have food at a more reasonable cost; in order for people to have jobs in the fisheries, to have jobs on the forestry. I would suggest that he reverse his position and provide the funding for this. It is true that the road has now been built but, as he is well aware, there's a local private group which is stuck with the bill and it may well be that the Federal Government has some responsibility but, after all, he is the Minister of Transportation for Manitoba; he can't slough this one off like the Member for St. Matthews would like to slough off other problems. We had a long discussion the other day about how there's too many people coming into the city from the reserves was the gist of what I gather he was saying and now something should be done by the Federal Government. It's not the case here, these people, no matter what you would like, are a provincial obligation and you, sir, have a responsibility to those people.

MR. CHAIRMAN: (b) — pass — the Member for The Pas.

MR. McBRYDE: Yes, Mr. Chairman, I want to just take this occasion to thank the Minister for his answer in terms of the use of the chemical 2,4,5-T

and I'm pleased that he has now been able to look at the research statistics and come to the same conclusion that I came to when I looked at those specific research results, maybe he even has more up-to-date information in terms of the public hearings that were being held by the Environmental Protection Agency in the United States.

Now, Mr. Chairman, while we're on this item I wanted to check with the Minister in terms of what's happening in terms of the maintenance cost and the maintenance funding now for roads that were built under the Manitoba Northlands Agreement, where there was some dispute between the Department of Highways and the Department of Northern Affairs as to who would be responsible for what percentage of the maintenance costs and I'm thinking of the road — what's called the Easterville Road between Highway No. 6 and Highway No. 10 — I'm thinking of the Cormorant Road and I'm thinking of the Moose Lake Road. All would show on the map, Mr. Chairperson, as blue, other roads. Another part of the question is that I wonder if the Minister could tell us if some day I'll be able to pick up — maybe it won't have his picture on it next time around — pick up the map of the province and see that these roads that are marked 'other roads' now which are, in fact, main roads and should be in fact called provincial roads will appear in the map in black instead of in blue as they do right now.

MR. ORCHARD: Well those roads, Mr. Chairman, we are maintaining and if the Member for The Pas is patient he probably will see them. Unfortunately I understand he won't be here after the next election so he won't be a member of the Assembly to take the pleasure of driving on that road but possibly some time in his illustrious career yet to come he'll be able to drive on the Easterville Road as a PR.

MR. McBRYDE: Mr. Chairman, I'm looking forward to both looking at a map that has the roads in black, instead of in blue, and that has a different picture on the back when there's a new government formed after the next election.

MR. CHAIRMAN: (b) — pass; (c) — pass — the Member for Ste. Rose.

MR. ADAM: On the matter of construction for unorganized territories, I would like to ask the Minister if on PR 269, where we encountered some difficulty I understand in acquiring right-of-way, that's an unorganized territory, I understand that there were a number of farmers that were not willing to sell land for right-of-way. I would like to know if that problem has been resolved; if not, is the Minister proceeding with expropriation or is there going to be a redesign of that piece of road from 276 south; also there was some widening of No. 50 north and south of Amaranth. I would like to know if, in the town itself, that work has been completed. We did north and south of Amaranth but there was some concern by the UVD council. The Minister said that whenever they came back to do that work that would be finished. So I wonder if the Minister could put on the record just where those projects are at the moment.

MR. ORCHARD: Mr. Chairman, both of those projects are under the provincial trunk highway

system and not under this appropriation. This appropriation for construction is only for main market and eligible school bus roads, not PRs and not PTHs, Mr. Chairman.

MR. CHAIRMAN: (b) — pass; (c) — pass — the Member for The Pas.

MR. McBRYDE: Yes, Mr. Chairperson. I wanted to ask the Minister for some explanation of what has been happening with the rural transportation grants for the disabled. I think in that particular case, in spite of the gentleman across the hall, the Minister was able to find some financial assistance for this program in the past and I'm sure that if the will had been there to find some financial assistance for the Sherridon Road, to assist the community that got itself into a situation where they were short \$21,000, that he could have been able to do that. I wonder if the Minister could just give me a historical summary of the development of this program and some detail as to what exactly he intends to do with it this year.

MR. ORCHARD: I certainly would be pleased to do that, Mr. Chairman. The Member for The Pas knows the handicapped or Handivan projects throughout the province are not anything new, they've been in existence for I suppose as long as four years, maybe even five years in some areas. Originally the Handivan Transit Project started out as Canada Works Grant Projects under the Federal Government Canada Works Program which, in those halcyon days when the Federal Government had all kinds of dollars and were looking for ways to spend them they initiated Canada Works and a number of communities in Manitoba, Steinbach, The Pas and several others, initiated a Handivan Transit Project for the transportation of handicapped people in the community. Canada Works funding dried up on those projects and when it was unavailable the majority of them did fold up and are no longer operative. Two however, because of I suppose a little extra community spirit, namely Steinbach and The Pas, managed to muster enough support in the community to keep their transit system alive.

The first one to approach the Provincial Government for some assistance was the Eastman Handivan Project out of Steinbach in 1979 and at that time we undertook to investigate the concept of developing a provincial program whereby we would attempt to fill that gap that was created by the lack of Federal Canada Works Program funding for these Handivan Transit projects. So the Eastman Handivan Projects did receive some provincial funding to keep them alive, twice and The Pas Handivan group also received some provincial funding to keep them alive until the implementation of a program and that is what we are undertaking in this coming fiscal year.

We are going to establish a program of Handivan Transit for rural Manitobans on a, I suppose you might say, three-way funding proposition. There will be a user contribution for the use of the service and there will be municipal participation in providing for the service and Provincial Government support of the service. We anticipate that, for certain, the Eastman and The Pas will continue with their operation under this new policy and new funding program, as well as possibly two or three other communities that will enjoy the support of their Municipal Councils to undertake the Handivan Transit System.

We are quite pleased, Mr. Chairman, to undertake this kind of a project this year. I would like to have had it available of course for the last fiscal year but I just plain didn't have the time to organize the background and to get the kind of input that I wanted, to develop the policy. I suppose that has a bad side in that the communities desiring that kind of a service had to wait one more year but it's quite timely in bringing in a Handivan Transit System in the Year of the Disabled. I think it in no small way indicates the provincial contribution and concern towards the disabled in the year that has been chosen in their honour.

What has happened over the past 15 months or so, is we have had a consultation; we've had a working group set up with membership from the Manitoba League for the Physically Handicapped, the rural section, along with a representative from my department, a representative from the Department of Municipal Affairs and I believe a representative from the Department of Education. The five people in consultation, developed a policy framework suggestion which we are now putting the final stages to and will have ready for implementation on April 1, 1981. Basically it will involve, as I mentioned earlier for qualifying communities, a cost-shared provision of service with the user of the service contributing a certain amount, the municipality being involved and the Provincial Government being involved

MR. McBRYDE: Mr. Chairman, I wonder how many communities have actually made application or enquiries about receiving funding under this particular amount, how this amount, the \$100,000 in this year's Estimates compared with the actual amount spent last year, although it was from different sections and different parts of the appropriation and also, if the Minister has an idea of the total request of those groups that are running a Handivan Service now, their total request for funds, that they saw as their basic needs to operate, what the total amount of those funds were.

MR. ORCHARD: Well, the funding that we provided, Mr. Chairman, to both Steinbach and The Pas on an interim basis until we had our policy development in place, represented 50 percent of their operating costs. There has been one other community to date indicate interest in applying for this program and for funding under this program if it should become a reality, and that is Selkirk. As you can well appreciate, we are shooting at a moving target when we try to estimate what might be the total expenditures under this in this fiscal year, because if we had six or eight communities applying, certainly \$100,000 is not going to be enough.

But I think it's important to bear in mind that this is not 100 percent provincial funding for Handivan Transit. This is participation funding in which the disabled organizations in the various communities have to work in concert and co-operation with their municipal officials to get their backing and their support before the province will participate in the funding. So we have ballparked a figure of \$100,000 for this year. We may expend all of it, we may expend two-thirds of it or we may in fact expend more than that and that will remain to be seen as groups qualify for the program.

MR. McBRYDE: Mr. Chairperson, I'm sure the Minister wouldn't want it left that he said 'disabled

organizations', because the organizations are very able and they are run by disabled people, for the most part.

I asked the Minister a number of questions on this matter earlier in the session, on information I got in a call by the Chairperson of The Pas Branch of the MLPH and the Minister has, since that time, received a letter from the vice-chair of the organization at The Pas and there seems to be, I think, some misunderstanding between The Pas group and the Minister in terms of what was to transpire. I think part of that problem was a lack of communication within the Manitoba League of Physically Handicapped, where their one representative on the Minister's advisory group didn't communicate with The Pas section or other people within the organization as to what was transpiring at those particular meetings. But there was a pretty clear understanding on the part of the people from The Pas that the Minister was going to somehow involve them and that they were going to be able to have some input into the program and there was also some understanding that there was going to be a paper that they would see before the Minister finally came to his determination of policy. I wonder if the Minister could comment on that. I think that since I received a call and the Minister received a letter, of which I received a copy, I think that the annoyance is not there as much as it was when this letter was written, in terms of that part of the problem was within the Manitoba league and not entirely with the Minister; although they had hoped that the Minister would somehow get in touch with them directly or inform them directly. So I just wonder if the Minister could tell me how he's answered the letter and I would like to just read the letter to remind the Minister of it. It's similar to the questions I asked him earlier in the session.

