

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 9 September, 1986.

Time — 2:00 p.m.

OPENING PRAYER by Madam Speaker.

MADAM SPEAKER, Hon. M. Phillips: Presenting Petitions . . . Reading and Receiving Petitions . . .

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

MADAM SPEAKER: The Honourable Member for Burrows.

MR. C. SANTOS: Madam Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same, and asks leave to sit again.

Madam Speaker, I move, seconded by the Member for Thompson, that the report of the committee be received.

MOTION presented and carried.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MADAM SPEAKER: The Honourable Minister of Municipal Affairs.

HON. J. BUCKLASCHUK: Thank you, Madam Speaker. I am pleased to table the Annual Report for the Manitoba Municipal Employees Benefit Board for the year ending December 31, 1985.

MADAM SPEAKER: Notices of Motion . . . Introduction of Bills . . .

ORAL QUESTIONS

MTS - Information received by Provincial Auditor in 1984 re MTX operation

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Madam Speaker. My question is for the Premier.

Yesterday in question period, in response to a question of mine with respect to information that the Provincial Auditor had in December of 1984 regarding the operations of MTX, the Premier said, and I quote, "The allegations of the Auditor in December of '84 apparently did not include any reference to backsheish."

Now in view of the fact that Mr. Ziprick, the then Provincial Auditor, is today quoted as saying, and I have verified this information in discussion with Mr. Ziprick that he was made aware of allegations of kickbacks at that time, December of '84, and passed those allegations on to the then Chairman of the Board, Mr. Saul Miller of MTS.

My question to the Premier is: why was he, the Premier, not informed of this by either the Chairman of the Board of MTS or the Minister responsible in view of the seriousness of the allegations that were being looked into?

HON. H. PAWLEY: Madam Speaker, I'm pleased that the Leader of the Opposition raised this question today, because I gather the Leader of the Opposition spoke to Mr. Jackson yesterday, and Mr. Jackson has advised our office, myself, and I understand, as well, the Leader of the Opposition's Office that he received no allegations to investigate involving backsheish or kickbacks. That has been confirmed now to me by Mr. Jackson twice, from his office.

Furthermore, Madam Speaker, in addition to that I have been in contact with Mr. Miller and Mr. Miller advises me contrary to the story in this morning's Free Press that at no time was he advised of any kickback or backsheish and that he was only advised by Mr. Ziprick of a padded expense account, and that padded expense account allegation was thoroughly checked out, as I advised yesterday, and it was found to be an allegation without substance.

MR. G. FILMON: Madam Speaker, unlike the Premier, I understood that Mr. Jackson was not the Provincial Auditor at that time, and I understood that he may not have full information on the matter.

Therefore, I went beyond the Auditor, Mr. Jackson, to the former Auditor, who was the individual who was interviewed on the CBC.

MADAM SPEAKER: Order please. Order please. Order.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please. May I remind honourable members that question period is not a time for debate.

MR. G. FILMON: In view of the fact, Madam Speaker, that Mr. Ziprick has indicated clearly that he was made aware of an allegation with respect to kickbacks, made aware of an allegation with respect to lack of suitable accounting information, made aware of concerns about the collectibility of our accounts receivable overseas in Saudi Arabia at that time, why was the Premier not informed by his Minister responsible for the Telephone System or the Chairman of the Manitoba Telephone System about serious allegations of this nature in December of 1984?

HON. H. PAWLEY: Madam Speaker, I certainly think the Leader of the Opposition is attempting too hard. I think that in fairness he ought to advise, the premise of his first question, that in addition to speaking to Mr. Ziprick he had also spoken to Mr. Jackson and that Mr. Jackson advised him, as he advised me, that no such allegations were passed on to him for investigation.

That would have given, Madam Speaker, the total and complete story.

Madam Speaker, that is why the RCMP investigation and the management audit is the proper forum to deal with this, so we obtain the full story, not part of the story, which in this case the Leader of the Opposition obviously wants for his own political benefit.

To the question as to why I did not act upon receipt of the information from the Chairman of the MTX, the answer is simple. Mr. Saul Miller was never advised, according to his advice directly to me this morning, of any allegations pertaining to backsheish or to kickbacks. Madam Speaker, that is very clear.

Why I was not advised by the Minister involved, Mr. Uskiw? It's simple, Madam Speaker, because the Minister responsible for MTS at the time was never advised of any allegations of kickback by Mr. Miller.

MR. G. FILMON: Madam Speaker, it's the Premier who wants to have the "see no evil, hear no evil, speak no evil" view on this.

I told him clearly that after speaking to Mr. Jackson I then went to the source . . .

MADAM SPEAKER: Order please. Order please. Question period is a time for . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please. Order. Question period is a time for obtaining information, not for giving it.

MR. G. FILMON: Madam Speaker, in view of the fact that the Premier didn't want to get at the truth and didn't want to talk to the source, Mr. Ziprick; was afraid to talk to Mr. Ziprick; was he informed, at least, of the allegations of accounts that were doubtful in Saudi Arabia or the allegations with respect to the lack of proper accounting records on the SADL operation in Saudi Arabia; was he informed of those allegations and concerns in 1984?

HON. H. PAWLEY: First, to correct the record, the information that we received this morning was that Mr. Ziprick advised Mr. Jackson of allegations of kickback backsheish. Mr. Jackson advised us that he received no such allegations from Mr. Ziprick. Mr. Ziprick also advised, according to the newspaper report, that he had advised Mr. Miller of this. Mr. Miller advised and said he received no such allegations.

So, I think it's the Leader of the Opposition who should do more comprehensive research because, Madam Speaker, I for one will not reflect upon the word of Mr. Jackson or Mr. Miller in these instances. As far as I'm concerned Mr. Miller and Mr. Jackson are giving the complete and full accounting of what they were investigating insofar as December 1984, Madam Speaker.

Insofar as the issues that were looked into in December of 1984, which involved collectibility of accounts, the abuse of expense accounts, the advice from Mr. Jackson is that, as I indicated yesterday, an audit was done by them, further reference to that by Anderson, the auditing firm, and as I indicated

yesterday, there was no substance to the allegations. Probably very much like the allegation, Madam Speaker, that the Leader of the Opposition made three weeks ago in regard to MITEL, which was another incorrect assumption on the part of the Leader of the Opposition.

MR. G. FILMON: Madam Speaker, we'll see yet whether there was an incorrect assumption, because we were told today in committee that no investigation of credit rating was made on the part of the MTX officials when they were looking at the partnership, so we'll find out whether or not the Premier knows what he's talking about on that one.

MTS - Coopers and Lybrand investigation re MTX

Madam Speaker, my question to the Premier is: will Coopers and Lybrand have access to the books of account of Datacom Division of Al Bassam International in doing their investigation on this matter?

HON. H. PAWLEY: Today as far as Coopers and Lybrand are concerned, we have no reason to think contrary at this time. But let me assure the Leader of the Opposition that whereas I expect Coopers and Lybrand will be successful, I have no doubt that a public inquiry, or judicial inquiry as called for week after week by the Leader of the Opposition and the Member for Pembina, would have had no such success, not one iota of opportunity to examine those books.

MR. G. FILMON: Madam Speaker, in view of the fact that we were told this morning at committee by Mr. Plunkett, that he doubted that Coopers and Lybrand would have legal access to the accounts of Datacom; and in view of the fact that, Madam Speaker, SADL, the 50-50 joint partnership between MTX and Al Bassam International is totally responsible for the control of purchase, sales, banking and administration for the Datacom Division of Al Bassam International, how are we going to understand what's really happening with that operation without having access to their books, and Coopers and Lybrand will not, according to his senior officials?

HON. H. PAWLEY: This is very much reminiscent of the first question the Leader of the Opposition asked this afternoon when he ignored advising this Chamber that he had also spoken to Mr. Jackson, but preferred to rest his case on not what he had found out from Mr. Jackson, whose word we honour in this Chamber, but rather to suggest that he was depending upon Mr. Ziprick's word only.

Madam Speaker, I am advised that this morning - Mr. Provencher was quite clear, that although there was no legal right of access, that there had always been access to the books of Al Bassam. That's quite a different statement than the one we just heard a few seconds ago from the Leader of the Opposition.

Madam Speaker, what is happening is that the Leader of the Opposition is becoming more and more concerned, because it's becoming more and more obvious to Manitobans that what is required is cool heads, properly investigating the allegations pertaining

to criminal conduct; allegations pertaining to irregular business practices, in the proper forum, in the proper way and not through postering and grandstanding for political purposes in this Chamber.

MR. G. FILMON: Madam Speaker, can the Premier give the assurance to the people of Manitoba that Coopers and Lybrand will have access to the books of Datacom Division of Al Bassam International? Will he give us that assurance?

HON. H. PAWLEY: Madam Speaker, we're not in a high school debating forum. The information this morning was very clear, though there was not a legal right of access - (Interjection)- Well, Madam Speaker, I happen to trust members of the committee from this side who were at the committee meeting who are going to give me the full story, unlike what I hear from the Leader of the Opposition who deals in half truths.- (Interjection)-

MADAM SPEAKER: Order please. Order please. Order. The Honourable First Minister, to briefly finish his answer.

HON. H. PAWLEY: Madam Speaker, as I indicated a few moments ago, the advice this morning in committee is one that is accurate as far as circumstances are concerned as of now, that although there is no legal access to the books of Al Bassam, past business practice indicates that access will be obtained unlike, Madam Speaker, what would be the case with a public inquiry, a judicial inquiry, when there would be not one iota of likelihood of access to such books.

MTS - accounting fees re MTX-SADL employees

MADAM SPEAKER: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Madam Speaker. My question is to the Minister responsible for the Manitoba Telephone System.

We learned today in committee that the Manitoba Telephone System, the MTX, pays the accounting fees for employees who choose to discuss their tax position prior to the acceptance of employment with MTX-SADL in Saudi Arabia.

Madam Speaker, there's no question that a good accountant would certainly recommend that for tax purposes the best thing would be to divest themselves of Canadian possessions and, in fact, to become a non-resident Canadian.

Is it acceptable to this government for a Crown corporation to be paying for the accountant's fees to recommend that individuals not pay their fair share of tax in this country?

MADAM SPEAKER: The Honourable Minister responsible for MTS.

HON. A. MACKLING: Madam Speaker, it's my understanding that employees who wish to take advantage of any employment opportunity, wherever

throughout the world where MTX had a contract, had available to them advice as to the working conditions in the area that they would work. Also, they would get the benefit of advice in respect to how they would properly account in respect to all of their matters, including tax matters, and the options, therefore, would be open to them to decide how they wanted to arrange their affairs.

MRS. S. CARSTAIRS: A supplementary question to the same Minister. Will the Minister order the cessation of such payments to accountants who may, in fact, provide advice to avoid the payment of proper Canadian and Manitoba taxes?

HON. A. MACKLING: Madam Speaker, I think this Minister and this government's concerns about tax reform in this country need no further argument. We have gone clearly on record as indicating that one of the problems in our society has been the shift from corporations to personal income tax and the need in this country for an overhaul of our tax system.

But the questions that were raised dealt with advising employees as to their rights and their obligations in respect to the new working conditions they would be facing in a foreign country. As part of all of that, there would naturally be a concern about where they pay tax and when they're working in a foreign country, what are their obligations in respect to tax? I am sure that information, how they would be reporting, would still continue to be relevant for any employee working beyond the shores of Canada.

MADAM SPEAKER: The Honourable Member for River Heights with a final supplementary.

MRS. S. CARSTAIRS: Yes, a final supplementary. Is it the intention of the Manitoba Telephone System and MTX to continue to pay the accounting fees advice for their employees?

MADAM SPEAKER: That question is repetitious. The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Madam Speaker. Will the Manitoba Telephone System-MTX employees still be given the benefit of accounting advice?

HON. A. MACKLING: Madam Speaker, I know that for some time the Telephone System, beginning in 1978, under the urgings of the previous administration, sought activities in Saudi Arabia and other places . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please. Order please. Order. The Honourable Minister responsible for MTS.

HON. A. MACKLING: Madam Speaker, for some time, certainly, beginning in 1978 when the former Minister, the Honourable Member for Pembina, urged the Federal Government to consider the Telephone System in operations in Saudi Arabia and, certainly, in 1980, when he wrote the letter that we're all very familiar with, the

arrangements of Telephone System employees working in Saudi Arabia were certainly to follow the accepted guidelines of Bell employees, CIDA employees, Federal Government employees that are seconded to work in foreign lands.

In those circumstances they are briefed and advised as to the changes in their working conditions, in the social customs, the traditions of the land in which they'll be working, and they are advised as to the accounting necessary in respect to their income for tax purposes in that land or in Canada or in both.

I think that kind of assistance to someone that's working in a foreign land, pursuant to a contract that's negotiated by a government or government agency, certainly would still be appropriate.

MTS - Information received by Provincial Auditor in 1984 re MTX operation

MADAM SPEAKER: The Honourable Member for Pembina.

MR. D. ORCHARD: Thank you, Madam Speaker. My question is for the First Minister.

Madam Speaker, the First Minister is greatly interested in getting to the truth in all of these matters with MTX, and in pursuit of the truth, particularly in what Mr. Ziprick was informed of and what Mr. Ziprick passed on to the then chairman of the Telephone System, would the First Minister consider it prudent, in pursuit of the truth, to contact Mr. Ziprick, ask him what information he received as Provincial Auditor in 1984, December, and to whom he passed that information on?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, Mr. Ziprick obviously doesn't have the documentation that Mr. Jackson has as to what went on insofar as discussions between Mr. Ziprick and Mr. Jackson.

Mr. Jackson has the documentation as to the discussion that took place vis-a-vis himself and Mr. Ziprick as to the allegations that were made by way of the anonymous call. Madam Speaker, I am satisfied that Mr. Jackson investigated all the allegations that were presented to him by Mr. Ziprick. There's no reason that Mr. Jackson would have done otherwise, except in the paranoid mind of the Member for Pembina.

I also have no reason to question the word and the integrity of Mr. Saul Miller, the then chairman of the MTX board.

MR. D. ORCHARD: Madam Speaker, likewise the First Minister has no right or reason to question the credibility of Mr. Ziprick, retired Provincial Auditor. Would he give Mr. Ziprick the courtesy of calling him to confirm what Mr. Ziprick has indicated transpired in December of 1984 in pursuit of the truth that this First Minister so desires?

MADAM SPEAKER: That question is repetitious.

MR. D. ORCHARD: Oh, Madam Speaker . . .

MADAM SPEAKER: The Honourable Member for Pembina.

MR. D. ORCHARD: On a point of order, Madam Speaker, the First Minister indicated that he had no reason to doubt the information given to him by Mr. Miller. Madam Speaker, the First Minister, by not contacting Mr. Ziprick, is putting his personal credibility in jeopardy and my question was to simply assure that the First Minister, in having the full information, would contact Mr. Ziprick.

MADAM SPEAKER: Order please.

The honourable member does not have a point of order. His second question was the same, or substantially the same as the first one. Whether the member is satisfied with the answer does not mean he can repeat his question.

HON. H. PAWLEY: Madam Speaker, can I respond, with leave of the House?

MADAM SPEAKER: Order please. The question is out of order.

Bill 4

MADAM SPEAKER: The Honourable Member for Virden.

MR. G. FINDLAY: Thank you, Madam Speaker. My question is to the Minister of Agriculture.

Last night and this morning, the Agriculture Committee heard public representation on Bill 4. Repeated presentations at public committee from farm organizations, credit unions, and the Canadian Bankers Association have called for the withdrawal of Bill 4 since The Federal Farm Debt Review Act should be given at least a one-year trial to see if it can do the job it set out to do.

Is the Minister now prepared to withdraw Bill 4?

MADAM SPEAKER: The Honourable Minister of Agriculture.

HON. B. URUSKI: Madam Speaker, clearly today's exhibition in this House indicates that the Conservatives are prepared to side with the banking institutions in this country, clearly.