The letter is from Dave Curtis, Vice-chair, The Pas Branch of the MLPH. "Dear Sir: The Pas branch of the Manitoba League of the Physically Handicapped is deeply concerned about the progress being made in regard to completion of your department's 'White Paper' on the specialized transportation in rural areas. Why the continued procrastination on a most important issue of such grave concern? At the Manitoba League of the Physically Handicapped Transportation meeting in Winnipeg in April of 1980 you had stipulated that this White Paper would be completed by September, 1980 and that another meeting with organizational and individual input would be held in September, 1980 or October, 1980. None of this has transpired. Further delay in inaction only re-emphasizes your government's insensitivity towards this highly important subject. Action definitely must be taken immediately. We certainly would appreciate a reply as to just what, if any, action has been taken so far".

I wonder if the Minister would care just to put on the record his response to that, bearing in mind my comments in introducing that letter.

MR. ORCHARD: Mr. Chairman, I hope the member is quite correct when he said that things are certainly somewhat more congenial amongst the membership of The Pas Branch of the League because I don't really think that the writer of that letter would today still wish to say that this government is insensitive to their needs because this government is developing a

policy to accommodate their very special needs in transportation. I don't think that policy development, by myself and my colleagues, indicates the kind of insensitivity that he did point out in that letter. I, to date, haven't had an opportunity to reply to that letter but I fully intend to do so.

The indication of a White Paper was a misunderstanding amongst — well, I don't who all it was amongst — but there was never a concept put forward of a White Paper to be delivered on the transportation of the physically handicapped. What we had intended to do was involve the Manitoba League which we thought we were doing in having two of their representatives on a committee of five to develop some policy guidelines for consideration. That was done and are forming the framework for the policy which we will implement April 1.

MR. McBRYDE: Mr. Chairperson, in my meeting with Mr. Curtis and Mr. Szadiac of The Pas organization, I think that they would be pleased to receive some more detail in terms of what is being proposed, so they would be aware of that. In my discussions with them, also, they were thinking that there was probably going to be about seven groups applying besides The Pas and Steinbach, that is, five more communities apply and seemed to be eligible under the criteria that have been set thus far by the Minister; and that their thinking was that the figures would probably be more like \$300,000 if these requests were met by the Minister. I wonder if the Minister could just indicate, is this a rigid amount here or in terms of, if the need is shown and the communities meet the criteria, will he be able to get additional funding to assist with this important service.

MR. ORCHARD: Mr. Chairman, in the study group, as many as eight communities have been identified that may well qualify for the funding under this program. As I indicated earlier on in trying to arrive at the Estimates, because it's not just as simple as saying, yes, we want to establish this, we are, so that we avoid the kind of pitfalls that befell the three or four Handivan Transit Systems that were developed under the Federal Government's Canada Works Program, so that we don't befall that kind of a withdrawal of funding, we are requiring that the organizations of handicapped people work in concert with the local government, either the city government or the municipal government, as the case may be, to participate in funding so that we're assured that funding will be ongoing for the program. It may well be in this year, even though the program will be available for implementation April 1, it may take some of the organizations, two, three, four, five or six months before they get going, so that the figure is quite correct of about \$300,000 if all eight groups were started up and ran for the full year. But we, certainly at this stage of the game, don't anticipate that immediate take-up of a program. Any new program like this to start up again, it's going to take some time to get organized and to get the necessary approvals, not only from my department but from the municipal government so that the \$100,000 is a figure that we put out as a target. And, as I say, we may spend it all, something less than that, and I'm certainly willing to add more funds to that as the need requires it.

MR. CHAIRMAN: (c) — pass — the Honourable Member for The Pas.

MR. McBRYDE: I think probably a final question, Mr. Chairperson. What stage is that Minister's policy development, like is it pretty firm in the Minister's mind, and through Cabinet approved, or is it still not a Minister-approved policy or program? What exact stage is the policy at now in terms of this program?

MR. ORCHARD: Mr. Chairman, it's an approved policy but the one area that I want to go back and discuss with the Manitoba League is in the level of participation of the user. We had struck with the committee an arbitrary figure of 25 percent and that, in discussions with the Manitoba League, was indicated to be a little rich and they pointed out legitimately, although the two members on the Manitoba League had agreed to that in the original concept, but apparently in discussions with other members they pointed out that other jurisdictions aren't expecting that much of a contribution from the user. So we are re-examining that with them and that's about the last hoop that has to be established.

MR. CHAIRMAN: (c) — pass — the Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, I've been listening with interest to the dialogue between the two members discussing this particular item. The Minister was somewhat vague in speaking of the breakdown of costs between the three different groups. I wonder if he could be a little more specific as to what fees will be charged to those using the service; how much the municipality will be putting into it; and how much the province will be putting into it? Could he also indicate whether there is any federal money involved?

MR. ORCHARD: At this stage of the game there is no federal money involved. However, one area that may well bring in some federal funding would be in the capital costs of the vans themselves under UTAP because we understand that may well be a UTAP qualifying project but of course we have to go through the hoops in having that qualify with the Federal Government, so at this stage of the game the entire policy is drawn up on the basis of user, municipal and provincial funding. As I mentioned to the Member for The Pas, the original concept was proposed by the working group, to be 25 percent paid by the user and the balance of 75 percent to be paid on a 50-50 basis, in other words 37.5 percent each by the municipality and by the province. So that was the original intent of the sharing. I think we're going to see that change in the next round of discussions with the Manitoba League.

MR. CHAIRMAN: The Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, the Minister has mentioned UTAP again and that was to be my next question as to the capital costs involved. Can I assume from his answer to the previous question that the \$100,000 does not include any capital costs at all? Does he see a possible delay in getting this program running on April 1 if he has apparently no

prospects, or somewhat dim prospects, of getting input from the Federal Government in order to make the capital purchases of the vehicles needed to provide the service?

MR. ORCHARD: No, Mr. Chairman.

MR. WALDING: The Minister says no. I'm not sure which of the questions there he is replying to. As I assume that he is saying that there is no amount in the \$100,000 for the capital cost, is that correct?

MR. ORCHARD: No, Mr. Chairman.

MR. WALDING: Mr. Chairman, if the Minister is saying it is not correct that there is no money there, can he tell us how much money there is there?

MR. ORCHARD: Mr. Chairman, there's \$100,000 there for provision of the provincial share of eligible costs. As I said we are probably going to end up with a different breakdown on cost-sharing versus 25, 37.5, 37.5. Capital costs are going to be split on a 50-50 basis for the van with the municipality and the user. That 50 percent capital cost is part of the total projected costs for eight operating Handivan Systems of \$300,000 which, Mr. Chairman, as I indicated to the Member for The Pas we don't anticipate either all eight starting up in one year or indeed running for the whole year so that we may be out by \$25,000 or \$30,000 in our figures either way on this appropriation.

MR. WALDING: Is the Minister telling us, Mr. Chairman, that the program envisages eight vehicles being needed for this particular program and if not, how many? And can he tell us what the estimate is per vehicle or for a total cost of the vehicles involved?

MR. ORCHARD: If my memory serves me correct, I think some of the vehicle costs are in the neighbourhood of \$16,000.00.

MR. WALDING: Could the Minister tell us what all the vehicle costs are? If he says some of them are 16,000 we'd like to know, is that per vehicle or is that a portion of the total?

MR. ORCHARD: Mr. Chairman, I can answer that better when communities apply to me with the type of vehicle they wish to use but the standard vehicle that is in service now is approximately \$16,000 and has served those communities quite well.

MR. CHAIRMAN: (c) — pass — the Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, the Minister mentions UTAP and I'm not clear from his answer whether he is expecting or hoping that the Federal Government will contribute at a rate of 50 percent of the province's share or 50 percent of the total or 50 percent less the 25 percent that the user is to pay. Could he clarify that for us please?

MR. ORCHARD: If we should be so fortunate as to qualify for UTAP funding it would be on the basis of 50 percent of the total purchase cost of the vans equipped for the transit service. If that were to be

the case then we would then split the other 50 percent, I would anticipate, 25 percent with the municipality, 25 percent with the province.

MR. WALDING: A couple of other questions, Mr. Chairman. I'd like to ask the Minister whether he anticipates that these vans will be used for transporting handicapped children to school and if that is the case, will there be input into this program from the Department of Education?

MR. ORCHARD: No, that's not the intent of it. The intent of it was to provide, first and foremost, transportation to handicapped people to jobs because that's often a problem, to some night schools or to some day schools possibly but not the regular school program. This is not going to be in any way connected with providing a transportation service on behalf of the school boards. This is an ancillary service to be provided for the handicapped people in the community at large for work, for any educative program or let's say craft program they may be taking in the community, for their social and recreation needs and for their shopping and business needs, Mr. Chairman.

MR. WALDING: Mr. Chairman, I'd like to ask the Minister a final question on this matter. Is there any amount of this \$100,000 that is designated for administration of salary costs?

MR. ORCHARD: No, Mr. Chairman.

MR. CHAIRMAN: (c) — pass — the Honourable Member for St. Vital.

MR. WALDING: I'd just like to ask the Minister for a word of explanation, whether the program will administer itself or whether it's to be administered by someone else in his department that comes under perhaps a different appropriation, or is it to be administered by some outside group? If that is the case, is there any other check within his department other than the Provincial Auditor who will monitor the outflow of funds to the program?

MR. ORCHARD: The program will be administered by the Motor Vehicle Branch, to monitor the applications in co-operation with the applicant groups and also the statements will be checked at the end of each year to assure that proper expenditures of funds has taken place.

MR. CHAIRMAN: (c) — pass; (5) — pass; Resolution No. 83 — pass.

Resolved that there be granted to Her Majesty a sum not exceeding \$6,370,000 for Highways and Transportation Assistance Program, \$6,370,000 — pass.

Clause 6, Resolution No. 84, Construction of Provincial Trunk Highways, Provincial Roads and Related Projects (a) Regular Program — pass — the Honourable Member for The Pas.

MR. McBRYDE: Yes, Mr. Chairman. This is, as the Minister is well aware, quite an important section in terms of members outside of the City of Winnipeg especially and I wonder if the Minister could use his staff in front of him there to tell me and to add to my

understanding of this book and tell me what projects are in The Pas constituency under this particular section. I'm sure his officials have that available and the Minister could confirm whether my reading of the book is quite correct.

I would like to talk to the Minister a little bit about the roads in the northern area of the province and the necessity of upgrading, of paving, of improving a number of roads that serve The Pas constituency in The Pas and area.

Mr. Chairperson, one of the roads that I mentioned earlier that was constructed under the Northlands Agreement and still appears in here as an Other Road, which is known as the Easterville Road which joins up to No. 327 which was a road built into the community of Easterville at the time that community was relocated because of the Grand Rapids Forebay. That particular road, I think the Minister is well aware, and his staff is well aware, is now the main road in terms of residents of The Pas who want to travel to Winnipeg; that is most of the people travel to Winnipeg via the Easterville Road as opposed to No. 10 Highway which is the old route that they used to take. The previous Minister of Highways who was very concerned about the roads in my constituency, I wanted to make sure that the residents of The Pas and area were well served and I'm sure this Minister would like to follow in the large shoes of the previous Minister of Highways in terms of insuring that the needs and wishes of the people in that area of our province are served in highway construction.

Mr. Chairperson, that road should be paved; it is the main road leading out of The Pas, out of Flin Flon if people want to travel to Winnipeg. It is now a major connection east, west and northern Manitoba as opposed to the north, south highway system so I'm sure the Minister would want to take a look at that and want to consider that.

The other that's necessary, Mr. Chairperson, — I don't think it's enough to talk about under the Maintenance section — is the further upgrading of 327; 327 has been worked on where it continues out to No. 10 but the part that goes into the community of Easterville itself is badly in need of more than maintenance; it is in need of major repair. That road is very rough, very hard on vehicles with rocks protruding, with pot holes, etc. So if the Minister wants to look at his map it's No. 327 as it goes into Easterville; the other part of 327 is in fairly good shape in regard to the upgrading and some paving on that particular section.

The last time I drove into the community of Easterville, Mr. Chairperson, I drove with a person whose car wasn't working well so he brought his farm truck which was a dual axel three-quarter or one ton truck and as we were coming out of the community of Easterville, all of a sudden, it felt like the truck had slipped out of gear. When he looked in his rear-view mirror the rear duals were sitting about two feet out from the side of the vehicle; something had broken inside and fortunately we were able to get the local mechanics of the community of Easterville to repair it for us so we could continue on our journey. But that emphasized the complaints I had been getting and I think the Minister has had some in writing from the Chief and Council or from the Mayor and Council in the community of Easterville. So that is a major and important project

that I wish the Minister had included in here, or maybe he'll stand up and tell me I misunderstood this and in fact he has included some further work on that particular road.

The other is the need for paving because in the summertime, as with other northern roads, the dust conditions are quite bad and it is very hazardous for a main road to have that kind of surface and certainly more treatment needs to be done.

Another road that the Minister and I talked about quite considerably last year, and I'm quite surprised that there is not finally something in this year, is Highway No. 283; and Highway No. 283 leads from The Pas into Saskatchewan. It goes down to Hudson Bay, Saskatchewan and it is a main road in terms of people travelling from Snow Lake, from Thompson, from The Pas who are going into Saskatchewan. It is also a road that is used by transport trucks to go in that direction and that particular upgrading and paving, Mr. Chairperson was one that was scheduled when we were still in government; I was not happy with the department at that time because of the manner in which they went about obtaining the land necessary to proceed with that road and the fact that the expropriation procedures took so long to come into place. And now I would like to know what has happened because that particular road was going to go ahead. There were problems with obtaining the land for right-of-way; the Minister advised me that they had proceeded as rapidly as they could with expropriation after delaying that necessary action in this particular case because of one hold-out along that road so I wonder if the Minister could tell me what has happened; if that expropriation has not proceeded with and the right-of-way have not been acquired or whether there has just been a decision to drop that road from the priorities, even though that road was scheduled to go ahead a number of years ago?

As I understand it from the Minister's book that he has tabled with us is that there will be upgrading of Highway No. 10 south of The Pas towards Westray and that was necessary because of problems developing in the surface of that highway; that it does need to be repaired and upgraded.

The other road that needs further upgrading is the road into Moose Lake which is a gravel road, an all-weather gravel road, but there are some sections of that that have deteriorated since construction and, of course, the people would like a beginning to put some surface treatment on that road and maybe over the next six or eight years that could be completed right into the community.

A similar situation exists with an older road, the road into Cormorant which also becomes quite rough, needs a lot of maintenance. And I understand from the maintenance people at The Pas, for example, on the Moose Lake Road they haven't contemplated surfacing to that community and the maintenance service into the community of Cormorant but there are some sections of both of those roads where the maintenance is not enough, where there needs to be some further upgrading of the highways themselves. So I'm sure that the Minister and his staff will take a look at those recommendations; tell me if I misunderstand in any way the book that the Minister has put before us.

Now, Mr. Chairperson, at last year's estimates I raised with the Minister the road into ManFor that

goes through the Umperville settlement; that goes through The Pas Reserve to the Umperville settlement and, Mr. Chairperson, last year in the Minister's Estimates there was a sum to pave the ManFor Access Road and that sum could have been more appropriately applied to the ManFor Access Road through Umperville, as opposed to the ManFor Access Road from Highway No. 10 because the situation is, in reality, Mr. Chairperson, that more people travel the Umperville Route because it cuts quite a number of miles off getting to ManFor from the Town of The Pas. When you go out Highway No. 10 you have to go north and then back east again to get into ManFor; if you go through Umperville then it is a more direct and quicker, it's a shortcut into the ManFor operation.

I mentioned to the Minister last year, and to his staff last year, that this was a promise made by his party in the last provincial election. It was published in the paper and the local candidate was asked what will happen with the Umperville Road into ManFor and he said, that road will be paved as soon as the Conservative Government is elected. Mr. Chairperson, it appears that there hasn't been a Conservative Government elected because nothing has happened to that road since they were in office; so that is one more election promise that was not kept and maybe the Minister of Highways, you know The Pas constituency would be more open the next time around, the incumbent is not running again, you know, maybe there is a chance, it's a very slim chance, but maybe there is a chance of a Conservative being elected there. But not if everyone in the whole town knows that you haven't kept your promise from the last provincial election; then the guy or woman is not going to have a chance at all to represent the Conservatives in the Provincial Legislature. So maybe at least out of consideration of pure political self-interest you might want to go ahead and do some work on that ManFor Access Road through Umperville because it was a promise made in the past and it was not kept and it'll be very embarrassing to your candidate next time around if you don't go ahead and keep that commitment.