Madam Speaker, the major farm organization in this province indicated in committee that they wished the bill to be passed. Their position is that they would like to see Bill C-117 operate. Madam Speaker, it should also be noted for honourable members that the Province of Saskatchewan, which has had moratorium legislation in place over the last two years, is in the process of negotiating the setting up of two separate boards working out a common interest even though we would have liked to have one board but could not get equal representation on the board from the Minister of Agriculture in Ottawa, Madam Speaker.

MR. G. FINDLAY: Because of the moratorium section of Bill 4, every public presentation says that availability of farm credit and the interest rate that will be charged will be increased.

Is the Minister prepared to remove the moratorium section of this bill?

HON. B. URUSKI: Madam Speaker, I think what I maybe should do for my honourable friend is repeat the comments that were made by the Vice-President of CAP early this spring, that the banking institutions should not use veiled threats and hold farmers of this province up to ransom. That's the kind of tenure, and if members opposite are prepared to bow to those kinds of threats, Madam Speaker - in questioning today no one, including the members from the credit unions, were prepared to say what additional cost, if any, would be associated with the threat of a moratorium.

Members opposite get their monies from the banks in terms of political contributions. They will stand and favor them, Madam Speaker, in this House.

MR. G. FINDLAY: Because the credit unions have just within the last two hours said that less credit will be available to the farmers in the spring of 1987, is the Government of Manitoba now prepared to step in and supply the credit needed for the farmers of Manitoba in the spring of 1987 if Bill 4 is passed?

HON. B. URUSKI: Madam Speaker, I want to tell my honourable friend that credit has been drying up, as has been admitted today in meetings, regardless of whether Bill 4 is here. As a result, Madam Speaker, this government, as a result of the tougher times that agriculture has been in, this province, in the absence of national action on support payments to producers, a national operating loan guarantee program, this province took, in guaranteeing operating credit for farmers over the last three years, in excess of \$100 million. That kind of action we've taken and I'm sure, Madam Speaker, we will be taking further action to do what is necessary to protect the Manitoba farmers from banking institutions who may, in fact, go overboard in this instance.

MADAM SPEAKER: The Honourable Member for Ste. Rose.

MR. G. CUMMINGS: Thank you, Madam Speaker. My question is to the Minister of Agriculture also. Despite the many efforts of the farm organizations in this province, the best efforts of the Opposition, despite the efforts of many concerned agriculturalists in this province, the Minister has continued to forge ahead with this unwise legislation.

If he continues to insist on establishing this Bill 4, will he consider bending every effort to put into place a cooperative and consultative process with Bill C-117?

HON. B. URUSKI: Madam Speaker, we have had, for two-and-a-half years in this province, a voluntary process that we set up in trying to deal with this question. We will not, Madam Speaker, stand by like members opposite will stand by and say let farmer after farmer go and voluntarily get off their land because they are insolvent, as the federal legislation states. Federal legislation basically states you're either viable or you're insolvent. If you're insolvent, get out, take transitional assistance and get out. We will not accept that process, Madam Speaker.

MR. G. CUMMINGS: Madam Speaker, there has not been one presentation that has encouraged the implementation of moratorium. This appears to be a politically-motivated bill.

MADAM SPEAKER: Order please.

MR. G. CUMMINGS: The concern of the farmers is not his primary concern.

MADAM SPEAKER: Order please, order please. Does the honourable member have a supplementary question? Question period is not the time for statements.

MR. G. CUMMINGS: Listen to what he says. He yaps here for an hour.

My question regarding Bill 4, Madam Speaker, is why does he insist on contributing to the confusion and the multiplicity of panels and boards? Will he not attempt to cooperate with Bill C-117 and simplify the process so that the farmers out there will be able to take one quick step, so that they can have the mediation, have the banks, have the farmer, have the supporting panels in place very quickly -(Interjection)-

MADAM SPEAKER: The Honourable Minister of Agriculture.

HON. B. URUSKI: Madam Speaker, I'm assuming that the quick step that the member makes reference to is to the 15 or 20 percent of the farmers that may have to leave the land, as has been exhibited by federal-provincial statistics and a number of farmers in trouble.

Madam Speaker, I want to reiterate any confusion in terms of the moratorium has been perpetrated by my honourable friends out in rural Manitoba. They have scared and conjured up visions of a moratorium. All that the legislation says is that the process and the criteria is different, it is not a moratorium in the way that members have portrayed it.

Madam Speaker, secondly, he talked about cooperation and he asked about cooperation with the Federal Government. Madam Speaker, it was I who initiated meetings with the Federal Government to attempt to resolve the setting up of the board. We wanted one board and we wanted equal representation. We were given three out of 10, Madam Speaker.

MADAM SPEAKER: The Honourable Member for Ste. Rose with a final supplementary.

MR. G. CUMMINGS: Well obviously the Minister is more concerned about the political stripe of the board members than he is about their abilities and their qualifications.- (Interjection)- That's right.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. G. CUMMINGS: Madam Speaker, if Bill 4 is going to be forced through, will the Minister now consider making it a consultative process so that the mediation panels in this province will work cooperatively and on a consultative basis with the panels set together under Bill C-117?

HON. B. URUSKI: Madam Speaker, I want to tell my honourable friend, unlike the non-consultative process and non-consultative basis that we received and the non-cooperation that we received from the Federal Government, I have offered and have received - and when I introduced Bill 4 to this House to consider names submitted by his colleagues - and, Madam Speaker, while some names have been submitted I also want to place on the record, that the member, their agricultural critic, indicated that he would provide me some background information on the experience of those people and the names that he's put forward. That information is not here.

Madam Speaker, the member talks about political qualifications. Who is the present president of the mediation board? A defeated Tory candidate. Who is the vice-chairman of the group? An MLA, a retired Conservative MLA. Would it not have been better to pick three, half and half, and have a mutually accepted chairman as I had put forward, Madam Speaker? That was rejected by the Federal Government.

MADAM SPEAKER: The Honourable Member for Ste. Rose with a final, final supplementary.

MR. G. CUMMINGS: Madam Speaker, if the Minister is positive that he wishes to be involved in a consultative process, then will he listen to the presentations that we've had in committee the last day and a half?

HON. B. URUSKI: Madam Speaker, I have listened to the entire presentations. I have raised questions. I want to tell my honourable friend that where we believe that constructive criticism has been made, we have responded and will continue to respond. But we will not bow to the pressures of the banking industry, Madam Speaker.

Farmers - assistance to

MADAM SPEAKER: The Honourable Member for Lac du Bonnet.

MR. C. BAKER: Thank you, Madam Speaker. My question is to the Minister of Agriculture.

We noticed yesterday that the Government of Canada came up with over a billion dollars in aid to the ailing oil industry. Have you had any indication by our counterpart in Ottawa, as to when the farmers' help will be forthcoming?

MADAM SPEAKER: The Honourable Minister of Agriculture.

HON. B. URUSKI: Madam Speaker, there has been billions of dollars of help to large corporations and banks. Within a short period of time there was help again to the oil industry. Madam Speaker, it's time that the Federal Government made its commitment to the farmers of this country and especially those in Western Canada. No, we have not.

International Baccalaureate Program

MADAM SPEAKER: Order please. Order. The Honourable Member for Roblin-Russell.

MR. L. DERKACH: Thank you, Madam Speaker. My question this afternoon is to the Minister of Education.

At the present time, Madam Speaker, there are some four high schools in the City of Winnipeg who are offering the International Baccalaureate Program as part or as an addition to their high school program. And in Estimates, Madam Speaker, the question was raised as to whether the Minister would take a look at providing resources to offer an enriched program to more schools in Winnipeg, or in the Province of Manitoba, because the schools that are presently offering the International Baccalaureate Program are drawing students from other schools, which is causing a problem in enrolment and revenue to other school divisions.

My question to the Minister is: Has he looked at offering resources to school divisions throughout the province, to be able to offer an enriched program in their high schools as part of the program?

MADAM SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Yes, Madam Speaker, I thank the member for that question.

I did indicate in committee that as an alternative to the IB Program, I thought it would be useful to look at the potential for further enrichment in the curriculum, the "Made in Manitoba" curriculum; and that is something that will be reviewed and certainly, I believe, will be part of the high school review.

The second question, the implication of introducing enrichment in any respect, of course, requires funding. And as the member can appreciate, there is a whole variety of needs out there that require additional funding ranging from special needs students to transportation needs, and of course all of those have to be addressed within the financial limitations that we face. But that obviously will be listed among the projects to be completed over the coming years. It's an important one.

MR. L. DERKACH: Madam Speaker, can the Minister indicate to the House as to when he intends to undertake to take a look at offering the resources to school divisions, so that they can provide an enriched program to high school students in Manitoba?

HON. J. STORIE: Madam Speaker, I don't think I can offer the member any assurance that that's going to happen quickly.

Clearly before you decide on any resource allocation, you would want to know what kind of enrichment we're talking about; you would need some time to develop the appropriate curriculum; all of which would take some time and require considerable consultation with school divisions, with the appropriate instructional area; and after the courses are devised then there is some assessment of the cost implications, then we would proceed to make any announcement.

MR. L. DERKACH: Madam Speaker, the Minister indicated in his answer to my first question that the high school review panel would be taking a look at this particular area.

Can the Minister advise the House whether the review panel itself is now in place and who the members are? - because I think there were still one or two members who had not been announced - and when will this review panel begin its work in terms of the high school review in Manitoba?

HON. J. STORIE: Madam Speaker, I had indicated at the inaugural meeting of the committee that I would be releasing a list of all of the appointees. They have all been announced, but I would also like to provide some background information on each of the people who will be serving on the committee.

The initial meeting of the committee, I believe, is the 25th or 26th of September, at which time obviously the main terms of reference will be dealt with and if there is to be any subcommittee work, it will be established at that time.

I would be more than happy to provide members opposite with a list of the committee members and their curriculum vitae at that time.

Manitoba Public Insurance Corporation - quarterly payments of premiums

MADAM SPEAKER: The Honourable Member for Minnedosa.

MR. D. BLAKE: Thank you, Madam Speaker. My question is directed to the Minister responsible for the Manitoba Public Insurance Corporation.

In view of representations made to him, I wonder if he has discussed with the board the possibility of putting the premium payments on a quarterly basis rather than on a semi-annual basis.

MADAM SPEAKER: The Honourable Minister responsible for MPIC.

HON. J. BUCKLASCHUK: Yes, thank you, Madam Speaker.

That is a matter that's been under review for some time. I have not yet received a report, but when I do, I'll certainly advise the House.

MADAM SPEAKER: The time for Oral Questions has expired.

ORDERS OF THE DAY HOUSE BUSINESS

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Yes, Madam Speaker, this is to confirm that the Standing Committee on Agriculture will be meeting this evening at eight o'clock to continue consideration of bills referred to it.

There will be, this afternoon, Estimates taking place in the committee room and in the Chamber. It's my understanding that we will be waiving Private Members' Hour upon agreement with members of the Opposition.

And this evening, most likely, just the Estimates going on in the Chamber itself. - (Interjection)- And Agriculture

going on in the committee room. I had mentioned that earlier.

I move, Madam Speaker, seconded by the Minister of Agriculture, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Burrows in the Chair for the Department of Culture, Heritage and Recreation; and the Honourable Member for Kildonan in the Chair for the Manitoba Jobs Fund.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - JOBS FUND

MR. CHAIRMAN, M. Dolin: . . . Page 142, Manitoba Jobs Fund dealing with Resolution No. 144, the Minister has a statement.

HON. V. SCHROEDER: In answer to the question yesterday with respect to Lawson Graphics, there is no Jobs Fund money in that operation whatsoever.

MR. J. DOWNEY: Mr. Chairman, I have a couple of areas that I would like to ask some questions on.

One of them is dealing with a letter which I just received from - I guess it's from Manitoba Jobs Fund, that's what's written all over the top of the right-hand corner of the letter - the request went forward or the inquiry went forward from myself as the Member for Arthur to see if there was assistance available for the Community of Lyleton, who had problems with a major hailstorm through that area this summer. There was an inquiry as to what might be available for the reshingling of the church.

The reason that prompted these people to contact me was because of the big Jobs Fund sign that was held up on the neighbouring community's church of Pierson, where there was Jobs Fund money available to some restoration of that building. Now the letter which I received on August 29 indicates that there is no longer a program available.

I'm wondering, where would the one church get the funds from and not the other? Why is it for one and not the other? That's really the question that they're going to be asking me, so I would like it cleared up at this particular time. Are there going to be funds available? And if not, then why not?

HON. V. SCHROEDER: Mr. Chairman, the program under which the church in Pierson would have received the funds, they would have applied last year before some time in roughly October or so, and therefore would have been eligible for last season's program. For the coming season there still is no program in effect.

We indicated, I believe in the budget documents that we're looking at a new, or at a successor program funded through Lotteries, which hopefully will come forward over the next several months or so and would then be announced. It still has not, to my knowledge,

been approved by either the Minister or the Economic Resources Investment Committee of Cabinet. Beyond that stage it would have to go Cabinet first before it gets approval.

I wouldn't be able to say specifically that this particular project would be eligible under the new criteria. I don't know what the new criteria might be. I'm sure that people will be able to recognize that sometimes those things change somewhat; so I wouldn't want to give any commitment that the new program would guarantee some funds for that project.

MR. J. DOWNEY: I thank the Minister for that response. However, at this particular time then, one would assume from the answer, that there is no fund available either from Lotteries or from any Provincial Government monies for the Jobs Fund, that there really isn't a program available. One could not expect to see a new Jobs Fund sign or a new project taken on with government support under either the Lotteries Fund or the Jobs Fund, that it is completely dried up. Is that correct, in my understanding?

HON. V. SCHROEDER: No, no, Mr. Chairman. There is an approximately \$12 million MCAP, Municipal Capital Assistance Program which is - I'm sorry, \$8 million. This is that \$8 million portion where churches would have applied, community clubs, sports facilities, general community asset programs. That's the program, not the other \$190-some million. In most instances the program has continued on past the Estimates this year.

MR. J. DOWNEY: Mr. Chairman, I think it would be helpful and maybe these questions are repetitive that I'm going to be asking, but wouldn't it be helpful - we're dealing with taxpayers' money, we're dealing with programs. Is there a straightforward regulation or policy guideline dealing with Jobs Funds money and all the programs? Is there not some form of a list as to what is available and where people can go? We're being told here now - I'm somewhat confused because you make reference to an \$8 million fund, that this would have been the program which the church would apply to. Now there's another \$180 million or 190 million under the General Jobs Fund Program. What are the regulations that are the criteria for the disbursement of those funds which you're asking the committee to support today? What are the purposes of those funds? How does one tap into them or for what kind of projects? As I say, is there not a governmental guideline, policy, regulation or some form of description of what the program is? I somewhat confused, I'm sorry, Mr. Chairman.

HON. V. SCHROEDER: Mr. Chairman, it is somewhat difficult to - we can go back over all of the material we provided to the members yesterday as well. Again, I indicated yesterday that certainly I would see it as a priority to provide more information than we have provided up until now, for the future. This year, quite frankly we were busy with many other things.

Basically, the format is similar to what it was the year before. The year before we were still in very much of a start-up mode and there was some amount of experimentation and so on. We expect to provide better information for next year.

But within that amount of just under \$200 million, we're looking at things like CareerStart, which the member would be familiar with. We would advertise that at the particular time of year when students would be coming out in the summer time. The Co-op Homestart, the Cultural Enterprises Film Support Development Agreements we discussed at some length; the Jobs in Training Program where employers are paid a portion of the wages of people getting into training occupations; the Rentalstart; Technology Commercialization; Technology Graduate Scholarship Program; the Venture Capital Program; the Youth Business Start, and so on. There's Affordable New Homes; one can go on through the whole amount of money.

MR. J. DOWNEY: Mr. Chairman, I guess it's pretty obvious that somebody had better put a handle on this whole fund of taxpayers' money that is being disbursed any numerous areas and I guess the Auditor certainly has to be supported in his comments and his request for accountability of the program. That really is the nub of what I'm trying to get at and the public have a very difficult time in trying to get a handle on what is available and the process in which they get support from. It appears to be pretty and the Minister admitted it earlier, that it is the start-up and all this type of thing.