But very seriously, Mr. Speaker, that road is more used than the paved road into ManFor. Most of the workers travel that Umperville route and the road is a gravel road now and the school bus uses that route to take the children out from Umperville; it's a heavily travelled road and it's also a road, Mr. Chairperson, that's heavily travelled by foot; there are a lot of people walking along that road. So it is an extremely dangerous situation because you have heavy traffic, you have people walking on the side of a road that the dust is extremely bad on in the summer and you cannot see the car in front of you, you cannot see people walking down the side of the road. And there was a fatality on that road last year, Mr. Chairperson; I've got a note from the investigation of that fatality and I don't think they've come to any conclusion yet whether the condition of that road was the direct contributory factor in the fatality but it is a dangerous situation and if it wasn't a contributory factor in that fatality the people of the community are very concerned that there is going to be another because of the heavy use of that particular road.

So those are some of the things within The Pas Constituency that I asked the Minister to take into consideration and to take some positive action on.

MR. CHAIRMAN: The Honourable Member for St. George.

MR. URUSKI: Thank you, Mr. Chairman, certainly I would like to thank the Minister for tabling his report and program this year. There are some areas within the report that I wish to raise to the Minister's attention. It appears that some of the program still seems to be carrying on as was announced a number of years ago and there has been no move toward getting some of the old projects at least begun and there is a community that keeps raising them with me every time I come up because the road was begun, in fact, two curves were straightened out and that's where it sits for the last four years, Mr. Chairman, and that road is the road from Gypsumville to Dauphin River. It is widely used in the provincial road program in terms of tourist and fishing and the local community which just this year has now finally had the community electrified and there is certainly need for the highway to be upgraded in many of the areas. It is a long stretch between Gypsumville and Dauphin River, some forty-odd miles, and the people really keep asking as to when and my only response is that I can only tell you that it's still on the program and it's being considered but we haven't seen any evidence of construction, Mr. Chairman.

As well there is the road to PR 226 which is in the vicinity of Arborg. I understand that there will be some work going on with respect to the bridge, at least I hope so; I know there is some work going on this winter on PR 329 where there are some moves to do the survey and design work for future needs. That road, along with PR 233, provides a really necessary link between Fisher Branch, Arborg and the Riverton area across another east-west link across the north-central part of the Interlake which is heavily used by residents in those areas and certainly any move, in terms of improvement in road surfaces in that area, will certainly add to the tie-ins of the communities in the north-central portion of the Interlake and we await certainly some further word on future construction and upgrading of those two roads.

There is an area of concern I should mention to the Minister, and he is aware of it through our correspondence, and that deals with the present right-of-way purchasing on Provincial Road 325, west of Ashern. I gather the majority of the land has been purchased and there is concern expressed by one resident in that area, an elderly lady who owns property along the mile closest to PTH No. 6, Mr. Chairman. She is very concerned with the amount of land required and I hope that the Minister and his officials seriously consider her proposals in terms of some alternatives and if she can be accommodated, that this road go ahead and her alternatives be looked at and if possible, be incorporated.

Mr. Chairman, the Minister is well aware of the petitions and letters from the communities of Steep Rock, Falconer and the residents along Provincial Road 239, where it's become a very major truck route where there are a large number of trucks making at least two trips daily from the Steep Rock quarry all the way to Winnipeg, hauling crushed limestone, where there have been complaints and although, fortunately to this time, no tragic accidents but certainly very near misses in terms of the heavy

dust concentrations in both winter and summer because of the heavy traffic there. I notice on the program that there is dust treatment. Maybe the Minister might indicate what he really means with that. Are you trying some new formula, which certainly I hope would add to keeping down some of the dust in that area both summer and winter? I don't know whether it's effective in wintertime but in wintertime it still is a problem especially in a year like this year where there isn't very much snow on the ground.

There is a road which I believe has been under consideration and a portion of it has been reconstructed and that is the road from Provincial Road 235 into the Dog Creek Reserve. Three miles have been upgraded in the last couple of years. There is still and will continue to be, pressure to have the road west of Eriksdale — I believe it's PR 416 — to continue onward through Dog Creek Reserve and join 235. It would be known as a regional local road and I would hope that the department and the Minister would not give up any negotiations or any discussions that they've had with the Federal Department of Indian Affairs to have this road included in any cost-sharing that might be available or proposed by the Band and/or residents along Provincial Road 416.

I believe that provided there is agreement from the Chief and Council of the Reserve, that this road might be declared as a Provincial Road with access and joining to between PTH No. 6 and PR 235, covering that area through Dog Creek Reserve. That really is one that, in terms of condition, the road at the best of times has much to be desired and certainly the residents along that area have been and, I presume, will wait a long time before there is any resolution unless the Minister and the department have some negotiations going on with the Federal Government that will take into account some cost-sharing, if there is any forthcoming.

Mr. Chairman, those comments with respect to the program, I would hope that some of those roads that have been continued on — and I see Provincial Road 235, the main link from the western part of the province — has continued to be upgraded. It's certainly a good feeling for the people in the western side of my constituency to have that link completed. It's well known that originally when that road was done, it was done in very much of a hurry. I guess in the long run, we've all suffered the consequences of the breakup of that highway and it's a lesson that, I believe, points out to governments at various times, to take the advice of their staff sometimes when decisions are hasty, and that's certainly an evidence of that, there's no doubt about it.

So, Mr. Chairman, with those remarks, there is no doubt the northern part of the Interlake is waiting some further word on upgrading and there is in the program, the upgrading of the road north of Riverton for a few miles. Certainly every little bit in terms of upgrading helps. There is no doubt that we would certainly wish that some greater construction and dustproofing of some of the roads — when you look at other parts of the province in terms of the miles of dust-free road — the northern part of the Interlake, although it has the major highways that connect the north and the major north-south links, some of the east-west links should be thought of and should be included on and in future programming.

MR. MCBRYDE: Mr. Chairperson, I just wanted to add a little bit to what my colleague said about the Dauphin River Road and just tell the Minister a little story so he knows the situation up there now.

I'm not sure who the Minister of Highways was in 1969, Mr. Chairperson, but the next day after the election in 1969, I got a call from a woman in Dauphin River — she was calling from Gypsumville — and she said, "they've stopped the work on our road". I said, "what do you mean?". She says, "well, two days before the election they unloaded the bulldozers and they started to work on our road. Now the election is over, they've stopped work on the road". She said, "When I went into town and talked to the local Conservatives in Gypsumville, they said it's because the Conservatives weren't re-elected, that's why they stopped the road". I had to explain to them, Mr. Chairperson, that that was a very old political trick, to send the bulldozers in a couple of days before the election and pretend that you're going to do some work on the road and then the bulldozers are loaded up the day after the election and taken away again.

So, Mr. Chairperson, I just wanted to warn the Minister that that won't work any more. The people won't buy that any more and maybe they should take some concrete action on the road into Dauphin River, where the Minister might want to go some time — the fishing up there is very good — and there is a problem even if the road is fixed that there is a certain season that road is covered with rabbits, who stop in your headlights. It's very hard not to get a few rabbits on your way down at night time. But the fishing is excellent and I would recommend to the Minister that, first of all he approve the upgrading of that road, and then he go up to Dauphin River and go fishing.

MR. CHAIRMAN: The Honourable Member for Rupertsland.

MR. HARVEY BOSTROM (Rupertsland): Thank you, Mr. Chairman. I only have a couple of minor points regarding roads in my constituency. I note there's not much in the Budget for my constituency again, so I need not labour the point very long.

There was one minor item which I brought to the attention of the Minister's office some several weeks ago and it relates to a road leading into an Indian Reserve in my constituency — it's the Wanipigow Reserve, otherwise known as Hollow Water or Hole River — and there was a fair bit of controversy there this winter. The local Band has been trying for several years to have that road upgraded. It's one which is heavily used in the wintertime as access to the main Island Lake winter road. As I understand it, part of the road is on the Indian Reserve, but part of it on the provincial and last year there was some money in the Budget for that road to be surveyed and a design made on improvements. I understood from some preliminary answers I received from the Minister's office, that this road was to have consideration as one which could be cost-shared between the Provincial and Federal Governments and I might point out to the Minister that it is rather important to the people in that area. In fact important to the degree that this winter they saw it as such a problem, that for a period of time they withheld their children from the schools. They kept

their children home in protest against the conditions of the road and the dangers in the road for those who were travelling back and forth on the school bus. There are a number of blind hills and bad corners on the road which are particularly dangerous during the winter hauling season, when the heavy freight trucks are moving over that road and the parents in that community are very concerned for the safety of their children, and justly so. I would ask the Minister if he's made any progress on getting some funds approved for the upgrading of that road, at least removing the dangerous curves and hills which the parents are so concerned about.

MR. ADAM: Thank you, Mr. Chairman, I'm not sure whether I'm going to have to pull out my last year's resolution honouring the Minister and his program. We looked through the program and we find again, most of the construction is taking place in the main, with the exception of some of the parts in Northern Manitoba. The majority of the roads are again being constructed in the south part of the province. We haven't had an opportunity to fully peruse the program. We have started on it but what we have found to date, we notice that there's a lot of construction going around 242, 240 and up in that area — and I believe that is the Minister's home stamping ground — so I believe that perhaps the Minister feels that he won't be the Highway Minister next year, as the Member for The Pas says, and he wants to make sure that he gets a few roads before he leaves.

We find in Ste. Rose constituency, there are some outside of No. 5, we are happy that that is proceeding. It's an ongoing program that has been going on for a while. There is 10.8 miles from 480 which was completed last year to PR 235 which the Member for St. George mentioned, going across the Narrows and on the east part, the Interlake, and joining up with No. 6.

Outside of that we don't see too much of the roads in the northern part of Manitoba. I know that the Minister has received a number of petitions from our area and letters from Councils and we would ask the Minister if he could comment on what has happened on 260 and 261. I know that the Minister undertook to do some work there last year. I guess it was emergency work, because the road had been closed for a number of weeks, I understand, because it was so badly deteriorated and water running over PR 260. Incidentally that's where part of that road had been worked on by one of the farmers in the hope of draining some water, I suppose, from it. Nevertheless, I was just wondering if that road is completed now.

I had brought to the Minister's attention also, the acquisition of right-of-way on PR 269, from 276. I believe I received a couple of letters from the Minister indicating that there were some problems developing in regard to the right-of-way acquisition in that particular area and that they may be looking at redesigning, or whether or not the local landowners were asking for a redesign or not, I'm not sure, but that's one of the areas that we hope the Minister can clarify for us.

Another item that I wanted to draw to his attention is that there was some concern received from Mrs. Sylvia Bowers, the secretary-treasurer of the UVD of Amaranth, last fall when we were putting on the

widening on No. 50 from Silver Ridge to Amaranth and south of Amaranth there was some work done there. I would like to know whether or not the shoulder widening has been completed right in the village itself because that's the concern that had been brought to our attention.

Just recently, Mr. Chairman, we attended a meeting at Amaranth which was called by the local community to deal with the problem of rail abandonment for Amaranth. The CNR has applied to abandon that line. There is an elevator there and there's another two or three elevators; there are three south of that and there is some concern that line will be removed. So, again, this is another instance where the Province of Manitoba and the people of Manitoba will have to absorb more maintenance and more construction on our roads. So it is important that we do have some road improvement in the northern part of our province as well as in the south.

Mr. Chairman, I understand that there was a letter on May 23, addressed to Mr. Peacock, the engineer, Assistant Deputy Minister, Department of Highways, and it has to do with PR 261 east of Glenella. Mr. Chairman, the people are concerned there as to why the construction was brought to a halt because what has happened there and I would like to read into the record the letter that was sent to Mr. Peacock because it expresses the concern that the people there have in regard to what they consider is wasting money to buy right-of-way and then just leave it there. After all, the people have pulled their fences back and we've paid to remove the fences and buying the posts, wire, and everything that has to be done when you move fences back, buy the right-of-way and then it just sits there. We see where in other areas and we're buying up right-of-way and going ahead with survey and design and so on.

The letter reads: "Dear Sir: In regard to PR 261, east of Glenella, regarding your correspondence of April 16, 1980, council of the RM of Glenella wish to express some further concerns and questions regarding the reconstruction of Provincial Road 261 east to No. 260." That's 260 that runs south to Plumias there. "It is understandable that due to costs, projects must be prioritized by program years. However, it has been of great concern and very disturbing to the entire community to have a project such as this come to a standstill after land acquisition and all preparatory work had been completed. As a council, we feel it is vital to the community that PR 261 be completed east to PR 260 in order that travel conditions in and out of the community be brought up to an acceptable standard. In this respect, council would certainly appreciate an indication from your department as to what — further this particular provincial road may be.

"Another area of concern is two miles of PR 462 north of Glenella. With the exception of this year, a portion of this road is washed out each spring due to runoff from the Angle Drain. It is our understanding that acceptable pipe-size specifications have been made but nothing further has been done. At the present time this portion of the road is well below even its original standard and does require some attention. In any event the members of council would be pleased to meet with yourself or the Honourable Donald Orchard in order to discuss further these

concerns as we feel it is most important to pursue the issue. Please contact this office to arrange a meeting at your convenience. Thank you for your anticipated interest in our concern.' That's signed by Mrs. Shirley Heinz, the secretary treasurer.

I'm wondering if the Minister did take them up on their offer and meet with them to discuss these particular concerns of the Rural Municipality of Glenella. If he hasn't, well, I'm wondering why he has not done so. So, Mr. Chairman, we have brought to the attention of the Minister some of the concerns we have insofar as construction of roads.

I'm not sure whether the Member for Rupertsland has brought this to your attention but there is supposed to be some brushing on 304 and I'm not sure whether the member brought it to your attention. I wasn't listening when he was speaking but we suggest that local people be hired to do the brushing rather than using machines. (Interjection)— Well, you know, I know that the members at the back can be flippant; they can laugh.

The reason why we suggest that, Mr. Chairman, is because with the people in that particular area there is a rate of approximately 75 percent of unemployment. We think that some of the people there could be utilized to go in and cut the brush and thereby we would be able to employ some of the people there who are unemployed and continue to be unemployed because of lack of employment and lack of activity in the province.

I know that last fall there was some statements by the construction companies that unless they had more work last fall — I think the amount is 2,000 that had been said — that they would have to lay off 2,000 people unless there was more construction activity going on in the province.

I'm not sure whether I can ask this question. I suppose the Minister can answer it if he wants but I would like to know if there are any construction companies that have folded up, how many have folded up and do we have a lot of people to take the work that we have available or are they leaving the province, the same as thousands of other people that have left before them?

I want to bring to the attention one other little item in our area and this is on PR 480. I hope the Minister will take this down. From No. 5 east, on public road 462 it is known as the Reeve Road. There is a drain there; there is a bridge that goes across the Turtle River drain and it's a blind bridge. You can't see the traffic coming over on the other side. It would be something like what happened at Bruxelles where we had to buy more land to cut down for safety. So this is an area which has some problems that has been brought to our attention in that the approach to the bridge is uphill and then when you get over the bridge, it's downhill again. The result of this is that also we were hoping that if the province could undertake to raise the approaches. I believe the Dauphin district have indicated that they would like at some future time to raise the approaches of this particular bridge because of the danger of an accident in that particular area. We suggest that while this is done that some earth can be moved on the east side, on the southeast side, to assist drainage; drainage of water that comes in from the south side of the drain and does not get into the

Turtle River drain. It just lays there and goes across the road; it goes across PR 462 and then angles its way across farmlands and ends up in the Turtle River drain further north. We think it's important that this job be done.

We would have hoped also that some of the programs that we had prioritized as important, that is, on PR 276 would continue and then cross over to Gypsumville. I think it's 328, but I'm not sure whether — is that correct, Bill? You know the one that goes to Gypsumville, is that 328? —(Interjection)— Anyway, the road that goes to Gypsumville I feel is a priority for Manitoba from any people that want to move west and to go north it is a good way to travel through PR 276 through Ste. Rose north — (Interjection)— 328 to Waterhen and then east across the Waterhen River and also joining with No. 6 over there. That's a real short cut for all the western part and northern part of the province to get across to go to No. 6 and north to Grand Rapids, Thompson, etc. That is why we have been putting a lot of emphasis on that particular road because it is a road that people will use if it's there. In the winter time, it's heavy going, it's snowbound and it's difficult to travel through there in the winter time and a lot of difficulty. We notice that there is some work being undertaken on 276 and that is the 7.7 miles in the south boundary of the Waterhen Indian Reserve which will come up to the PR 328 that I've just referred to. We're starting on the north end and we're happy to see that part go in but we think that the continuation of the upgrading of PR 276 should continue and at some future date or some future year join up with PR 6. So, Mr. Chairman, we are disappointed again that there's not more construction going on in some of the northern parts of the province but we shall just have to wait and see what happens in the future.

MR. DEPUTY CHAIRMAN, Albert Driedger: (b) — pass; (c) — pass; 6. pass.

Resolution 84. Be it resolved that there be granted to Her Majesty a sum not exceeding \$84,470,000 for Construction of Provincial Trunk Highways, Provincial Roads and Related Projects — pass.

The Member for St. George.

MR. URUSKI: Before we conclude this resolution, could the Minister indicate what portion has already been pre-tendered?

MR. ORCHARD: There's an approximate commitment on pre-advertising that is in the current process of being tendered of about \$17.5 million by our engineer's estimates.

MR. DEPUTY CHAIRMAN: Pass — resolution . . .
The Member for Rupertsland.