At what point will they be introducing legislation saying this is the legislative guideline, or this is the legislative process which we will be setting up to support the Jobs Fund? Never has that taken place and I think it's now to the size and magnitude of almost \$200 million where one would expect a little more accountability and direction as far as both the government are concerned and the general public's knowledge as to the availability of it and how it's to be handled.

HON. V. SCHROEDER: Mr. Chairman, there is legislation. I don't think that's the problem. I think where I would say that we should probably improve is in showing to members clearly on a line-by-line basis the areas where we know we're going to spend money in a particular year and the rough allocations. There are obviously always going to be unallocated portions if you're looking at things as an example, like development agreements and so on.

But here, the particular program the member is concerned about, the Manitoba Community Assets Program, we had indicated as I said previously, there had been no money allocated for new applications for the current year. We have indicated that we are looking at a revised program and when that program comes out, we will advertise it, as we do with all those other programs. So people do become aware of them.

We do our best to target the population that would be interested. Obviously, if it's film support, there is not that large a number of Manitobans who would be contacted about it. If it's CareerStart, we our best to touch base with all the people who are at our community colleges, universities, high schools and so on. So we do our best and we'll try to do better.

MR. J. DOWNEY: Well, Mr. Chairman, another area, and that flows from the document which the Minister provided under the Jobs Fund sector and program

descriptions. I go to J on Page 2, I guess it is, and 3. Anyway, it's the Native Economic Development Program and it's pretty scanty as to really what the government is proposing. It's \$2 million over five years in support of Community Economic Development Ventures. Well, that's an overall broad statement of support for Economic Development.

Does the Minister have or will he have a more defined list or detailed information as to, again, what security, what the government is getting, what the taxpayers are getting for their dollars invested? How do people apply? Is the \$2 million ready now or will it take three years to go through the discussions and then have the \$2 million available?

First of all, there's an accountability factor and the other side of it is how is it going to be available for that community to use and how soon will it be available? What stage is it at?

HON. V. SCHROEDER: Mr. Chairman, the Minister of Business Development and Tourism is the lead Minister on that. It was discussed briefly yesterday, but I don't know exactly when she'll be back.

MR. J. DOWNEY: I guess that just supports what has been said earlier, Mr. Chairman. We have any series of Ministers, a number of Ministers who are dipping into the Fund and have some responsibility. How do you, as a government, keep track of what's going on when several Ministers have different responsibilities for different portions of it?

I would think it would be incumbent upon the government, on behalf of the taxpayers, to get a handle on it and bring it into some form of control so there can be questions on it.

I will accept the fact that there is another Minister responsible; I'll try and get that answer from the Minister if she can provide it to me in writing, hopefully, very shortly. I won't delay the committee process.

HON. V. SCHROEDER: Mr. Chairman, I indicated that I believe that question had been answered yesterday. I can just add on to it . . .

MR. CHAIRMAN: Can we have a little order, please?

HON. V. SCHROEDER: Just a little.

MR. CHAIRMAN: Can we have a little more order, please?

HON. V. SCHROEDER: I can say, Mr. Chairman, that the funding is contingent, of course, on the federal money flowing, and they're looking for \$12 million, I believe it is, federally, as well as this funding.

Obviously, there would be safeguards from both levels of government that we would all look for, but the details of that again would be . . .

MR. J. DOWNEY: What is the process? There's \$2 million being put aside or being allocated for the Community Economic Development Ventures under the Manitoba Metis Community Investments Incorporated. I'd like to know the process.

Does the application go to the Minister of Business Development? The application goes to her office or to

her department. Then what is the next step? Does that go to the management committee or what steps of approval does it go through? From the Minister's office, does she take it to what's been formally management committee for approval under that group and then to Cabinet or what kind of process does it have to go through?

HON. V. SCHROEDER: The program would be developed by Business Development and Tourism with, in this instance, obviously some input from that particular corporation, Treasury Board, and the federal people involved on the other side of it. They would bring a proposal then to the Economic Resources Investment Committee in Jobs Fund Board, which would review it. They would also have staff analysis of it at that stage. They would make a decision on it, it would be minuted, and the minutes would go through Cabinet for final approval or rejection.

MR. CHAIRMAN: The Member for Minnedosa was next on the list. Do you want to . . .

MR. D. BLAKE: Thank you, Mr. Chairman, I have one or two questions under section 8-H, Transportation. There's \$9 million there for the provincial commitment to the three federal-provincial agreements. I wonder if we could have a little more background on that.

HON. V. SCHROEDER: I'm sorry, there were about three people talking at the same time and I know you're talking about some agreement . . .

MR. D. BLAKE: Transportation, the \$9 million there under the three federal-provincial agreements, I wonder if we could have some detail there. The Minister indicated earlier he'd be happy to provide that.

MR. CHAIRMAN: The Minister of Highways and Transportation.

HON. J. PLOHMAN: Well, there is some \$9 million between actually the two major sub-agreements: the Churchill Sub-agreement and the Transportation Development Sub-agreement. The major part of the Churchill Sub-agreement, the cash-flow projections there are for \$4,850,000 - I'd hate to go through this, Mr. Chairman, and not have the member hear it.

MR. D. BLAKE: Right. Sorry about that.

HON. J. PLOHMAN: \$4,850,000 that has been budgeted for the rehabilitation of boxcars or the production of the lightweight rail car. There was some \$38 million in the sub-agreement over the five-year period for rolling stock, and \$6 million was spent last year on rolling stock to rehabilitate I believe 339 boxcars - \$3 million from the province and \$3 million from the Federal Government.

We had insisted that those boxcars rehabilitation take place last year even though the Federal Government did not want it to take place on the basis that Ron Lawless and the CN had indicated they weren't necessary to supply Churchill with up to 750,000 tonnes per year of grain. It turns out this year that they aren't

even able to meet the commitment with the cars that they have, and so we're very pleased that we were able to have 339 of these rehabilitated last year. That leaves \$32 million left in the budget between the two levels of government.

The hope is that the decision will be made very shortly to go forward with the production of the lightweight rail car to spend the majority of that money. However, if the Federal Government will not agree to that, we are going to have to insist on boxcar rehabilitation or building of new boxcars that would have a longer life so that Churchill can be secure insofar as rolling stock for the foreseeable future, and that that is not used as a limitation or as an excuse not to ship through Churchill. It's unfortunate now, even with the strike at Thunder Bay, that they can't even utilize Churchill to the maximum because of those limitations on rolling stock.

So, we have money in there from our side to provide for rolling stock in the coming year. That's the majority under the Churchill Agreement. There's \$4.99 million in the Churchill sub-agreement; \$4.85 million is for rolling stock. The rest is for some studies for the development of Churchill's potential, administration and some communications activities.

As well, the Transportation Agreement has some 3.2527 million. Most of that, I believe, is for the Transport Institute, for the construction. We've put in a substantial amount of money this past year, and the projections are for another \$3.252 million for cash flow this year. Again there was, I believe, \$5.8 million between each level of government for the Transport Institute, and the remainder was to be raised from private sources, and the Administrative Studies Building at the University of Manitoba. We are providing, as I mentioned, that figure of \$3.252 million for construction for this year, for cash flow; \$380,000 for programs for the operation. There was also a commitment by Manitoba to fund the ongoing operation.

There is also some cash flow on the railbus from the province, of \$50,000; administration, \$80,000; and some on communications of \$75,000.00. The Transportation Industry Development Advisory Committee, which is the high-level committee that was set up to promote and to support transportation development in this province, chaired by Arthur Mauro of Investors, of whom you may be aware, and other money for transportation analysis studies that are ongoing at the present time. So, that totals \$4.4464 million. So, there's where the two added together should give the members the figure that was mentioned.

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: I thank the Minister for that answer. I'm sure he realizes, even with 10,000 boxcars rolling into Churchill, the amount of grain they could ship out of there wouldn't really put too much of a dint in the amount of grain that has to be moved, that's going to be tied up by the strike, much as we encourage movement of the maximum amount of grain through the Port of Churchill.

I just noticed recently, Mr. Chairman, there would appear to be a piece of election material that didn't get finished on time and is now being filmed on the

Port of Churchill, put out by the Department of Highways and Transportation, a project of the Manitoba Jobs Fund. I wonder if the Minister might tell us what that film cost us through the Jobs Fund.

HON. J. PLOHMAN: Mr. Chairman, first of all on the matter of Churchill, in terms of the amount of grain that can move, the Port of Churchill is probably the only port that has one shift working per day rather than two or - well, I guess the others have none, or Thunder Bay has none right now - but they work around the clock in many instances in other ports.

The potential for Churchill, if the grain can be supplied by rail to the port, is up to two million tonnes a year, and you start getting into some rather significant figures and significant impact on the grain scene when such things as breakdowns occur at Thunder Bay or in the Seaway anywhere, or other labour disputes, work stoppages and so on, that result. There could be a significantly viable alternative at Churchill and we shouldn't minimize the importance of developing it to its full potential. That's within the existing season. As we lengthen the season, there's obviously more potential there and with the new insurance rates, I think it is acting as an incentive.

A MEMBER: You could get Hydro, get some lights and they could work at nights.

HON. J. PLOHMAN: We want to continue to promote - what did he say? Well, that's right. I think, as a matter of fact, they could be working 24 hours a day with three shifts and bring those ships in and out of there in no time flat. As it is, they load them - the turnaround time there, the Dutch captain has informed us, is much faster than at Thunder Bay because they don't get all this waiting time. So, they are very pleased with the operations at Churchill, and it could even be faster if they were working around the clock, that's true. I'm glad the member raised that and with Hydro coming into the port, the line being constructed at the present time and finished for next year, that's going to make a significant difference in the cost of energy there.

Insofar as the communications, the member asked about a film. I'm not sure whether he's talking about a BETA or VHS tape or whether he's talking about a slide presentation. We do have several versions. - (Interjection)- I haven't been watching Channel 13 five minutes ago.

I should mention that there was a slide presentation developed last year by both levels of government, through funding of both levels of government, under the Communications Program for the sub-agreements on both the Churchill sub-agreement and the transportation development sub-agreement. The purpose of that was to provide promotion for the Port of Churchill, but also to publicize the various components of the sub-agreement so people are aware of the kinds of initiative and the all-encompassing initiatives being undertaken through the sub-agreements for Churchill. So, that was undertaken the last couple of years.

MR. D. BLAKE: I'm aware of the sub-agreements but I'm interested in the cost.

HON. J. PLOHMAN: Now, the cost, that was done privately. I think it was in the neighbourhood of \$20,000 to \$30,000.00. I don't have the exact figures, but I could get those figures for the member. I'm not at all ashamed of them. I think that we really got a good product.

MR. D. BLAKE: Fine, I was interested - the closing title on it was Department of Highways and Transportation, Project of the Manitoba Jobs Fund. That's what brought it to my attention.

HON. J. PLOHMAN: And Canada.

MR. D. BLAKE: I don't see "Canada" on it. I thought it was a National Film Board production, but I waited until the end to catch the credits on it. Did the Minister say it has nothing to do with the election?

MR. CHAIRMAN: The Minister of Highways and Transportation.

HON. J. PLOHMAN: Mr. Chairman, I just want to point out that -(Interjection)-

MR. CHAIRMAN: Order please.

HON. J. PLOHMAN: I was recognized by the chairman. I just wanted to point out there was a comment made about some election material that wasn't completed. Actually, this was completed last year in plenty of time for the election, but that wasn't the purpose of it.

MR. D. BLAKE: That's fine, Mr. Chairman. If the Minister would give us the cost of that, that's fine. Thank you very much.

MR. CHAIRMAN: The Member for La Verendrye.

MR. H. PANKRATZ: First of all, Mr. Chairman, I just heard the Minister of Highways make such a good spiel about Churchill and as much as I think the Port of Churchill is a great port, I think he should - to the members who are not familiar with it - it is an outdated port. I think that has to be realized and the equipment could never handle two million tonnes a year. The study pointed out that the maximum of the port, I believe, could be one million, and so I would just like, for the record, to clarify that because I've seen all the outdated equipment and everything in there, so once you start bringing in new hopper cars, you can't unload them either. That's the problem with the port. We're all familiar with the port.

My question, Mr. Chairman, is in regard to this paper that was circulated yesterday, Cooperative Development, and supported by counselling assistance. I'd like to find out, the feasibility studies, this \$120,000 budgeted, where was that stated in the budget, the \$120,000.00?

HON. J. PLOHMAN: Mr. Chairman, before the Minister answers that, there was a comment made that we put incorrect information on the record. The new lightweight rail car was specifically designed for the facilities at Churchill, as well as other unloading ports throughout

the country, and it is excellent. It's very efficient in terms of unloading at the Port of Churchill, so that is absolutely incorrect to say that those cars could not be unloaded at that port.

In addition to that, the loading facilities may be relatively dated in terms of time, but very efficient in terms of operations, and there is no reason why with three shifts - I'm talking three shifts a day - to get to two million tonnes, that that could not be done. The one million that the member refers to can be done with an efficient operation on a one-shift basis.

MR. H. PANKRATZ: Yes, I just would like to make a correction to that statement. I believe the Minister of Highways didn't understand me correctly. I was referring to the old hopper cars and the new hopper cars that are put on the main rail, the line across Canada today, they cannot be unloaded at the Port of Churchill.

The new ones, those, naturally, will be able to be unloaded providing they will have adequate hopper cars available. But I don't think that's where we want to get into a discussion or into an argument with at this time.

MR. CHAIRMAN: I was just going to suggest that was properly an area for Highways and Transport. You did have a question to the Minister which I think he wishes to respond to.

MR. H. PANKRATZ: That's right.

MR. CHAIRMAN: The Minister of IT and T.

HON. V. SCHROEDER: Mr. Chairman, really, it's a question for the Minister of Co-op Development but I will do my best to answer it.

This program was announced back in October of '85 and that \$120,000 is basically for feasibility studies to determine the feasibility of and start-up of worker cooperatives, supported by this counselling assistance. We would expect that, as well, there would be some staff costs.

We have assisted a number of operations since then in terms of consulting and loan guarantees, and so forth. The consulting, generally, is not that expensive. They tend to be smaller projects, so you can do a fair number for that amount of money.

MR. H. PANKRATZ: Mr. Chairman, could the Minister indicate how many studies have been done or how many studies this would make possible, or how many are involved, I should ask?

HON. V. SCHROEDER: The Minister is here now and he would be able to . . .

MR. CHAIRMAN: Would you like to repeat the question for the Minister? The Member for La Verendrye.

MR. H. PANKRATZ: Mr. Chairman, I was just asking a question in regard to Cooperative Development. There's 120,000 budgeted for low-cost feasibility studies. Could the Minister possibly indicate to me how many studies and what kind or what for?

HON. J. COWAN: I'm sorry, I just missed the last part of the question again, sorry.

MR. CHAIRMAN: The Member for La Verendrye. Do you want to repeat the question?

MR. H. PANKRATZ: In this program description of the Jobs Fund, which was circulated yesterday, under (g) Cooperative Development, there it states that there is low-cost feasibility studies which will be done in the next few months at the cost of \$120,000.00. Maybe you could indicate to me how many and for what studies they would be made available.

HON. J. COWAN: That's part of the employment cooperative initiative and the department is currently working with 12 potential employment cooperatives. The ones that have had work done with them now are as follows: Gaia Reforestation and we've given them consulting assistance and a loan guarantee for \$5,000; Vent-Air Industries which we discussed during the Estimates process, consulting and a \$339,000 loan guarantee; Bear River Resources, we've done consulting work with them; Femmedeia Production, consulting work with them; Riding Mountain Resources, consulting work; Accu-Graphics, consulting work and a \$43,500 loan guarantee; Crocus Information Management, consulting work and a \$5,000 loan guarantee; PRT Manufacturing, consulting work and a \$250,000 loan approved with about \$62,400 advanced to date; PAMS Construction Co-op Limited, consulting work with them; Neechi Foods Co-op Limited, consulting work with them - N-e-e-c-h-i; and C.F. Employment Resource Group Cooperative Limited, and we've done consulting work with them.

The consulting work, of course, is at work which the departmental staff do on a one-to-one basis with the different co-ops during their form of the developmental and maintenance stages.

MR. H. PANKRATZ: Mr. Chairman, to the Minister, would you be willing to table the report that you just read out to me?

HON. J. COWAN: What I would have to do is have it reformatted, but I'd be prepared to provide that information in writing, yes.

MR. H. PANKRATZ: My next question to you, Mr. Minister, would be: the \$1.1 million loan funding for 1985-86 should be sufficient for a number of smaller initiatives. Were these the same initiatives that you were reading off now at the present time, because I understand this was just for the study.

HON. J. COWAN: Well, the loan guarantees are sometimes for feasibility studies and sometimes for actual capitalization of the project.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: I'd like, and I think what the member is asking - we understand feasibility studies, budgetary and 1.3 million loan funding for 1985-86 should be sufficient for a significant number of small initiatives. We're talking 1986-87 - aren't the Estimates you're looking at - have you got a carry-over here or what is it?

HON. J. COWAN: Yes, it's basically through the MGEA trust fund, so it would be carry-over monies to some extent, yes.

MR. F. JOHNSTON: Okay, so there isn't anymore budgeted for this year, it's a carry-over from last year.

HON. J. COWAN: That would be essentially correct for that component of the program.

MR. F. JOHNSTON: Yes, all right.

HON. J. COWAN: But only for that component of the program, there's other components . . .

MR. CHAIRMAN: The Member for La Verendrye. Before the member starts, could I ask the people at the rear of the table to keep the conversation down. It's hard to hear at this end of the table.

A MEMBER: These guys keep talking here.

MR. CHAIRMAN: Do you want to move it to the back please, if you wish to have private conversations. It's difficult to hear at the front.

The Member for La Verendrye.

MR. H. PANKRATZ: Thank you, Mr. Chairman. It's unfortunate that you have to put up with this, but I guess it's a matter of time.

MR. CHAIRMAN: Well put.

MR. H. PANKRATZ: Mr. Chairman, my next question to the Minister would be: would you also table a list of the amounts and to whom this amount of funding for 1985-86 has been funded?

HON. J. COWAN: Yes, that wouldn't be any problem. I think what the member is asking, can I provide it to him rather than table it, because we'll be out of Session in the near future. I will provide it to him in writing, intersessionally.

MR. CHAIRMAN: The Member for Gladstone.

MRS. C. OLESON: Thank you, Mr. Chairman.

With regard to the Manitoba Jobs In Training Program, the sheet that was issued today states that this program now operates on a continuous intake basis. The Minister told me in Estimates that it has now concluded its cycle and a new cycle would start up in the fall.

Apparently people that phone in are being told that it's in force, have resent application forms, and then when they fill them out and send them in, they find there's no money in the program. Now is there a new program starting up and when is it starting?

MR. CHAIRMAN: The Minister of Economic Development.

HON. L. EVANS: Mr. Chairman, there is a new program starting up. The details of the program will be announced within the next few weeks, and application

forms will be made available at that time to potential employers.

I might add that the program has been very successful. The last phase of the program has been very successful. We approved over 3,000 jobs and these are permanent jobs because the employer must undertake to maintain that job after the wage subsidy has run out.

At the present time, even though the program is not receiving any applications because we've come to the end of the cycle, there are nevertheless well over 2,000 people still being financed by wage subsidy under that program, but we are planning within a matter of just a few weeks to announce the details and to make the application forms available to employers.

MRS. C. OLESON: When did the cycle end? Like when did the money run out and then stop processing application forms?

HON. L. EVANS: I haven't got the precise information. It would have been through the summer period, but as I say, there is still money flowing. We have over 2,000 people currently being subsidized under the program, but we're just not in a position to take additional applications for approval because we have come to the end of our authority. It would have been a matter of sometime this past summer.

MRS. C. OLESON: Would the Minister undertake to have his staff inform people of this when they phone in to his office. They see the advertising, they see there's a program and, as this paper states, it's supposed to be a continuous program . . .

A MEMBER: What advertising?

MRS. C. OLESON: People tell me that they have been made aware of this program in some way. They phone in and they're told yes. They're sent an application form and yet there's no money there, so perhaps the staff could tell people when they phone that there will be a new program and that there won't be money available now, it's almost false advertising.

A MEMBER: What advertising?

MR. CHAIRMAN: Order please.

A MEMBER: She can't say false advertising . . .

MRS. C. OLESON: The people whose application forms have been sent out and received by the office, will they be given a priority when the new program starts up?

HON. L. EVANS: Mr. Chairman, we ceased taking applications by the third week of May of this year, I'm advised by staff.

But I want to assure the honourable member there has been no advertising this year for this program whatsoever. I believe the advertising ceased towards the end of last year. So there's been no advertising whatsoever in 1986 that I'm aware of for the Jobs in Training Program. But those employers who have expressed an interest - I believe we have kept their

names on file - and they will be sent the material when it's available in the next few weeks.

HON. V. SCHROEDER: Mr. Chairman, the member has suggested that there's false advertising. There is no advertising and I would ask the member to withdraw that allegation or come up with some advertising that's been happening this fiscal year.

MRS. C. OLESON: Well, if I have misinformed the committee, I will apologize. But I am told and I heard it myself that during the election campaign, it was certainly touted that there was this program and people were led to believe that it was ongoing and would be ongoing. Your own paper states that it's continuous. So I'm just wondering where the discrepancy lies.

HON. V. SCHROEDER: Mr. Chairman, there has been no advertising of the program. The paper is not a paper that has been out there publicly before yesterday when I distributed it in this committee. So it is simply not a fact that we have been misinforming the public or doing any kind of false advertising when we've been doing no advertising, and I resent the implication.

MR. CHAIRMAN: I would point out to the Minister that the member did withdraw.

The Member for Gladstone.

MRS. C. OLESON: On another topic, the CareerStart and Community Assets Programs, I had asked for an Order for Return both last year and this year and I have not received them yet. I was told during the Estimates of Employment Services that this was because they had to be translated.

Under what legislation or what authority do they have to be translated?

MR. CHAIRMAN: The Minister of Economic Security.

HON. L. EVANS: I'm going by, and I don't know whether it's legislation, but I'm going by what I understand is a procedure that has been laid down, but that was one. I checked only this morning, I might advise the honourable members, Mr. Chairman, with the staff, with the hope that we could have some of that information tabled this week, I'm advised that it is possible that some of that will be available this week. There are other parts that are still not available because the Careerstart information in particular is very, very detailed. The member asked for a lot of detail and it's taken a lot of work and a lot of money, many thousands of dollars. As soon as that is prepared, finally, it will be given to the member and if the House isn't sitting, we'll certainly mail it to the member.

The translation isn't that big of a problem, but the advice I've had, is that any textual material, accompanying orders, Orders for Return, are to be translated, as a matter of practise that has been established. I can't point to any specific legislation on that. I understand that is the procedure that we are to follow.

But I'm hoping, nevertheless, that some of that material will be available very shortly; and as I said if we can't table it in the House, then we will endeavour

to mail it to the member as soon as I get it. I don't have it.

MRS. C. OLESON: Well, I would be happy to receive it in English, and if it has to be translated later, so be it. But I don't need it in both languages.

The program referred to on the last page here, Project Recognition, and listed as Program Recognition on the Jobs Fund listing, is that to do with the program through employment services with regard to immigrants?

HON. L. EVANS: Yes, this is correct, Mr. Chairman. It's to assist landed immigrants who have qualifications from their own country, but are having difficulty getting employment in their particular skill or their particular profession, quite often because of language problems.

What it does is provide them with some opportunity to get relevant experience in this country and therefore to launch them on their profession that they have been trained for or their particular technical skill that they have been trained for. It is a program that's worked in cooperation with employers who share the costs with us.

MRS. C. OLESON: I see the appropriation for it is down considerably this year. Does that indicate there are fewer people needing the program?

HON. L. EVANS: I wouldn't say there is an indication of fewer people needing the program, Mr. Chairman.

MRS. C. OLESON: Mr. Chairman, then what is the reason for the decrease in funding?

HON. L. EVANS: I don't know what information the member is looking at. The information I have is the total commitment for 1985-86 was \$167,500; but for 1986-87 it is now increased to \$173,000.00. This is the cash flow projections and the commitment schedules; so that availability of funds is slightly higher now than it was last year.

MRS. C. OLESON: I'm going by this listing that the Minister provided us with under Program Recognition 1985-86: 113.1; and under 1986-87 - oh, maybe where the discrepancy lies is that this is half a year - it says to August 15, maybe that's it. Have you got the listing?

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

HON. V. SCHROEDER: That's the cash flow, right.

What the member is looking at is the actual cash flow to August 15 and the actual cash flow in the previous year. That's why.

MRS. C. OLESON: Oh, I see. So essentially it is pretty much the same. Okay, thank you.

MR. CHAIRMAN: The Member for Emerson.

MR. A. DRIEDGER: Thank you, Mr. Chairman.

I just want to raise a question on Article A, Forestry. There is \$3.4 million for ERDA Agreement, and \$3.3 million Supplementary Sectoral Activity, will provide for

significant ongoing activities in approving the forest resource and forest management situations in Manitoba.

I wonder if the Minister of Natural Resources could maybe just indicate the spending and clarify the job creation that it will do. Why it would be under the category of Jobs Fund?

MR. CHAIRMAN: The Honourable Minister of Natural Resources.

HON. L. HARAPIAK: I don't have the specific information here as far as the number of jobs created. I can get that very quickly. In fact, you have copies of that here.

HON. V. SCHROEDER: Mr. Chairman, we've got last years results here. Work weeks in the ERDA forestry, 2,271.4; in the sectoral forestry, 4,116, for a forestry total of 6,387.4 work weeks.

MR. A. DRIEDGER: I have difficulty understanding. Here we have 3.4 million for ERDA and 3.3 million supplementary, and that is under forestry. That is what I was asking clarification for. What is that? The Minister's given me 6,000 or 600,000, but . . .

HON. V. SCHROEDER: I'm sorry. We misunderstood the question. We thought you were asking for work weeks.

MR. A. DRIEDGER: No, I just wanted sort of an explanation as to . . .

MR. CHAIRMAN: To the expenditures.

HON. V. SCHROEDER: What we're spending the money on?

MR. A. DRIEDGER: That's right.

HON. V. SCHROEDER: Okay.

MR. CHAIRMAN: The Minister of Natural Resources.

HON. L. HARAPIAK: I have considerable detail here and I'm not too sure to what extent the member wants to hear the detail or whether he would just want to hear the major projects that are undertaken.

MR. A. DRIEDGER: Mr. Chairman, I wonder if the Minister has copies of the breakdown there. Possibly, if I could get copies of that, that would give me an opportunity to look at what it's being spent on. I don't think it's a matter, Mr. Chairman, of any difficulty to have the Clerk maybe run off copies so that we can establish exactly the details instead of going through the whole process.

HON. L. HARAPIAK: I can make that information available, but perhaps it should just be briefly read into the record.

Under the ERDA Agreement, the primary activity was in the area of the Pineland Nursery and the Clearwater Nursery, a considerable expansion in those areas to

support the capacity for reforestation. Under the sectoral program, there was considerable effort in terms of planting activity in the fields. There was an irrigation system implemented at Pineland Nursery, some access roads in different areas, and various stand management kinds of activities, thinning, cone collection, scarification and some spraying projects.

But having given that brief overview, I would be prepared to get a copy of this to the critic.

MR. A. DRIEDGER: My question then to the Minister responsible is: why is that under the Jobs Fund here? Why would that not be under the Department of Natural Resources as normal expenditure.

HON. V. SCHROEDER: Mr. Chairman, the member wants to know what we're spending the money on. Certainly, this is the place to find out about it. This is where we determine that it will be and we can go through that argument again. You may like it in some other particular area. We have determined that we wanted a significant fund where we would be looking at economic development for this province and job creation for this province from which we would allocate to the different sectors, be it forestry, be it agriculture, be it food processing, be it the other things that we're doing here, ensuring that students have access to the job market, ensuring that there be more training and so on. This is how we've chosen to do it.

If he wants that argument, we can have it all over again. The Member for Sturgeon Creek will tell him. We had it yesterday and last year.

HON. L. HARAPIAK: I just want to add a brief comment to that. The discussion was part of our debate in the Estimates related to Natural Resources. When some of those questions were raised, we said, as a matter of accounting for it, that is included in the Jobs Fund Estimates. It is a decision that has been made.

MR. A. DRIEDGER: I don't intend to go through this whole philosophy or policy direction that government chose to go with the Jobs Fund. I think we accept the fact that is their political decision to use this kind of a vehicle to choose and allocate jobs wherever they please on a political basis, and I'll accept that. That's their prerogative.

The reason I would just like to raise a plea with the Minister then, if this is how we're going to go this route, when you consider the variety of things that are covered under this Jobs Fund here, why was there not provision made somewhere along the line for the capital projects which also involve jobs, because under the Jobs Fund we give to arenas, etc., etc., for reconstruction, for new building, etc.?

Why there would not be a provision for capital programs of the nature that I raised in the House the other day with the Minister of Community Services regarding the replacement of a building, of the Red River Workshop in St. Malo, where 31 mentally handicapped people are employed? The place has been closed down because of structural problems in the building. I'm just asking, something like that, if it would be the political desire of this government, could there not be provision made for things like that as well?

HON. V. SCHROEDER: We had discussed this a bit previously, and the member referred to a fund from which we fix up arenas or build arenas and so on. That fund is not in operation at the present time. The last group of people to qualify for that was the group that qualified last fall.

We've indicated that we're in the process of setting up another fund from Lotteries which would be quite similar, and we hope to be able to have that in operation within the next several months. This is something that would be taken to the Economic Resources Investment Committee of Cabinet. It would be reviewed there, brought to Cabinet, the minutes approved there, and then would be in effect.

I would assume that the kind of project the member refers to would, in all likelihood, although I can't guarantee at the present time, qualify. But I can assure the member that certainly those other projects that did qualify last year at the present moment don't qualify. So we're just in the process of revamping.

MR. A. DRIEDGER: Mr. Chairman, I'm just trying to establish with the Minister where, if there's a new program coming forward, I could plead the case for capital investments of the nature that I made reference to; for example, that building to create the employment for 31 mentally handicapped people, which I think would be a priority in everybody's minds.

HON. V. SCHROEDER: Certainly, it would sound to be an important and worthwhile project. When the program is announced, I would suggest that the member get in touch with the Minister in charge and the people administering it. Obviously, at that time, there will be some announcements made as to whom to contact and what the parameters of the program are and so forth.

MR. A. DRIEDGER: I appreciate that and I will keep my eye on that.

I have one further question under the last page, under (p). It says, "Other." There is \$1 million recommended for administration, communications, miscellaneous services, etc., etc. There are two items, a consultant and water resource management infrastructure, \$50,000.00. I wonder if there could be a clarification as to where that money was spent.

HON. V. SCHROEDER: Mr. Chairman, that is the contract we have with Mr. Anstett, who is reviewing that area for the government. The terms of the contract are from May 1, 1986 to March 31, 1987, and of course that's the contract, the purpose of which is for us to obtain a review and recommendations on the basis for establishing a rural infrastructure development fund and to propose a basis for better coordination among the various levels of government involved in water resource management.

We felt that the Jobs Fund as a funding source, makes a great deal of sense in that the Economic Resources Investment Committee and Jobs Fund is a coordinating agency for reviewing economic and economic development policies among the various departments; and one of the regional development objectives of the fund has been to support communities in developing

their community systems to better accommodate various economic development ventures.