MR. BOSTROM: Before we pass this item I would ask the Minister if he has any comment to make on the question I put to him earlier. He didn't indicate whether he was going to answer or if he took the question as notice. The other thing was the issue which my colleague from Ste. Rose brought up regarding the policy of the government with respect to clearing — there's always a considerable amount of clearing which has to be done along rural roads and northern roads when there is new construction

in the planning. I would ask the Minister in view of the high unemployment situation in Manitoba generally and in remote areas in particular if the government would not consider making it a priority to allow hand clearing of these areas rather than machine clearing even if it is necessary for the government to pay a small premium for the hand clearing as opposed to machine clearing. It does have a significant multiplier effect in the rural area or remote area when there is a job of this type available to local people; it certainly is more beneficial to a local community than having a contractor come in from outside and spend a week to ten days clearing an area that may take a local bush crew several weeks or even several months of work. I would ask the Minister to consider this and to also indicate to us at this time what the policy is in this regard?

MR. ORCHARD: Mr. Chairman, we certainly will consider that and one other project this year we have let to, or for scrubbing with the Native. I'm not sure of the status of this one but certainly where the member hits the nail on the head, if we can accomplish the same kind of clearing without that much of a premium in cost, we undertake it that way. When you start talking two and three times the cost then you have to balance it off and see whether you're spending that many extra dollars.

To answer the member's question on the Wanipigow Road on the reserve property. We have made a proposition to the Department of Indian Affairs and Northern Development to undertake redevelopment to eliminate those couple of bad curves and some of the alignment problems on that road and we've offered to share or participate in the reconstruction of that on a 50-50 basis with the Federal Government and to date we haven't received their indication that they're willing to go ahead on it but we have made that offer to them and it stands, Mr. Chairman.

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

MR. ADAM: The Minister also didn't reply to a couple of question that I asked him; I wonder if he could provide the answers. One had to do with a letter I received from him on July 29, 1980, in which I had inquired whether or not the right-of-way on PR 269 had been completed and the information I received from him was that, "To date land acquisition personnel have not been able to purchase all the right-of-way necessary for improvements. There are three landowners requesting realignment of two miles of this provincial road causing further delay in acquisition of right-of-way. Until we are able to acquire the necessary right of way for this section of provincial road it is impossible to perform any reconstruction to improve the complaints made by the Meta Portage Community Council. I have instructed the District Engineer to continue maintaining the road up to our maintenance standards in an effort to alleviate the problem." I was wondering if the Minister could bring us up to date on what has happened there and also I asked him if the project on PR 260 that was undertaken last fall under emergency circumstances has been completed.

MR. ORCHARD: The right-of-way on PR 269 has not been completely acquired to date. The project on

260 will be completed. The grading on the north end will be completed this summer. What was the third question? Oh, about answering the letter, the meeting with the RM of Glenella. I met with members of the Glenella council during the municipal convention and discussed with them the proposition they were making on PR 261 and I haven't had an opportunity to meet with them since the letter came in last month.

MR. ADAM: I notice that there's nothing on the program for 261 this year. What progress has been made in the matter of acquisition of right-of-way on PR 269? Is the Minister now proceeding by way of redesigning the road, a two-mile redesign as requested by landowners or is the Minister proceeding to expropriation or what is happening or is just everything at a standstill?

MR. ORCHARD: There's no proceeding to expropriation. The last status I had is that the district is attempting to either acquire the right-of-way as was originally improved. Failing that, taking the next step of turning in a redesign to Planning and Design on that stretch and I don't believe a redesign has been given.

MR. ADAM: I thank the Minister for his information. I want to ask the Minister, now that the program for the Manitoba Northern Development — that has expired now? We have no more funds? Have all the funds been appropriated, the figures on the left-hand side, the \$4,238,000.00? Is that all expended now? Are we proceeding to try and get another agreement along those lines with the Federal Government? If so, what is the program? What are we talking about? Are we talking about another \$20 million five-year program, \$5 million a year or what's in the works?

MR. ORCHARD: The first question yes — that \$4 million-plus has been expended and secondly the Minister of Northern Affairs is in the process of renegotiating a new Western Northlands Agreement. I can't answer for the status of that, I think he'd best place those questions with the Minister of Northern Affairs.

MR. ADAM: Yes, I just have one more question. The staff that was transferred from Northern Affairs; are they still all on staff now? I believe it was 252 that had been transferred over from Northern Affairs. Is that correct?

MR. ORCHARD: The ones that the Department of Highways and Transportation took on as part of the staff complement are still on staff.

MR. ADAM: What is the figure? How many were transferred over? Do you have that figure; does your staff have the figure before them — that information?

MR. ORCHARD: That was part of last year's SMY complement and it's blended in with my SMYs and I don't know what numbers there are in my department but it seems to me that we took on some 42 positions last year in bringing in primarily Marine Division I believe, and their radio services.

MR. ADAM: Just 42; is that correct that were transferred over approximately?

MR. ORCHARD: I think so.

MR. ADAM: I don't see it on last year's list that the Minister gave me. When were they transferred, last year or the year before?

MR. ORCHARD: The year before.

MR. ADAM: That's '78. I see, so they wouldn't be on this figure here. It appears there is an increase of approximately 254 of staff over the last three years.

MR. DEPUTY CHAIRMAN: Pass — the Member for The Pas.

MR. McBRYDE: Yes, Mr. Chairperson. In this section here that relates to the Northern Development Agreement, I wonder if the Minister could tell us what role the Department of Highways has played thus far in terms of the proposed new agreement in the negotiations for that agreement because the Canada-Manitoba Northern Development Agreement was a major part of his program — it was a basis of his program in Northern Manitoba. I wonder at what stage his department people were involved in the planning for the new agreement and what they're proposing. Are they proposing to have it be similar to what it was in the past with the emphasis being on roads into communities that didn't have road access at this time or were they pushing for the paving of roads that have already been built? I wonder if he could just inform us what role his department has played so far in those discussions and those negotiations?

MR. ORCHARD: Mr. Chairman, as I mentioned before, my role in the new Western Northlands negotiation is non-existent, you might say. It's within the Department of Northern Affairs and the Department of Finance that they've been undertaking the negotiations. What we have done is we have made suggestions as to what we believe would be some eligible type projects, such as for instance the Easterville Road, the further upgrading of the Easterville Road and some further airport improvements. But it's my understanding and that could better be confirmed by the Minister of Northern Affairs that the Federal Government appears to be somewhat reticent to bring those kind of physical construction programs into the new Western Northlands Agreement such as were available under the previous one. I don't know at this stage of the game how successful we're going to be in getting some of the access roads, like for instance Norway House community got a lot of Western Northlands funding. I don't know whether we're going to be able to enjoy that kind of participation funding under the new agreement because it doesn't appear at this stage of the game that they're very anxious to undertake road construction such as they have in the past.

MR. McBRYDE: I wonder if the Minister could tell us what he anticipates — does he anticipate that his department will receive some funds under that agreement for this upcoming fiscal year? Will that come by way of Supplementary Supply or Capital Estimates? Where will the money come in and is he anticipating that he'll be able to proceed with any

projects in terms of this agreement in the upcoming fiscal year?

MR. ORCHARD: We, as is indicated in the Estimates, we could not anticipate any amount of funding coming in so we've had to leave that column blank. I hope that we have maybe a couple of million dollars that will come in under the enabling vote for construction of further improvements of some of our airstrips. It seems to be one area that they may go for because of the Medi-vac role but at this stage of the game unless there is a drastic change in attitude I'm fairly certain that we're not going to see the kind of dollars that went into road construction that we had over the past five years.

MR. McBRYDE: Mr. Chairperson, I know it's not directly this Minister's responsibility but the importance of the northern transportation system to the Northland Agreement cannot be understated. I mean the funds, the millions of dollars that were available for the development of Northern Manitoba appears that part of that funds or all of that funds is going to be lost by this government. Mr. Chairperson, I think it's going to be lost because one, the DREE funding comes in basically a block amount — there's about so many million dollars for Manitoba. This government has given the emphasis on southern agreements and de-emphasized the northern agreements.

Mr. Chairperson, this government in fact in a number of sections of the Northlands Agreement didn't spend the funds that were allocated in the program before so the people of Manitoba, the people of Northern Manitoba, just simply lost out in terms of the development of Northern Manitoba.

The other problem was is that, Mr. Chairperson, that anyone who's been around government for a while knows that the negotiation of a Federal-Provincial agreement is not done overnight and for some reason this government sat on its hands and didn't really seriously begin planning in terms of the new agreement till this last fall. They haven't been doing their homework, they haven't been doing the work necessary to get the agreement in place for this year. And in my experience with those kind of negotiations, I'm not very optimistic, Mr. Chairperson, that they are going to get an agreement that's going to have any serious development possibilities for this upcoming fiscal year.

In other words, because of their inaction in the north in this regard I think they have blown a chance for federal funding that is so important for the development of Northern Manitoba and I guess that's a reflection of an overall government attitude in terms of disinterest in the north, of unwillingness to pursue plan, make preparations and be aggressive in terms of northern development and especially the Northern Transportation Program and I'm not blaming this Minister, Mr. Chairperson, because I don't believe that default lies with him. It does lie with the general attitude of this government and it does lie with specifics in terms of some of the Ministers who have responsibility for the negotiation of that agreement and it is going to be a serious loss for the people of Northern Manitoba and it is very disappointing for those of us that represent the people of Northern Manitoba.