I believe time will tell that this is a very worthwhile project, and I'm sure the member would agree that if we get something established in terms of that kind of a fund where we had that kind of coordination, where we had that kind of focus, instead of having the different agencies even within levels of government sometimes working at cross purposes where we have everyone pulling together, I think that would be a very worthwhile accomplishment.

MR. A. DRIEDGER: Innocently I found out where the payola comes out for Mr. Anstett, and that's under the Jobs Fund here, which leads me to actually wonder a little bit, under (p), that million dollars that is being spent there under Salaries and Communications, etc., whether there could be more of a breakdown of that area, because who knows what might be coming out of that category there. We have \$50,000 there, which is Mr. Anstett's reimbursement for losing an election, and I'm just wondering if there's some other surprises possibly in that section. Would it be possible to get a breakdown of the expenditures under (p)?

HON. V. SCHROEDER: Mr. Chairman, I think that's a fairly cheap shot against an individual who is very capable and who is going to perform very well for the dollars involved. One can think of all kinds of people to whom that kind of diatribe could apply.

We see where we have members of the Senate from Manitoba who, year in and year out get far more money than that, Tories, far more money than that, who are basically quite useless to society and don't do an awful lot for anybody and every week we're paying for their first-class air fare between Ottawa and here and back and so on, and they're in the process of organizing election campaigns and so on for Tories.

Here we have an individual who is geared to do a very specific job that is important to our future, which the member, as a rural member, as a member who knows that there are some serious infrastructure problems in his area and other rural areas, should be well aware that the \$50,000-\$55,000 is well worth spending. I would think he would be delighted to see a member, an individual, a Manitoban in whom this government has faith doing that work.

Quite frankly, if they were in office and they hired one of theirs . . . Let's go back a few years because this makes me a little bit angry - Walter Weir. We never said, well, that's terrible; he's looking at a serious problem. We said, yeah, that's a serious problem; we never said Walter Weir isn't the guy who is to be doing this.- (Interjection)- I don't recall ever saying anything about Walter Weir, about that issue. I may have had something to say about Walter Weir on other issues.- (Interjection)- No. But here we keep getting these little shots and I think you should wait and see how he makes out. I think he'll come up with a very good report.

The \$1 million, there's Administration of roughly .5 million; Communications and Operating is the other .5 million, roughly.

MR. A. DRIEDGER: I find it sort of amusing, the thin skin of the Minister because he feels conscientious and

defensive about the \$50,000 perk there for one of his ex-colleagues and feels that I raise something that is not very proper. It was just a few minutes ago when the Minister of Agriculture got up in the House defending his very weak Bill No. 4 and took on people like the chairman of the federal board, the member who lives in my area, Garnet Kyle (phonetic) and made reference to the past member for Gladstone, then it's fair game. When we raise a little shot here, he gets thin skinned, so let him not put on this holier than thou attitude because it's half a dozen of one and six of the other, in terms of making little shots at each other.

If you're defensive in terms of defending the ex-member for Springfield, that's fine, that's his prerogative, but let him not start getting annoyed because we take a few shots at him, because it's been going on all the time.

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

HON. V. SCHROEDER: Mr. Chairman, I'm surprised that the member would raise that. I would have thought that the Member for Lakeside would have cautioned him against that because . . .

MR. H. ENNS: I did, but he didn't listen.

HON. V. SCHROEDER: . . . if you recall question period, that response of the Minister's was in response to a question, I believe, by the Member for Ste. Rose; where the Member for Ste. Rose was suggesting that as opposed to the federal board which would be, he implied, non-political, a provincial board would be political appointees; and in response to that, our Minister pointed out, not that these individuals are not capable, not that it was payola, not that he was throwing money away, but that these people were very clearly identified Tories.

That's what he indicated and just pointed out the nonsense in that question. There was an implied notion that the feds, the Conservatives, Mulroney, was non-partisan and the New Democrats here provincially, would somehow come along and appoint only New Democrats. Well, I'm not sure that we wouldn't only appoint New Democrats, that may well be. But let's not pretend that the Federal Tories don't do that and let's not pretend that this wasn't started by the Member for Ste. Rose.

MR. A. DRIEDGER: You're the one that got thin-skinned, not me.

MR. CHAIRMAN: The Member for Roblin-Russell. This is Estimates on the Jobs Fund, Resolution 144, for the information of members.

A MEMBER: On a point of order, Mr. Chairman, if I'm going to be quoted, I would like to be quoted correctly.

MR. CHAIRMAN: Yes, I have you on the speaking list. The next member is the Member for Roblin-Russell.

MR. L. DERKACH: Thank you, Mr. Chairman. My question to the Minister is: What portions of the Jobs Fund are now terminated or cancelled?

A MEMBER: None. They pick and choose it at it suits them.

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

HON. V. SCHROEDER: Mr. Chairman, there's all kinds of projects that have ended and there are projects that are beginning. I don't know exactly how to go about answering that question, but in any particular area, there are projects we're no longer funding and projects that are being picked up.

MR. L. DERKACH: Well, the reason I ask the question is that there are, for example, projects that were approved for funding in my local area and now it appears that the funding for those types of projects has ended . . .

A MEMBER: After the election.

MR. L. DERKACH: . . . and people in the areas . . .

HON. V. SCHROEDER: Be specific.

MR. L. DERKACH: Well, okay, I guess it fell under Community Assets where it was a project for building of an arena, I believe, where the funds were not used because, I don't know, for one reason or another, the project didn't go ahead . . .

HON. V. SCHROEDER: Just to clarify, because any project that we approved had a time deadline on it after which, if the money was spent, fine; if it wasn't, it was gone. There were no guarantees beyond a particular time. And any project which we said we were going to fund, we did fund if they were prepared to go ahead.

There were several projects which, through no fault of ours, did not go ahead and for those as I've indicated, there is now no program. But if the member had been here - this is the third time I'm repeating it - I said that there is a new program coming forward within the next several months. When that program comes forward, there will be new criteria. I can't guarantee that particular project will be eligible, but whoever is eligible will then be entitled to apply.

MR. L. DERKACH: Well, again I wish the Minister would have let me finish the question because what my basic question is: What criteria do they use for establishing whether projects of a certain nature qualify for funding or whether they don't qualify for funding?

For example, I'm talking about two specific projects; I mentioned one to him. There was another one similar, in a different town, which applied for the funding and was told that the program was now finished; there was no more funding available for that type of program. In other words, that phase of the Jobs Fund had ended.

HON. V. SCHROEDER: Well, Mr. Chairman, the MCAP Program has terminated. I've indicated that through the Lotteries Fund, there will be another program.

But we are looking currently at what is needed in the province. We pointed out in the past month or so,

as an example, that for the past little while we have been unable to get journeymen carpenters up north to Limestone. There have been a number of other trades where we simply don't have people available in Manitoba - qualified people - in the construction industry because there's an awful lot of activity out there.

Surely, given that one of the notions behind that portion of the Jobs Fund was - not only did we want the community assets, but we also wanted the short-term employment - we have to reassess occasionally when we have more success with employment in, specifically, the construction industry and we're in the process of doing that. So we believe that the fund, certainly to a certain extent, should be used as a countercyclical force where we can work against high unemployment levels when we have worse times.

MR. L. DERKACH: Well, how do ordinary average Manitobans know what types of programs are available under this Jobs Fund and whether or not their particular projects would qualify for it; and when are they to find out?

These seem to be coming out at any time during the year and any time that it seems the Minister wishes to put out a new program or cut a program off. Is there any sensible way of people finding out what is available and how they can apply for assistance under this fund?

HON. V. SCHROEDER: Well, whenever a program gets underway, people are told about it

MR. L. DERKACH: No they don't.

HON. V. SCHROEDER: I'm answering the question for about the fourth time now. I recognize people come in and out and so on, but I would hope that at least the member would be listening while I'm answering it.

MR. L. DERKACH: Just keep answering it.

HON. V. SCHROEDER: Every time we have a program come forward or a new cycle come on, we advertise it; we advertise it in the local rural newspapers; we put out press releases and so forth; we notify members of the Legislature with respect to the program; we provide direct mail to those people who have participated in the past; businesses as an example, using Careerstart or students and so on. We do our best to notify people. If anyone has questions about a specific program, they can contact the Jobs Fund office; they do reply. Mr. Downey earlier referred to a letter he had received from the Jobs Fund office indicating that there would be an announcement with respect to a new community assets-type program.

I don't know what else to say. We have programs that we make an announcement about for a specific time. As an example, this program; we have never announced that it is a never-ending program. Last year we announced that if you apply before, I believe July 31, 1985, you will be eligible for this program. Anyone who applies after that date is not eligible for that program. It was as simple as that and it was understood at that time. We did not advertise that program this year because there is no program. When there is a program, we will again announce it; and until there is a program, there is no program.

MR. L. DERKACH: What criteria does the Minister's department use or the government use when they announce a program? Is it an amount of money or is it the date that determines when the program ends? For example, the program that ended on July 31; was that determined by the amount of money in the pot, or was it determined by a date?

HON. V. SCHROEDER: It's determined by the amount of money in the pot, but we wait until that particular date and we're then able to allocate along the various applicants. There is always - not always - but usually there is more uptake than the availability of money and therefore there'd have to be some prioritizations.

MR. CHAIRMAN: The Member for Lakeside.

MR. H. ENNS: Thank you, Mr. Chairman. Perhaps the Minister of Energy could spend a bit of time in the less formal setting of this committee and explain to me a little bit more about the \$5 million financing that the Jobs Fund is involved in with respect to potash development; item (f) I believe it is, on the information sheet that we have before us.

Mr. Chairman, my understanding from previous questioning in the House, the arrangement that we have with Canamax, described here as a joint venture - I suppose it is a joint venture with Canamax, but I'd like the Minister firstly to tell me who precisely is this loan of \$5 million being advanced to through the Jobs Fund?

HON. W. PARASIUK: The money is being loaned; it's seen as a loan through to the joint venture.

MR. H. ENNS: Which is Canamax and?

HON. W. PARASIUK: It is called the Manitoba Potash Corporation. There was a press release which I do not have available with me, but that press release I think was distributed to the member indicating that the potash corporation was set up. We hold 49 percent of that corporation and Canamax holds 51 percent of that corporation.

MR. H. ENNS: Mr. Chairman, to the same Minister. One of the questions that I've often wondered about and perhaps the Minister will take this opportunity to explain it. We have a Manitoba mineral exploration company. It's specifically designed and set up to enter into joint ventures, different partners, in the exploration and development of various minerals in the province with Trout Lake being its major venture. Was there any particular reason why that corporation was not used in this instance?

HON. W. PARASIUK: The government has at its disposal a number of instruments, and we chose to establish the potash corporation as a separate instrument, but at the same time using the talents of people within the Manitoba Mineral Resources to act in a board capacity or senior capacity with respect to the Manitoba Potash Corporation, so you have someone like Malcolm Wright who is involved in an executive capacity with that corporation.

If I might just explain, I think the thought was that it would be, when one is talking about a number of

potential partners in the joint venture from possibly different parts of the world but establishing one entity called the Manitoba Potash Corporation might be a cleaner way of doing it, and that's why we did it. An option available to us was in fact to use the Manitoba Mineral Resources Corporation.

MR. H. ENNS: Mr. Chairman, further, my understanding is that that is still very much the obstacle to overcome with respect to any actual development of potash resources that we have, joint venturing with a partner or several partners. The monies that we are talking about here are essentially, if I understand the information right, to undertake the developmental work to a point where, in fact, we have the kind of information that could encourage another country, another government, another private partner to a joint venture with us in the potash development.

None of the \$5 million that the Jobs Fund is now advancing can be said or will in effect begin the actual development of that mine. Is that a reasonable assessment?

HON. W. PARASIUK: Mr. Chairman, you have a number of steps. You have right now a development consortium that takes it to a production stage and it's a bit of a chicken and egg. In order to move into a production stage, you would do the development work; so the development work will be subsumed into the project as one goes to a production stage. There is a test shaft, for example, being drilled right now. You would have to drill a test shaft in order to ultimately proceed with the production of the mine.

But there is a definite stage where you're making a commitment that would be in the order, say, of \$11 million to take that development to a production-decision stage. When one makes a production decision, you're making a decision that has an implication of something in the order of \$500 million.

MR. H. ENNS: Mr. Chairman, I want to assure the Minister and the members of the committee that I'm asking these questions in a non - you know, it's not my purpose to confront the Minister or the government or score brownie points - but there is the impression generally being created, certainly members from the area can speak more eloquently to it than I can, but certainly in the general public that (a) the joint venture partner that we're seeking to develop potash in Manitoba has been found - it's called Canamax, it being a corporation; and (b) when they see allocations such as this \$5 million clearly earmarked for potash development in the appropriation for this year, that potash development is on its way.

I don't take issue with the Minister about the monies that we are talking about here nor the steps that have to be taken to put us in a position to potentially develop the potash. I'm not disputing that point at all.

But what I suppose I'm asking for the Minister is to clearly let members of the committee understand and let the general public understand that what this \$5 million will do, and the work that Canamax is doing, will hopefully put us in the position to attract the kind of partners that at a subsequent date the Minister or the government can announce the commencement of a potash development in that area.

Or is he telling me that Canamax and the government, the two partners that we are now talking about - we now have two partners in a joint venture, the Manitoba Potash Corporation and Canamax - that they will undertake to develop the mine?

HON. W. PARASIUK: It's a matter of steps. What has happened is that Canamax has found a world class potash deposit. By our calculations and by independent calculations, it is the world's best deposit that has not been yet developed into a mine. Therefore, we think it's in Manitoba's best interests to pursue that development to a production-decision stage, and we are confident that that production will proceed without being completely and totally specific on the timing for the following reasons: it's a matter of supply and demand in the world.

And I've been quite clear in saying that consistently to people. I remember going into Roblin-Russell where I announced that we were proceeding, and I gave a progress update to the people in the Roblin-Russell area and I was quite careful in saying that this is not a commitment that we are proceeding with the mine.

There is work to be done yet, but we are proceeding with the development stage to take it to a production decision. I think that if I talk to maybe the Member for Roblin-Russell, if he talked to anyone who was at that particular meeting, I did not take it beyond that stage. I did express confidence in our ability to proceed, but it was a matter of timing for the following reasons.

Right now there is more supply than demand in terms of the potash. However, the various assessments that we've had done by a number of different parties, and also looking at independent assessments of projections of future supply and demand indicate that there will be shortfalls with respect to potash supply in relation to world potash demand. Sometime in the 1990s and the exact stage could be 1992, 1993, 1994, 1995, we can't be exactly certain. There are a number of variables.

You have the American situation which is a variable. You have China not buying quite as much potash this year as they did last year, but at the same time that means that there's probably going to be great pressures for them to buy more next year than they did last year. You've had Brazil with an international debt situation which was pretty bad, but that situation is turning around because of lower oil prices and lower interest rates. So if they can manage their long-term international debt a bit better, they have an economy right now that is booming pretty substantially. Their trade surplus is very high. They have a country that is very much an agricultural country. They are diversifying their agricultural product and their demand for potash is increasing. China's demand for potash, in terms of how they farm, is increasing. India's demand for potash is increasing for a number of reasons. They apply fertilizer, but it's primarily nitrogen-based fertilizer. There's something called an NPK ratio, your ratio of nitrogen to phosphorus to potash. That ratio is very low in terms of potash. There are tremendous pressures building up as they apply more nitrogen to use more potash in the future. That means the demand in these countries will increase.

There aren't too many alternative sources of supply and we monitor them. Russia is a major alternative

source of supply. Canada is another major alternative source of supply. Then there are some poorer quality areas where people are producing potash at fairly high cost. These mines aren't that competitive in relation to Manitoba or Saskatchewan and Canada as a whole and some Russian mines, but at the same time they have the certain barriers or protected markets that enable them to operate. But some of these mines are declining. There are a number of potash mines in the Carlsbad, New Mexico area of the United States that people expect to run out in three to five years. So one has to take into account the projections with respect to increased potash consumption in the world, while at the same time monitoring what is taking place with respect to existing potash supply, existing capacity to produce potash and proposed expansions to capacity in potash. That's the background of the whole potash development.