MR. ADAM: I wonder if the Minister would be able to inform us on a couple of items that have come to

our attention just recently and that is to do with supposedly, a report that has been brought forward by a private group of consultants, I believe, to the effect that most of the bridges in the province, the wood bridges, are unsafe and not designed to carry the load capacity for which they were designated. The Minister could perhaps inform us on that and in addition to that, Mr. Chairman, I would ask the Minister if he could — I believe this has to do primarily with municipal bridges, Mr. Chairman, but I'm just wondering whether or not these people, this consulting firm was in fact, were they not referring to provincial bridges as well. I would also ask the Minister if he can inform us of any problems in the Headingley area insofar as road construction is concerned.

MR. ORCHARD: Mr. Chairman, the bridge report that the member refers to was the RM of Brokenhead undertook a survey of their municipal bridges and got that report. It was not a report on bridges under the provincial jurisdiction and there are no construction problems out at Headingley.

MR. CHAIRMAN, Abe Kovnats: 6. pass — the Honourable Member for St. George.

MR. URUSKI: Thank you, Mr. Chairman. Could the Minister indicate what portion of the budget is now going toward bridge upgrading. We know that a large number of, over the last number of years under the Highway Strengthening Program, that considerable amounts of money were spent on upgrading of bridges to higher standards. Is there still a large number of bridges that have to be upgraded to heavier standards or is a fairly minimum amount? Could the Minister give us some indication as to what amount of the budget is going for bridge construction or upgrading?

MR. ORCHARD: There's rough figures, like we don't have it broken out in terms of dollars for bridges but in rough figures there are about \$4 million out of the budget that will go to bridge construction and with the completion of bridges programmed this year that should bring all of our provincial roads and PTH system bridges up to the minimum standard of 74,000 pounds. There are going to be some exceptions because we have got right-of-way problems on a couple of bridges that I know for sure that we can't possibly replace in this construction season but I would say we would be 99.5 percent there.

MR. McBRYDE: Yes, Mr. Chairperson, further to my questions in terms of the possibility of additional funding under the Northlands Agreement. I want to ask the Minister, in light of the Federal Government's attitude in terms of further paving or upgrading of existing roads, when we ran into that kind of a situation they were quite willing to consider roads into communities that did not have a road and then there was some question about which communities could be considered not to have a road. For example, is the Jackhead Road in such bad condition that we could get them to say — that's really a community that does not have a road and therefore they will be willing to fund a road into the community of Jackhead. Could we get them to agree

that Pelican Rapids was a community in which the road was in such bad shape that they could be deemed not to have a road so they would qualify under that kind of criteria that they would consider building roads into communities that did not have an existing road?

And, Mr. Chairperson, I wonder if the Minister could tell us if that was sort of part of their recommendations, the communities of Pelican Rapids and Jackhead, or whether he would consider going back now and saying, well, if you are not willing to pave some of those roads that we have built already under the agreement, will he be willing to look at roads in the communities like Pelican Rapids and Jackhead, which basically have a forestry access road or a bulldozer road that could hardly be called a highway; get them to put in highways into those particular communities. I wonder if the Minister could inform me in fact if the Pelican Rapids Road has been approved under some other section of his department?

MR. ORCHARD: Mr. Chairman, under the previous Western Northlands Agreement where there was some certain amount of emphasis on northern transportation, neither of those roads qualified for funding at that time and as I have said, indications I have received to date is with this upcoming agreement the Federal Government does not want to contribute significant amounts of money at this stage of the game to road construction. They prefer to, as I understand it, deal with other aspects of northern development other than transportation related matters. I am not at all conversant in what is involved in the negotiations on the western northland and I would suggest that the member address his questions very seriously to the Minister of Northern Affairs who has been directly involved.

MR. McBRYDE: Mr. Chairperson, there was an attempt made to, as the Minister said, have those roads included under the Manitoba Northlands Agreement and there were, I suppose, some problems with us making that proposal and that there were some roads that needed to be built that did meet the criteria more directly and more easily like the Norway House Road and the Moose Lake Road that were definitely communities that did not have a road, a usable road at that particular time and I would just urge the Minister to try it again and see if there was that possibility. And if there is anything that we can on this side of the House can do to assist or to urge through our colleagues in the Federal Government and ourselves to put some pressure on the Federal Government to take a look at that possibility, because the transportation program is an important and critical part of northern development and I think that they should be made aware of that particular situation and particular circumstances.

The other, Mr. Speaker, is just the pure and simple need regardless of how it's funded for a road into a community like Pelican Rapids. I don't know if the Minister has been that familiar with the problems of that road but I think there is something like 34 or 28 major curves in that particular road that are completely blind corners and all it is, is a road that was pushed through by a cat that used to be probably where they drove the cows out at one time

and where they hauled fish out at one time and then they sent a bulldozer in there to knock a road through but the road is not on a proper right-of-way. The road was not designed but just put in wherever there was an opportunity to go around a rock and around the trees, etc., and it is an extremely hazardous road at this time and so even if he's not able to convince the Federal Government to get it under the Northlands Agreement, I'm hoping he's able to find some opportunity within his budget to proceed with some work on that road.

MR. CHAIRMAN: Clause 6 — pass; Resolution 84 — pass. Resolved that there be granted to Her Majesty a sum not exceeding \$84,470,000 for Highways and Transportation Construction of Provincial Trunk Highways, Provincial Roads and Related Projects \$84,470,000 — pass.

Resolution No. 85, Clause 7. Air/Radio Services (a) Salaries — pass — the Honourable Member for Ste Rose.

MR. ADAM: I wonder if the Minister can give us an overview of what is happening in the air service at the present time and also does he have a record of the mileage that has been logged for 1980-1981 at the present time.

We notice in looking at the record for 1978-1979, as compared to 1979-1980, we find that while the total of miles flown has been down some 20,000 miles over 1978-1979 as compared to 1979-1980; but we do notice a couple of particular departments that show a very substantial increase in flying time and the two particular ones where we find this major change is in the Minister's department himself. We find that in 1978-1979 there were 58,358 miles flown and in 1979-1980 that has increased to 135,333 miles.

I'm just wondering whether the Minister has given up on his highways and instead of using those beautiful roads that he's building all over the place that he now has decided to use the air services. We also find another area that seems to be quite peculiar, Mr. Chairman, and that is the management, the department of management which is the top management, I suppose even the Premier's Office. I'm not sure what management means but there is an increase from 90,080 miles to 291,620 miles and this seems to be a very very substantial increase for just the two departments.

Over the previous year we notice that the northern patient transportation has dropped 7,000 miles and also there is a number of miles logged by Government Services; Fitness, Recreation and Sports; Economic Development and miscellaneous; well, miscellaneous there were a few miles last year too, or the year before. But notably when we look at the summary we find two departments that have shown a very substantial increase and perhaps the Minister would give us a overview of what is happening in this particular department; how many aircraft we have on hand and if he could tell us when the MU-2 is going to be back in service. Also we would like to know whether there is any additional staff put on in this particular department. Maybe I could check the list there, Bill. Can you check the list for the air service?

MR. ORCHARD: The increase for the Department of Highways and Transportation, Mr. Chairman, stems

from the inheritance of this very appropriation where the department is now looking after the remote community airstrips and substantial air time is taken in getting to them. As you are well aware they are not accessible by road. The only way you can get to them is to fly into them to see how well the maintenance program is being undertaken and what kind of shape our facilities are in, in offering training to the staff at those airports, so that has given the Department of Highways and Transportation substantial more use of Government Air Division aircraft. The MU-2, I can't give the member an accurate estimate as to when it will be back in the air, because we've just very recently gotten it out. As the Member may or may not know, it went down on the Berens River strip, and we did not get the plane out until very very recently, because it had to come out via winter roads which have only been put into service in the last few days, so that we haven't yet got an accurate estimate of the damages, or a time frame in which the MU-2 is going to be laid up.

MR. ADAM: Could the Minister tell us who was in charge of the airstrips before, prior to the Highways taking it over? Who was doing the mileage up there, instead of the Minister's staff?

MR. ORCHARD: Well, I suppose it's gone from the original Department of Renewable Resources and Transportation Services to Northern Affairs and then amalgamated within my department.

MR. SPEAKER: The Honourable Member for Lac du Bonnet.

MR. SAMUEL USKIW: Mr. Chairman, The Minister did not give us a statement about the operations of the Air Division, sort of an overview statement. Could the Minister give us some idea as to the nature of the present operation and just where the different centres of operation fit into the scheme of things, so to speak — I'm thinking about the Thompson Base and the Winnipeg Base and the Lac du Bonnet Base — the respective roles for each of those, and where the increases or decreases are in terms of activity projected into this fiscal year.

MR. ORCHARD: I suppose the major area of increased activity will be in Winnipeg, with the stationing of the additional water bomber in this coming year, out of Winnipeg with the primary servicing role, unless it is stationed out of Dauphin or The Pas, for firefighting activities. The maintenance crews and whatnot will be in Winnipeg, so with that additional aircraft coming into Winnipeg, that's probably the greatest increase in activity. Thompson and Lac du Bonnet are basically the same as any other year, whether we have both an Aztec in Thompson and in the summer time, some of the float equipped Turbo Beavers out of Thompson. Lac du Bonnet likewise has Turbo-Beavers at Lac du Bonnet and The Pas has in summer stationed wheel or land — you know what I mean — aircraft stationed there in the summer time for use. So the only major increase in activity, as I say, would be undertaken out of Winnipeg with the additional water bomber.

MR. USKIW: Could the Minister indicate whether or not there is a reduction of personnel at Thompson

and Lac du Bonnet versus Winnipeg, or whether it is virtually the same as it was? Secondly, could the Minister indicate whether or not the government is ahead financially through its policy of leasing aircraft or farming out some of its operations to private companies, vis-a-vis operating its own fleet a few years ago, especially with respect to water bombing and so on?

MR. ORCHARD: The answer to the first question is that there's no change in staff complement in either Thompson or Lac du Bonnet, but there has been an increase in staff complement that went on staff last May. When the second water bomber came in, we had additional pilots and additional service personnel to look after the service requirements of the additional water bomber. The utilization of the departmental aircraft has been quite good. We have been making good use of the aircraft fleet that we have and now, without the MU-2 of course, we are using more private charter if aircraft aren't available, because the Aztecs now, instead of functioning primarily as staff aircraft, rather than Medi-vac aircraft, are not always available. So, of late, we have had to charter out some additional private aircraft time. But in general, that situation will disappear when we get the MU-2 back into service and we'll be back to normal.

MR. USKIW: Mr. Chairman, with respect to personnel, and in particular the pilots who are employed by the Air Division, when there is a new position as a pilot or whatever, but in particular in the area of piloting, does the department give an opportunity to the existing personnel to apply for those new positions before they go to the public for people to fill those positions, before they advertise? Do they give an opportunity to existing personnel for improvement of their positions within the system, as opposed to hiring new people, so to speak?

MR. ORCHARD: Yes, Mr. Chairman, the training program for the last two years has given that kind of opportunity to our on-staff pilots.

MR. CHAIRMAN: (a) — pass — the Honourable Member for The Pas.

MR. McBRYDE: Mr. Chairperson, a couple of questions in regard to this particular section. I suppose that I would like the Minister's comments in terms of the use of the MU-2 aircraft, whether he finds that it is a useful effective efficient aircraft for the purposes mentioned, because the Minister has commented a couple of times that, now it's out of service, the patient air transport service is certainly suffering. What are his immediate plans to try and repair and replace the aircraft by whatever means possible?

Secondly, I would like him to tell us why the province decided to buy a second CL-215 water bomber aircraft. For what reasons was that decision made by the Province of Manitoba?

MR. ORCHARD: In terms of the MU-2, the MU-2 is I suppose you might say, a rather unique aircraft, because it has a high wing configuration for use on gravel strips, it's turboprop and quite fast for a prop-driven aircraft, and I suppose has, by and large, filled

the role of Medi-vac in an adequate fashion. However, the MU-2 had some rather, and I'm not a pilot, but I'm informed had some rather unique flight characteristics that would make it not — I don't know how to quite put it without appearing to run down the aircraft, which I'm not trying to do — but in landing approaches, it had the disadvantage of having an airframe stall, and that's exactly what happened at Berens River. That's a flight characteristic that is part and parcel of the MU-2 aircraft and from that standpoint, I suppose it wasn't as easy an aircraft to fly say, as the Aztec. But that's a function of the fact that it's a faster aircraft and with the wind configuration somewhat different for flight characteristics.

We purchased the second water bomber because we could not acquire any additional water bombing capacity at this time last year. We had the opportunity to acquire from Canada Air not only the aircraft we purchased, but an additional aircraft that they had as their demonstrator and we were able to, by purchasing the one, get the use of the second aircraft and thereby have three 215s operating during the peak firefighting season. We could not acquire water bomber capacity anywhere else in North America at that time last spring. We attempted to lease or loan some of the Province of Quebec water bomber fleet but they just plain weren't available because they were facing potential forest fire situations to the same degree we were and did not want to release any aircraft.

We did get the use of a Canso which came from Nova Scotia, but belonged to Newfoundland; we had that aircraft in service for a short while this spring but that's the only other aircraft we could locate. We had — it wasn't last summer but I believe it was the summer before — a frame failure of one of the Cansos that were under lease. The Canso water bomber is effective, but not as effective of course as the 215 and any replacement aircraft to give us water bombing capability, there isn't much choice on the market. It appears as if the CL-215 is as good as you can purchase on the market today and that's why we chose that model.

MR. CHAIRMAN: (a) — pass — the Honourable Member for The Pas.

MR. McBRYDE: Mr. Chairperson, I guess the reason I asked if there was some motive behind those questions and I guess it's because at the time of the purchase of the first CL-215, some members who sit over there now were critical of that particular purchase, and now we see that they have done the same thing. The same thing happened, Mr. Chairperson, with the purchase of the MU-2, which had that unique ability not only to get into remote airstrips, but to go fast and to get things done in a hurry, like medical evacuation. Although I can agree with the Minister whether he or the Minister sitting beside him have landed in some of the remote airstrips with the MU-2; it is a hot airplane, it does land very fast and very heavy. That was, I think, one of the weaknesses. I suppose that if you could find a plane that had all the characteristics of an MU-2 but landed a little slower and didn't have airframe stall problems that the Minister has mentioned, then you would have the ideal aircraft in terms of Northern Manitoba and patient air transportation system. But I

want, just for the record, Mr. Chairperson, to point out that there was criticism in the past of the purchase of those particular aircraft and now that the government has decided to add another one, it sort of vindicates the decisions that were made previously.

In regard to the transportation, Mr. Chairperson, I wonder if the Minister would be aware of, in terms of the use of this division of his department, whether he would be aware of why this report, I'm assuming covers a period of time before the MU-2 was out of service, if he would know why there's been a decrease in the patient air transportation system in his last report, if he has any reasons for that or any understanding of why there has been a decrease in the use of Manitoba Government Air Division for that purpose.

MR. ORCHARD: I can't give a definitive answer, because the MU-2 is available for northern patient transport at all times; that is its priority role and it often will leave staff at an airport or at their destination and leave them there to pick up air transportation. I can only assume that possibly people are healthier and not requiring the Medi-vac services as often. That's the only explanation I can offer him.

MR. McBRYDE: There is another possible explanation and that is that someone has used other than Air Division to make the flights and the illness rate has remained the same, but we don't have those figures, we just have the figures of the Air Division itself. We don't have the figures for departments hiring — I'm assuming it's still working through Air Division — that is if Air Division can't fill the needs, Air Division is the one that makes the private charter and not the department itself. I'm assuming that's the function and how it operates.

I wonder if the Minister would be aware of the section in his summary on page 167 of his Annual Report, where it says "Management" and I'm not sure whether that used to be Management Committee or Treasury Board of the Province but Management shows for 1978-79 fiscal year 90,080 miles being formed by Management; and then for 1979-80, 291,620 which is more than three times the amount by that particular section of government. I wonder if he is aware of why that has taken place. What has happened to cause that dramatic increase by the use of that one section of government in the use of Manitoba Government Air Division?

MR. CHAIRMAN: (a) — pass — the Honourable Minister.

MR. ORCHARD: I would prefer to bank that one and give an answer to that one tomorrow because I believe that in the two years that are referred to there, there is a change in the way flights have been tabulated and accounted for. I think that will probably answer the member's question but I will confirm that tomorrow.

MR. McBRYDE: Could the Minister, I know he gave some summary to my colleague, the Member for Lac du Bonnet, what are his intentions and the department's intentions in the usage of The Pas base? Are there any plans for expansion of that base

or will it remain at the very low operational level that it has been over the last couple of years under this government?

MR. ORCHARD: The Department of Natural Resources is the prime user of The Pas air base and it's primarily during the summer months and that activity will continue with no anticipated increase in activity for this fiscal year.

MR. McBRYDE: What section, Mr. Chairperson, is the maintenance of the base itself of the landing strip at Grace Lake at The Pas? What section does it appear under and what is the cost of the maintenance of that or should I be asking that question under another section?

MR. ORCHARD: That airstrip is not part of our maintenance or construction involvement, Mr. Chairman.

MR. CHAIRMAN: (a) — pass; (b) — pass; (c) — pass; 7. pass; Resolution 85 — pass. Resolved that there be granted to Her Majesty a sum not exceeding \$1,954,800 for Highways and Transportation, Air/Radio Services \$1,954,800 — pass.

Committee rise.