One has to position oneself in a way to move at the appropriate time. We're feeling confident because of the fact that the Indians are responding very positively with respect to longer term commitments to potash purchases, plus the indication that they're interested in exploring and pursuing taking an equity participation.

The Chinese have not signed any Letter of Understanding to that effect, but they have talked to us about that. We've had firms in Brazil who have talked to us about it as well, but they have said we have an exchange problem. That exchange problem may, in fact, be turning around over the next while. We've had private companies in Canada and the United States and companies offshore who have talked to us and are doing their own homework right now looking at this particular development.

So all of these things have to be pursued at the same time, and given the quality of the ore body, given its location, given the infrastructure, we are confident that we will be proceeding and that a mine would be in place sometime in the 1990s. I would suggest it'll be between the 1992 period and 1995 period. One works back from that because it takes about four to five years to actually construct the potash mine.

MR. H. ENNS: Mr. Chairman, I appreciate the Minister's reiteration of the overall situation which we have heard in the House before on other occasions. My purpose really was simply to have it clear in my mind that the joint venture that we have entered into with Canamax is essentially to position ourselves in that very position that the Minister has just spent some time in outlining, that what we have today in the \$5 million that we are loaning from the Jobs Fund to that joint venture is to do precisely that, that Canamax, as a joint venture with Manitoba Potash Corporation at this time, will not bring about actual development of the mine. They are packagers. They have located and are doing it jointly with the province, the necessary preliminary work, exploration, searching out market possibilities, but the decision to commit to actual mine development will come at that rather later date or not final date as the Minister indicated, which is hard to pin down, and requires either the very massive commitment on the part of the province.

I gather from what the Minister has been saying in the discussions that he has undertaken with other

parties, including Letters of Intent with other governments, that it would have to be the entree of a major player or several major players before we would utilize, before we would see to fruition the \$5 million that we're spending now and the \$10 million that we've committed. That's all I'm really trying to establish.

The feeling abroad, the feeling in the country is that we have a partner based in Toronto, Canamax and the province are going to develop a potash mine. Really, that isn't the case, and that's not what the \$5 million is going to do.

Thank you.

HON. W. PARASIUK: The member says he's not trying to score points and then he goes out trying to score some points.

MR. H. ENNS: Did I score a few?

HON. W. PARASIUK: No, I don't think you did. I think you tried.

If you can recall, let's just go through a bit of history with respect to the Trout Lake Mine. Granges was a company that found a copper deposit. It was a very good copper deposit. The Government of the Day had by legislation an option, a legislated option, to take 50 percent of that mine and it exercised that option. It exercised that option. It was a very good deposit, and then the government changed. The Conservative Government decided that one of the ways in which that mine could be developed - because there were a number of ways in which it could have been developed - was to sell a significant portion, I think 44 percent interest of that mine development, which wasn't a mine at that stage but it was a development, and Hudson Bay Mining and Smelting. Hudson Bay Mining and Smelting put up an amount of money to buy that 44 percent share, and the Trout Lake Mine has been developed. It is a very good mine.

We have a similar situation where the province has purchased a 49 percent interest in that deposit. That's a pretty substantial interest. So, I think one should see the province as having a significant interest in that mine, one that has not been obtained through legislation, one that has been obtained on a commercial basis with the company that found it.

Now, when one says how could that mine be developed, there are a number of different ways. It's hard to paint one specific scenario. If one is able to get some very significant long-term contracts that are bankable, one could proceed with the development. If one got some long-term contracts that are bankable, and some other partners, because the province has said that it's not our inclination or disposition to own the potash development outright. We could have conceivably made an arrangement to buy the potash development in Canamax as a whole. The government in Saskatchewan moved to purchase significant interests in potash mines in Saskatchewan, so one could have gone that way.

Or one could look for some other partners where one, in a sense, spreads the risk because one doesn't want to commit as much capital to one particular development. At the same time, if one gets some partners who have a good marketing and distribution

system, then one also decreases any type of risk involved in developing that mine. So there are a number of alternatives that are available to us, and we're pursuing those various options. I'm just saying that those options are available to us, because there are some commercially confidential aspects when one does pursue those various alternatives.

We know that the Saskatchewan Government and some of the private companies in Saskatchewan wouldn't want to see another potash mine come on stream for their own particular reasons. Now, that may make sense to Saskatchewan, but I'm not sure that it makes sense to Manitoba because, although Saskatchewan people have said that the Manitoba mine can't be as efficient as theirs because we have to take into account capital costs when it's a new mine, they forget to tell people that, in some of the Saskatchewan mines, the operating costs are much higher than would be the operating costs of a Manitoba mine. So one has to weigh those two things and balance them off.

What I am saying is that we have significant - we have an investment of 49 percent in a potash mineral deposit. We are confident of it being the world's best deposit. It has not been developed yet. The development work will take about 12 to 18 months. We think that the timing is very good for a production decision. I don't know if a production decision would be 12 months of 18 months or what, but we'll have that homework done. We are still working on the marketing aspect, and we are still working on joint venture aspects. Any combination or permutation that makes sense from a business perspective and a commercial perspective would, in fact, lead to a development. I think that we should be very happy that we've been able to find a potash deposit of that quality.

MR. CHAIRMAN: The Member for Lakeside.

MR. H. ENNS: Mr. Chairman, I don't want to pursue this at great length. In fact, the Minister confirms it, that with the number of options that the government has, I take it we are looking for bankable, long-term contracts, among other things; that we are looking for other partners; or the government may well make a decision to commit on the strength of some of these other things happening. Those things haven't happened. I wish the Minister and the government good fortune and good hunting in achieving these things because it has been certainly an ambition, a dream, a vision for us in western Manitoba to bring those potash resources to some economic benefit to this province.

Just one final question. What was the actual investment of Manitoba for the 49 percent share?

HON. W. PARASIUK: Our investment is going to be \$6 million. It will be \$5 million, plus a commitment of \$1 million on the marketing side.

MR. H. ENNS: Thank you.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. L. DERKACH: Thank you. To the same Minister with respect to the potash mine in the Russell area, the \$5 million that is being spent, is there a time frame for that money to be spent on the development?

HON. W. PARASIUK: Yes, there is. I'm speaking from memory now. I believe it's to be spent over the course of the next two years. I just met with some of the people involved in the project yesterday and that project is moving on schedule. In fact, some aspects of it are ahead of schedule.

MR. L. DERKACH: Supposing that the \$5 million is spent and the project hasn't been brought to the point where the mine can be developed, is there a commitment on the government's part to commit further funds to bring the project to a stage where possibly the actual mine can be begun in the development stage?

HON. W. PARASIUK: We are very confident that this expenditure of \$5 million will bring that development to a production decision stage. If the market dipped more, if there were certain developments that aren't on the horizon, if some people decided to proceed with uneconomic mines for other purposes, for business purposes or commercial purposes, that could have an impact on the timing of that mine development.

We would then be in a holding situation without having really to spend more money, because of the fact that it would be a matter of one year or two years or three years, because the growth in potash consumption has been steady over a long period of time. There is nothing on the horizon to change that longer-term growth trend.

You can have certain things that could take place, that could change it the other way. There are rumours that a potash mine in Russia has gone down because of water flooding. You read the same papers that I do. The Esterhazy paper, the IMC mine, I'm not sure what they did in terms of their mining technique, but they're having flooding problems. That could have an impact the other way. It could put pressure on to move faster with the production decisions.

MR. L. DERKACH: The Minister mentioned that he has something like \$1 million or there's going to be something like \$1 million spent on marketing. The area in which this is going to be channeled, is that going to be in the area of seeking a potential partner for the development of a mine, or is it in the area of marketing the actual product, the potential product from the mine?

HON. W. PARASIUK: In marketing, you have transportation analysis, warehousing analysis; in a sense, all that's required to get that product from the mine site to the actual user, be it in the United States, or be it in India or China, and a portion of that will be spent on that type of homework to make sure that we know what our costs are completely. We're verifying all of our costs from three or four different angles and making sure that our infrastructure is in place and our logistics are in place and at the same time doing the work required with various international entities to do the calculations in terms of what it means for these countries or international companies to buy from us.

So it's not going to be a sale; it's not a selling cost in the sense of distributing the actual potash; that would be five years from now, but it's basically market development, but included in that is infrastructure and transportation.

MR. L. DERKACH: The government at the present time owns 49 percent of the shares of the project. When

we get to the stage of actually dropping the actual mine shaft, is it the government's intention to sell a portion of that 49 percent off to a potential developer, or is it the intention of the government at the present time to retain the 49 percent and invest in the development of the mine to the limit of 49 percent?

HON. W. PARASIUK: We can't say for certain exactly what the final percentages would be, but it would be the government's intention probably to be in the 20 or 25 percent range.

MR. L. DERKACH: Thank you very much.

MR. CHAIRMAN: The Member for Ste. Rose.

MR. G. CUMMINGS: Thank you, Mr. Chairman.

Way back, about half-an-hour ago or so, when I had my hand up, we were discussing consulting services, and in my mind that was related to the former Community Assets Programs which is listed just above that. I wanted to ask the Minister if he's aware of any programs that are being used by the government this year to assist municipalities with funding for infrastructure programs that can be used to replace what was handled through community assets a year ago, because what has happened there is that the municipalities became addicted if you will, or certainly became reliant in their own minds at least, that this would be the start of some badly needed restructuring of municipal funding. The Community Assets Program was used a fair bit last year in that direction.

Coupled with that, there seems to be some lack of communication or lack of organization. I can't put my finger on what is happening out there, Mr. Minister, but there seems to be some members of the Civil Service, if you will, who are dealing with the municipalities, who are indicating, well, don't worry, the Community Assets is not functioning this year, there's another program on the way. Of course, this leaves the municipalities to say, well, are we going to get any additional programs whereby we could get funding for infrastructure before the construction season has passed on into a time when it's impractical to proceed?

Quite simply, are there any programs through the Jobs Fund that are being used to offset what was originally accepted by the municipalities as the start of a restructuring of municipal funding?

HON. V. SCHROEDER: Mr. Chairman, for the fifth time now, the Manitoba Community Assets Program, just like any other program of government, has a specific period of time for which it's authorized. That particular program was authorized last in 1985, not for 1986, and what we're doing here is not for 1987. It's for 1986-87. I have indicated that program is no longer there.

MR. G. CUMMINGS: I'm aware of that.

HON. V. SCHROEDER: I have also indicated that there is another program coming along from Lotteries. When that program is announced, the member and the rest of us will know the details. We have not worked it out. The program has not cleared the Minister, nor has it cleared the Economic Resources Investment Committee

of Cabinet, nor has it cleared Cabinet. When it has done all of those things, it will be announced in due course and those people and organizations which are eligible, we will do our best to notify them. There will be advertising and so on.

MR. G. CUMMINGS: Well, yes, the Minister is repeating what he has previously said, but part of my question was also that we are now headed into a situation which happened in part last year also with Community Assets Funds and that inasmuch as it came very late in the planning year for the municipalities, in fact, some of the infrastructure that was put in was put in late enough in the year that it was difficult to get it stabilized for the spring runoff or other inclement weather that comes with the changing seasons that we have in this country.

MR. CHAIRMAN: The Minister of Economic Security.

HON. L. EVANS: The focus of the MCAP Program, of course, was to create jobs, short-term construction jobs. The new program, which the Chairman of the Jobs Fund has referred to, will be administered by the Minister of Cultural Affairs, Heritage and Recreation. Its focus isn't necessarily on job creation, although it will have some of that spinoff benefit. Its focus will be on community development, recreation development, heritage development and cultural development. It is possible, therefore, that among the terms of reference will be a liberalization of the timetable. In other words, we might be able to give organizations a longer period of time for planning and to fulfill their construction of whatever facility, so that I think in the new program, as it is in a very preliminary stage of development, might give your organizations more flexibility and planning, may not tie them into a particular year or half-year, as the MCAP was inclined to do.

Well, I must admit, we've usually given extensions when requested under the MCAP Program, but we were very concerned under MCAP to try to get as much work done in the off season, you know, in the down season in terms of employment activity; in other words, wintertime as much as possible, early spring, when there was a fair amount of unemployment. The new program could have a greater degree of flexibility and therefore organizations may have the capacity to do a little more long-term planning.

As the Chairman indicated it's very premature and when the details and the criteria have been agreed upon within government, then there will be announcements, advertisements; there'll be letters probably sent to a lot of the organizations that were involved in MCAP and so on. We'll do everything we can so that the community out there will realize that there is another program and what the terms of reference are.

MR. G. CUMMINGS: The Minister has answered my concern regarding timing, but I also would have to draw the conclusion both from what he has said and from what the Minister responsible for the Jobs Fund has said, that in fact there is no likelihood of a program directed to the municipalities and the towns of the province that would deal directly with the problems that they have in funding their infrastructure and that

there need not be any hope held out that that kind of program would be in place before the end of this year if, in fact, there is anything being considered.

HON. L. EVANS: I would expect, at the earliest, the program could be announced later this year and probably the biggest impact will be in the following year and in the years thereafter.

Again, I can't say categorically to what extent municipalities can qualify. Certainly, community organizations, recreational organizations, cultural groups, and the like to the extent that municipalities as municipal corporations would be included, I can't say at this point.

MR. G. CUMMINGS: Again, I guess I should be very brief in my remarks, but it underlines to me, at least, the problems that come from such a great amount of discretionary spending in this department, because certainly there were expectations raised, particularly in the rural municipalities, that barring additional funding through the normal course of provincial-municipal spending, this might be an area that they could tap to pick up funds for additional work on infrastructure. Now, of course, their expectations will have to be changed.

If I could move to another area, Mr. Chairman, I'd like to ask a question regarding the allocation of funds that's listed under Agriculture and Food Processing. The indication is that there is a \$5 million loan and \$300,000 budgetary support for two possible development agreements with Canada Packers and Burns.

Can the Minister give us any insight into what direction this funding might be used?

HON. V. SCHROEDER: Mr. Chairman, first of all, some of their senior members, including the Deputy Leader of the Conservative Party, was saying they were going to do away with the Jobs Fund entirely if they were elected, so let's not get too carried away about what can and cannot happen.

MR. G. CUMMINGS: You don't need the Jobs Fund if you've got proper funding in other areas.

HON. V. SCHROEDER: In terms of Canada Packers and Burns, quite frankly, that note should have indicated simply that it was for companies such as those companies. It was an internal document which we hadn't gone over possibly as carefully as we should have, and, for external purposes, what we were referring to is, for example, that kind of purpose. Just as an example, in fact, the Carnation agreement came out of that fund; that was \$1.5 million. No, there is nothing specifically under way right now.

MR. G. CUMMINGS: Is the Minister saying that there is another almost \$4 million sitting there available for some development in the Agriculture and Food Processing area that is presently not allocated?

HON. V. SCHROEDER: Yes.

MR. G. CUMMINGS: Then I would suggest that if we're talking about Agriculture as well as Food Processing,

as the heading here would indicate, that certainly the statement that there is no money out there that could be used to put into the agricultural sector for possible assistance in the production end, that certainly there's money there that could be redirected, I would presume, at the behest of the Cabinet. In terms of "unallocated development agreement sector" which is referred to there as well, how much money in that area then is presently not allocated?

Sorry if I'm jumping around, but it's connected as part of that original statement in (a).

HON. V. SCHROEDER: We have funds available for development agreements and, as indicated there, those kind of development agreements referred to under Agriculture and Food Processing, including the Rock Lake initiative, and so on.

Those things are geared toward agriculture industrial developments. They are not geared toward some other program and that's not where they're going to go.

MR. G. CUMMINGS: Is it fair to ask, as I did a moment ago, under the Development Agreements, item (f), which is, I presume, part of the unallocated development agreement sector which is referred to, how much of that \$10 million is not allocated at this point?

HON. V. SCHROEDER: There's approximately \$7 million unallocated, but there's a number of those things that are in process and there are general targets for the bulk of it; but again, that is for very specific ventures, as we've indicated, things like Vicon, Simon Day, Canadian Occidental and so on. There's a lot of those kinds of things that are out there. It's not for some other purpose for which we have allocated money in the Department of Agriculture. This is not that kind of a fund. That's not what we're voting it for.

MR. G. CUMMINGS: The Minister, having been Minister of Finance, would be quite capable of answering my next question, and that is: these funds that are allocated here and are not designated at this point, where do they fall in terms of the cash flow and the borrowing structure of the province? Are these funds borrowed in advance or are they borrowed as needed?

HON. V. SCHROEDER: They're taken from taxation and/or borrowing as needed. There's a portion that is loan and a portion that is budgetary. The budgetary shows up on the current and capital budgetary account of government; the loan shows up on the loan authority, which I believe we've had two loan bills this year.

MR. G. CUMMINGS: Mr. Chairman, a question that I intended to ask as part of my first question under (a) was in regard to the two items that the Minister says are inadvertently put in here simply as examples.

Is that a complete shot in the dark or is there, in fact, a discussion going on regarding possible expansion or development of these plants?

HON. V. SCHROEDER: Well, Mr. Chairman, we're sort of practically perpetually in discussion with the food processing industry and there's nothing specific on the table at the moment but there discussions going on.

MR. G. CUMMINGS: That's fine, thank you, Mr. Chairman.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: I have one question now and this has pretty well been gone over.

If the Minister could just - there's the 5 million in (a), there's 10 million in (f) - well maybe he can tell if I'm looking at this wrong - and then back in (p), at the bottom, you've got a 5 million loan policy reserve, uncommitted loan authority in place for 1985-86, and then it says "This authority would most likely be used to supplement development agreements if needed."

How much or how many millions have you got set aside for working with examples that you give like Canada Packers? In other words, there's a fund there to work with expansion or development or new companies investing. How much is there?

HON. V. SCHROEDER: Mr. Chairman, I think if you went to the bottom line and you added it all up, the member is right, it would work out to roughly \$20 million.

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

Resolution 144: Be it resolved that there be granted to Her Majesty a sum not exceeding \$78,458,600 for Manitoba Jobs Fund for the fiscal year ending the 31st day of March, 1987—pass.

Do we move to Resolution No. 141, which is the Canada-Manitoba Enabling Vote, or what is your wish? We haven't dealt with that yet. What is your wish?

HON. V. SCHROEDER: That's the Minister of Finance's responsibility. It's Page 138.

MR. CHAIRMAN: Page 138, Resolution 141. We're scheduled for the committee room if you want to start dealing with it now or pass it, we can do that.

The Minister of Economic Security.

HON. L. EVANS: Generally, as I understand it, these items are covered in the various programs. I know the Minister of Agriculture has the Agri-Food Agreement responsibility so members have had the opportunity to ask questions there; similarly with the tourism agreement - Destination Manitoba.

So this is, to me, a repetition in a sense of these items and it seems it's more of an accounting procedure by having it in the book at this particular place. Of course, it's up to the members of the Opposition if they want to go over all these again, but it seems to me that it's here by virtue of accounting for these monies in this particular way by having them in this particular vote.

MR. CHAIRMAN: Okay, I think it's up to the committee, but it would be my suggestion, if the Minister is saying correct, that we pass the vote on 141 and various sections if that's agreeable.

The Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, I've just gone over them and they are federal-provincial agreements. I can't

Agreement is we have our spending and they have theirs and it's an ongoing reconciliation.

MR. CHAIRMAN: What is your wish?

MR. F. JOHNSTON: My colleague tells me Agri-Food is done. I know Tourism was done.

MR. CHAIRMAN: Well, I assume they were all done.

MR. F. JOHNSTON: All right.

MR. CHAIRMAN: Okay, Resolution 141(a) . . .

MR. G. CUMMINGS: Excuse me, Mr. Chairman, could I only ask one question . . .

MR. CHAIRMAN: Okay, the Member for Ste. Rose.

MR. G. CUMMINGS: . . . of a procedural nature?

In the federal-provincial agreements, by and large, how is the money flow handled between the province and the Federal Government? The province administers the program.

In the application of the funds, does the province proceed with spending of any funds prior to receipt of those funds from the Federal Government or is it done on the basis of the agreement and then the funds are recouped as they are spent?

HON. V. SCHROEDER: Mr. Chairman, in most instances, there is a parallel delivery; that is, the agreement will call for the Federal Government to deliver one component, the Provincial Government another component.

My understanding is that the money is reconciled by officials during the course of the agreement and the flow doesn't really depend on the money having arrived from one organization to the other. There are so many of these agreements that one expects that over time it works out.

MR. G. CUMMINGS: Then I can take it from the Minister of Agriculture shaking his head here that these are not what would be termed "jointly administered federal-provincial programs" whereby the province administers, and I guess I think of an example of some of the things that are in the Agriculture Department that are considered in that light and I was wondering there about the cash flow.

MR. CHAIRMAN: The Minister of Agriculture.

HON. B. URUSKI: In terms of the Agri-Food agreements, they would be parallel delivery. However, there are some programs in other departments where, in fact, the province cash flows them and recoups, but it varies.

In Agriculture, specifically, they are parallel delivered and there's a reconciliation in terms of what projects PFRA may do in terms of water, what projects the province will do in terms of water, what projects they will do in terms of research and components and what the province will do. It's a reconciliation. The Agri-Food

MR. CHAIRMAN: 1.(a)(1) to 1.(h)(1), inclusive, were each read and passed.

Resolution No. 141: Resolved that there be granted to Her Majesty a sum not exceeding \$8,165,200 for the Canada-Manitoba Enabling Vote for the fiscal year ending the 31st day of March, 1987—pass.
Committee rise.

SUPPLY - CULTURE, HERITAGE AND RECREATION

MR. CHAIRMAN, C. Santos: Committee please come to order - the Member for St. Norbert.

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

While we're on the subject of Lotteries, Mr. Chairman, I wish to make a comment with respect to the recent milestone in the history of conservation in Manitoba with the creation and amalgamation of a number of volunteer organizations that I believe have been of some benefit to many government departments over the years. I refer to the birth of the Manitoba Conservation Council, of which the charter members of the council are: The Delta Waterfowl Research Station, Manitoba Forestry Association, the Manitoba Wildlife Federation, the Manitoba Zoological Society, The Wildlife Foundation of Manitoba, and the Wood Bison Re-establishment Foundation. All of these organizations and affiliates have a long history of providing commendable projects and programs to Manitobans.

I'm well aware of the education programs conducted at the Fort Whyte Nature Centre and I understand also, Mr. Chairman, forestry clinics at Hadashville have been of great benefit to many, particularly young Manitobans.

Mr. Chairman, the council intends to coordinate projects of common interest, encourage research, help preserve wildlife habitat and promote conservation education, and a number of people who have been involved in these aspects are leading the council in its initial year. The president, Mr. George Clavelle of the Wood Bison Foundation, present Winnipeg Police Staff Inspector, was the former president of the Manitoba Wildlife Federation and served two years as president of the Canadian Wildlife Federation; Mr. Shearer; Mr. Elliott; Mr. Paul Murphy, who was involved for many years with the Manitoba Wildlife Federation, is also involved in this project.

As I understand it, Mr. Chairman, they intend to put together a brief to present to the Minister, requesting consideration for a share of Lottery Fund profits. I'm not sure, Mr. Chairman, whether the council has already met with the Minister. I understand they've asked for a meeting with the Minister and I would ask her whether they have made a presentation to her already or if one is scheduled to be made and would she give favorable consideration to granting to this organization some share of lottery profits. I can think, Mr. Chairman, of - I believe that this is a very worthwhile organization and can be of great benefit to Manitobans and should receive serious consideration by the Minister.

MR. CHAIRMAN: The Honourable Minister responsible for Lotteries.

HON. J. WASYLICIA-LEIS: Thank you, Mr. Chairperson. I'd like to thank the Member for St. Norbert for bringing this matter before the House.

The Manitoba Conservation Council has written to me and has written to a number of my colleagues. I have indicated to them that I would like to meet with them. A meeting has not yet been scheduled. However, staff at the Manitoba Lotteries Foundation are meeting with representatives of that new council next week.

I should also point out that the Miller Report on the umbrella system basically indicated that the umbrella system was working well and did not recommend any major changes. It should also be noted that the current umbrella system - and I think the Miller Report also touched on this - was designed to give all legitimate groups access to lottery funds, so we will be meeting with them to determine the best form of access to lottery funds.

I don't foresee in the immediate future any major changes to the umbrella system until we have been able to do a thorough needs assessment across the province, because at the same time that the Manitoba Conservation Council is coming to me with the request to be constituted as an umbrella group, I am also getting requests from a number of other groups who have banded together in the interests of accessing the lottery funds through the umbrella system. But certainly we will meet with them, explore all options and actually present to them ways in which they can access the funds currently through the existing umbrella system.

MR. G. MERCIER: Mr. Chairman, I assume from that answer that the Minister herself will meet with this group at some time in the near future, not just staff. She's indicating yes, Mr. Chairman.

She also refers to no changes in the umbrella system being contemplated. Could she indicate whether this group has a possibility of gaining access through one of the umbrella organizations, because surely we should not have a system that is struck in stone so that there can be no change or flexibility to give some recognition to newer, important groups as they become organized in society. At the same time, there will be, I suspect, groups whose importance or influence should be reduced in terms of access to lottery funds over a number of years, that there has to be flexibility to encourage worthwhile new groups and their activities in the province.

HON. J. WASYLICIA-LEIS: Mr. Chairperson, I would assume that the groups under the Manitoba Conservation Council would be eligible for funds through the Community Services umbrella group. There may be other umbrella groups as well, depending on the particular project that the council is sponsoring, that would meet their needs.

However, having said that, I do recognize that there are always groups who may not have the same kind of access to lottery funds as other groups, as groups who have been used to the system and well-versed in terms of how to access those funds. I've indicated throughout this Estimates process, and prior to this, that I certainly would like to monitor the situation very carefully. I intend to have an ongoing, sort of meeting schedule with each umbrella group, and I'd like to bring

all umbrella groups together to discuss some of the issues that have been raised here and by other groups. So I'm certainly prepared to keep an open watch on the system and find ways for new groups to get access to lottery funds.

MR. CHAIRMAN: The Member for Charleswood.

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

I, too, want to echo my words of support with those of the Member for St. Norbert with regard to the Manitoba Conservation Council. While the possibility exists of being under one umbrella group or another, or in some separate capacity in terms of having a licence to operate a fund-raising bingo, I would hope that the Minister would be able to locate that, to meet with them to understand their aims and objectives and the good work that they propose to do and, accordingly, arrange for some appropriate mechanism that would allow them to receive that funding. I look forward to that occurring.

With that, Mr. Chairman, I would like to go back to where we were, or close to where we finished off late last evening. I think, at the time, we were dealing with the question of the criteria for awarding bingo licences and perhaps because Hansard isn't available to us today, I don't have the opportunity of reviewing the Minister's answer of last evening. To refresh my memory, perhaps she can again give us the criteria for the awarding of bingo licences.

HON. J. WASYLICIA-LEIS: As I indicated last night, licences are granted on the basis of meeting two different sets of criteria. One set of criteria has to do with the nature of the organization. Along those lines, the organization has to be a charitable one and it must be a volunteer, democratic, non-profit organization which has as one of its major purposes, the raising of funds for the benefit of non-members in at least one of the following endeavours: the relief of poverty, the achievement of education support, recreation and culture, as well as any other endeavour judged by the foundation to be beneficial to the general community.

With respect to the nature of the operation, the following terms and conditions come into play: only individual organizations would be considered for licensing; organizations are allowed to operate bingos in only one facility at one time; organizations cannot play bingo in a hall they own, a hall owned by another individual, charitable organization or a publicly-owned premise; and finally, a hall can only be used for five bingo events in a week.

MR. J. ERNST: Mr. Chairman, I thank the Minister for that clarification again. I wasn't sure that I'd misunderstood it last night, and again now that I've heard it today, I wonder again how the Dauphin NDP Association could qualify for a licence under that criteria and that the Main Street Revitalization Group could not. I find great difficulty in that and I would hope that perhaps the Minister could again offer some clarification as to how situations like that would occur.

While I'm on my feet, Mr. Chairman, perhaps I could further ask the Minister that in terms of, for instance, the organizations listed on pages 9, 10 and 11 of the

Lotteries Foundation Report, some are obvious, Mr. Chairman, that they would qualify; others are not; and others are, at least by the name that goes by it, somewhat suspect. And I would wonder, Mr. Chairman, what test the Foundation attaches to each of these organizations to determine again if they are continuing to meet the criteria for a bingo licence.

HON. J. WASYLYCIA-LEIS: With respect to the first part of the Member for Charleswood's question, as I indicated last night, decisions regarding licences are made by the Board of the Manitoba Lotteries Foundation. I indicated that in the case of the Dauphin NDP, they would have met one of those three criteria I indicated, or perhaps all of those criteria.

With respect to the Main Street Revitalization Group, I said I assumed that the decision was made on the basis of the fact that it was support for business purposes. I can't be entirely certain of that; I would have to check with the board.

And finally, I indicated that there is an appeal procedure and that any group who is unhappy with the decision can certainly appeal and be given full consideration.

With respect to the list of bingo organizations receiving bingo licences listed on pages 9, 10 and 11 of the Annual Report for the Manitoba Lotteries Foundation, 1984-85, these groups are all part of the groups licensed through the umbrella system to work out of the three large bingo halls. So all decisions are made with respect to licences for these groups and are made by the umbrella groups with the exception of several - I can't say exactly how many - which were grandfathered when the bingo reforms were introduced in 1984 and they were given three years to reduce their dependency upon a guaranteed access to bingo funds. Once the three years are up, they will be eligible, like all other organizations, to apply through one of the umbrella groups.

MR. J. ERNST: Mr. Chairman, I gather from the Minister's comments that those organizations that were grandfathered in 1984 have no tests applied as to their meeting the criteria, that they're simply grandfathered and they will be phased out in 1987 and forced to reapply through the umbrella group system and at that time may have to meet the criteria, but at the present time, do not; is that the case?

HON. J. WASYLYCIA-LEIS: No, in actual fact all of those groups that were - and I should have used the word "grandparented" - have to -(Interjection)- I do, I do. So does my honourable colleague. All of those organizations must still meet the criteria of the umbrella group under which they fall.

The umbrella group sets the criteria for each of those umbrella groups; it probably varies from group to group, but no doubt are as stringent as the kinds of terms and conditions that we have put in effect for the entire system.

MR. J. ERNST: Is the Minister then saying that the umbrella groups are presently applying their criteria against these groups even though they're grandfathered?

HON. J. WASYLYCIA-LEIS: According to their agreement - and each one has signed an agreement with the Manitoba Lotteries Foundation - they are required to apply for a licence and meet the terms and conditions of that particular umbrella group.

MR. J. ERNST: While we're on the question of bingos, can the Minister advise what company the Manitoba Lotteries Foundation buys its bingo supplies from?

HON. J. WASYLYCIA-LEIS: The answer is Bazaar Novelty.

MR. J. ERNST: On page 11, Mr. Chairman, at the bottom, there is a category "Other Bingo Hall Profits Earned by Umbrellas". Can the Minister advise firstly how these are earned? Why they are recorded separately? And what is the basis for distribution of those funds such as indicated?

HON. J. WASYLYCIA-LEIS: The system works such, that each night the umbrella group in the bingo hall is charged a certain percentage for expenses. It's a fixed percentage. I believe in the case of the bingo halls, it's 18 percent. Then over the course of the year, those expenses are paid by the Manitoba Lotteries Foundation. At the end of the year, the amount remaining is distributed back to the groups who have been allocated days in the bingo halls, based on their percentage of earnings over the year.

If I could add one more thing, those figures also include revenue from the canteen.

MR. J. ERNST: If we can now proceed to the umbrella group system, starting firstly with the Manitoba Arts Council, I have several questions.

First of all, how is the Arts Council chosen, the membership of the board?

HON. J. WASYLYCIA-LEIS: First of all I should reiterate what I said earlier, and that was that the Manitoba Arts Council is appointed by the Government of Manitoba. In terms of the gaming portion of the Arts Council's operations, the Manitoba Arts Council has set up an Arts Gaming Commission which is made up of a board of volunteers appointed by the Manitoba Arts Council and reporting to the Manitoba Arts Council.

MR. J. ERNST: Mr. Chairman, has the Minister or has the government considered allowing an election of board members, in part or in total, from the various disciplines within the funding arrangements of that organization? Does the Symphony Orchestra have a voice? Does the Circle Moliere have a voice? Does the Rainbow Stage have a voice, that type of thing, or even in groupings of those organizations? Have you considered the possibility of having those people elected from within their constituent organizations as representatives on that board?

HON. J. WASYLYCIA-LEIS: First, let me indicate that this government makes appointments to the Manitoba Arts Council with the goal of achieving the greatest possible representation through all the various arts and cultural interests in this province, as well as in terms

of regional interests, a balance between men and women, a significant representation from the visible minority community as well as the disabled community; and we are working very hard to ensure that kind of broad representation takes place with respect to the entire board of the Manitoba Arts Council.

Given that that's the base, it is obvious that the appointments to the Arts Gaming Commission of the Manitoba Arts Council will also be representative, since they are drawing from a representative base.

I am confident that the Manitoba Arts Council has been vigilant about ensuring broad representation from the arts and cultural community on the Arts Gaming Commission, and we have had nothing but praise in terms of the kind of distribution of funds that have taken place as a result of this agreement with the Manitoba Arts Council.

MR. J. ERNST: I gather then, Mr. Chairman, that they have not considered the question of electing these people, allowing their election on a democratic basis from within those constituent organizations.

Mr. Chairman, perhaps not now but at another time the Minister could provide me with the names of the people on both the Manitoba Arts Council and their Arts Gaming Commission, and perhaps a precis of the reasons they were appointed. That in due course, Mr. Chairman, would be fine.

HON. J. WASYLICIA-LEIS: If I could take that as notice and get back to the member as soon as possible, I have that in my Culture and Heritage briefing book and I'm sure staff will get it for me as soon as possible.

MR. J. ERNST: As I indicated, Mr. Chairman, there was no rush on that, that at some later time the Minister could provide that information, it would be satisfactory.

If I can then proceed, Mr. Chairman, could the Minister advise how a new group could make application and come under this particular umbrella, what the criteria is, what the process is in order to accomplish that?

HON. J. WASYLICIA-LEIS: Mr. Chairperson, a group can apply directly to an umbrella group if that group is familiar enough with the system to know which group they would fall under. However, they could also apply directly to myself as Minister responsible or to the Manitoba Lotteries Foundation, and we would assign them the appropriate umbrella group.

In the case of the Manitoba Arts Council Gaming Commission, the general criteria that they have applied falls in the areas of professional arts and provincial amateur arts associations.

MR. J. ERNST: Mr. Chairman, while I understand how the overall funding for the Manitoba Arts Council occurs - I gather on a formula basis within the overall Lotteries income - again I appreciate also that at least presumably the Manitoba Arts Council Board will decide ultimately on what organizations will get what funding. Can the Minister advise if there's a formula, or how are the funds allocated internally within the Manitoba Arts Council as indicated? How, for instance, does the Contemporary Dancers Incorporated wind up in 1985 with \$30,634 and the School of the Royal Winnipeg

Ballet, \$7,000, the Royal Winnipeg Ballet, \$48,957; how are those amounts arrived at and perhaps the Minister could explain that?

HON. J. WASYLICIA-LEIS: Mr. Chairperson, if the Member for Charleswood is referring strictly to the Arts Gaming Commission of the Manitoba Arts Council, that commission - the Manitoba Arts Council - like all umbrella groups, sets the criteria for determining eligibility of organizations. In the case of the Manitoba Arts Council, they have used the general criteria of need.

MR. J. ERNST: So I gather then, Mr. Chairman, that it's basically an arbitrary decision made by the board and there's no specific formula other than perhaps historic levels of funding in the past. Is that correct?

HON. J. WASYLICIA-LEIS: Mr. Chairperson, the member is generally correct in terms of how funds are allocated. Applications are received by the Arts Council, reviewed by members of the Gaming Commission and on the basis of need, groups are approved. I think that system holds true in the case of every group. Each group has a slightly different way of determining eligibility, but we have said that the decision rests with that particular umbrella group.

To remind the Member for Charleswood, we made a conscious decision to ensure an arm's-length relationship between the government and the umbrella groups. We're not in the business to interfere with each group's process and decisions that are taken. To date that system has worked well and the AI Miller Report has verified that.

MR. J. ERNST: I appreciate, Mr. Chairman, particularly in the case of those organizations that are self-governed and/or where the boards are democratically elected, that it works fine and I have no question about that. I do have some concern, however, when it reaches a government-appointed board who are not democratically elected but yet who deal with a wide variety of constituent organizations.

Mr. Chairman, if I can proceed then to Page 14 of the report, principally the Manitoba Community Services Council. Can the Minister advise, first of all, why certain funds are scheduled under Figure 6 and a number of other funds are scheduled under Figure 7? Why are these two separate? How are these groups, as a matter of fact, qualified under each section? How do they qualify them for each section?

HON. J. WASYLICIA-LEIS: Mr. Chairperson, Figure 6 is a chart indicating total casino proceeds, simply casino proceeds; whereas Figure 7 is the gaming fund breakdown that includes casinos, it includes lottery tickets and other lottery activities that they have been entitled to.

The Community Services Council again allocates funds on the basis of need, much the same way that the Manitoba Arts Council does. They also would, given the fact that they have some flexibility in terms of deciding which groups are eligible for casino days, which for bingo days, and so on, that they also apply the criteria of the organization's ability to supply volunteers.

If an organization were well equipped to provide volunteers, they would likely be granted a casino day.

MR. J. ERNST: Mr. Chairman, I thank the Minister for her answer. In my calculations, total income under the Manitoba Services Council would have been \$2,130,564 under the Gaming Fund; \$655,589 under the bingo halls; and a \$265,656 casino revenue, for a total of \$3,051,809.00. The total payouts or expenditures under Manitoba Community Services Council amounts to \$730,587.00.

There would appear then to be a surplus in the account of the Manitoba Community Services Council of about \$2.3 million. Could the Minister advise how those surpluses would in fact be retained; how they are dealt with if they are retained, and so on?

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, the Community Services umbrella takes the view that groups must meet the criteria they have established in order to be eligible for funds. They have said from the beginning that they will be vigilant about ensuring that those criteria are met and not resorting to the attitude of - just because they have all this money - they'll start handing it out willy-nilly, without any kind of criteria coming into play; and that, I think, is related to the fact that this umbrella group, like all of the umbrella groups, are quite new at this kind of activity.

They are being cautious in terms of putting in place an effective system with a firm set of criteria. So they do have a surplus and they will be, as needs are identified, as groups become eligible for assistance, that surplus money will be applied against those applications. What they are exactly doing with their surplus right now, in what kind of account and how much interest they are getting, I don't know, that's up to them. As I said, we don't interfere with their day-to-day operations.

MR. J. ERNST: Mr. Chairman, I'm somewhat shocked by the Minister's answer, not shocked in the sense that the organization should be judicious in handing out the funding; I think that's more than reasonable. But I am shocked to think that, for instance, in one year alone, they could have \$2.3 million of Lottery funding given to them, of which the Minister knows not what they have done, knows not where it's at, knows not where or how it's being dealt with. In addition to that, Mr. Chairman, what other surpluses from other years are present in that account?

I guess the question is, Mr. Chairman, how much, first of all, is the surplus account in the Manitoba Community Services Council; and secondly, where and how is that money secured? How is it looked after as opposed to, you know, is it invested in Saudi Arabia? I don't know, but I think we ought to know. That's a great deal of money to be left over, shall we say, in the operations of an organization like this. If it was a few dollars, a few hundred dollars, a few thousand dollars, I don't think anyone would question it. But the fact is, Mr. Chairman, it's a few million dollars and it's a few million dollars well in excess of what they are spending, particularly in this given year.

HON. J. WASYLYCIA-LEIS: The Member for Charleswood is deliberately distorting my remarks. I

certainly did not indicate that I did not care or know about the surplus funds. I said I was fully aware of the unspent money, but it was the business of that community, that umbrella group, to determine in what bank account they would put the money and at what interest rate. That kind of day-to-day decision-making, we don't interfere with. We receive annual reports from the Community Services umbrella group as we do from each umbrella group and we pay close attention to those annual reports so that we ensure each umbrella group is living up to the terms and conditions set out in the agreement that they signed.

I think it should be pointed out that with respect to the Community Services umbrella group, this was the first year of operation, so we obviously aren't going to be immediately in a position to allocate all of that money right off the top.

I think any organization that is trying to put in place an effective volunteer board needs some time to work together and agree on how they want to deal with the hundreds of requests that they are obviously getting. It should also be noted that the figures that the member is referring to represent earnings. They don't represent what they receive in cash and the Manitoba Lotteries Foundation pays cash after the fact and, in fact, six weeks after each month end. So there are a number of factors that must be taken into consideration and I would hope that the member wouldn't distort those facts.

MR. CHAIRMAN: With due respect, I think the wording "deliberately distorting" is unparliamentary. It should not be used against any member of this House.

The Member for St. Johns.

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, I would happy to withdraw the term "deliberately distort." What I really meant to say was putting different facts together and drawing conclusions that certainly had no bearing with reality.

MR. J. ERNST: Mr. Chairman, I accept the Minister's apology and complete and utter withdrawal of the derogatory statement that she has made.

Mr. Chairman, then perhaps the Minister can advise, although it will be, I appreciate, unaudited, what the surplus account would be for the Manitoba Community Services Council for the year 1985-86?

HON. J. WASYLYCIA-LEIS: We really wouldn't have any idea of that at this point, until we receive their annual report.

While I'm on my feet, the Member for Charleswood asked a question about the membership of the Manitoba Arts Council and the Gaming Commission. I would refer him to Page 6 and Page 28 of the Annual Report for the Manitoba Arts Council, which lists the membership of the Arts Council as well as the membership of the Gaming Commission. I could certainly go through the list and point to those who are writers, those who are artists, those who are involved in film, those who are involved in publishing and so on and so forth. There are two changes to the membership of the Arts Council that were made just recently. They are Norma Bailey, who is a prominent film producer in

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this province and has been involved in the major production that I referred to yesterday, "Daughters of Our Country," and Rene Piche, who also has extensive experience in film and video.

MR. J. ERNST: I thank the Minister for the comments with regard to the Manitoba Arts Council and I will appreciate receiving from her that schedule of people, along with an indication of their background and who they represent or what associations they represent.

Mr. Chairman, we have to go back slightly to that earlier part of the Minister's answer in dealing with the fact that for the year 1985-86, the Minister has no idea what the surplus account of the Manitoba Community Services Council would be, even though it's now some six months after year end. I am concerned somewhat, not, again, because of what the Manitoba Community Services Council does or who they allocate funding to. My concern is that if they are allocating, as in the case of the one before us - I appreciate, Mr. Chairman, that it's one particular year over - or their very first year of their operation.

The fact of the matter is they expended \$700,000 approximately out of an income of some \$3 million. If, in fact, those kinds of levels of funding perhaps even double the expenditures in 1985-86, still there would be enormous surpluses contained in that account. I would suspect that prudent judgment on behalf of the department would be, Mr. Chairman, to allocate funding to that organization based upon what their needs are in terms of funding and not necessarily because of a specific formula leaving gigantic surplus amounts of money in the hands of an appointed board as opposed to under the control of the department.

HON. J. WASYLICIA-LEIS: Sometime ago, back at the beginning of August, the Member for Charleswood wrote me asking for copies of all of the agreements between the government and the umbrella organizations. On August 1, I forwarded to him a copy of the agreements between the government and each of the umbrella organizations. If he had read through that package of material, he would have noticed that we have an agreement with each umbrella group that has three parts to it.

In that agreement, we approve the criteria that particular group has outlined, we request an annual audited statement, and we also have a 90-day cancellation policy in the event that we are unhappy with any aspect of the arrangement that has been made or if any of the terms and conditions have been broken, then that 90-day cancellation policy will come into effect.

I have to reiterate, the Manitoba Community Services umbrella group has an excellent record in terms of meeting all of the terms and conditions in being fully cooperative in being responsible about the allocation of funds.

If the Member for Charleswood wishes, we could try to find out the balance in the Community Services Council budget as of March 31, 1986, but it would be unaudited, probably.

MR. J. ERNST: Mr. Chairman, I want to cast no shadow of doubt or concern over the Manitoba Community Services Council or the organizations that they're

funding. That's not the intent. But the concern is still there that if you had an organization with \$2 million or \$3 million of surplus funds sitting there, the government would not find out how those funds are spent until a year, perhaps even two years, after the fact. The Minister today does not know, and her officials, I gather, don't know as well, what the surplus account is of that organization up to this point, Mr. Chairman.

The concern is that organization, if for some reason at some point in time became not very judicious or came into the control of someone who is not particularly interested in the aims or objectives, could expend the funds, virtually millions of surplus funds, without the government knowing until well after the fact, and that concerns me, Mr. Chairman, not what the organization is doing today, but the possibility that exists that it could expend all these surplus funds without really having any control exercised over it.

So what if it broke the agreement? If someone decided, took it upon himself to decide to feather his own nest or pay funds out to himself or to some clandestine activity associated with himself, Mr. Chairman, the government has no control over that. That could happen; the agreement may be broken. The government may wish to, on 90 days notice, cancel, but it would be too late, the funds would be gone, and before the government even finds out about it, according to the agreement, it would be a year or a year-and-a-half later. I find, Mr. Chairman, that kind of control, that kind of agreement, perhaps, is what led us into the kind of concerns and troubles that we've experienced with MTS of late.

Mr. Chairman, I would hope that the Minister can clarify that.

HON. J. WASYLICIA-LEIS: I think, if I was to follow the advice of the Member for Charleswood, we would be ending up in the kind of situation where poor decisions were being made. We have taken the position that as long as an umbrella group operates their affairs properly and, as I've indicated, we certainly monitor the situation to ensure that is happening. As an example, in the case of the Manitoba Community Services umbrella, they have been diligent about forwarding to us, after each of their meetings, a list of the organizations they have approved for funding.

But, as I was saying, as long as we are confident that an umbrella group is operating its affairs properly, we're not about to interfere with the decision-making process of that body. We don't encourage groups to spend quickly; we encourage them to spend wisely, and I think that kind of philosophy and that kind of policy puts us on the best footing and indicates a very responsible attitude in terms of spending lottery dollars.

MR. J. ERNST: Mr. Chairman, again I appreciate the Minister's comments, but the fact of the matter is that they don't know if they're operating properly, they don't know if they're expending the funds appropriately. That's the concern. However, we can flog that to death; that's the way it has been going up to this point. I would only hope that the Minister would take under consideration the fact that this organization is sitting with substantial surplus funds and perhaps some change in operation might be warranted.

Mr. Chairman, with respect to the Manitoba Intercultural Council now, on Page 17 of the report, could the Minister advise how this was set up, who appoints the board, who appoints the chairman of that organization?

HON. J. WASYLYCIA-LEIS: If I could deal with the first part of the member's question first, again, he's repeating the same inaccurate information over and over and over again, suggesting that we don't know about the affairs of the Manitoba Community Services umbrella group. I've said that we know everything about that organization. We receive annual audited statements; we receive monthly reports about funding; we are confident that all matters are being handled properly and forthrightly by that umbrella group.

I find it hard to reconcile that kind of suggestion being made by the Member for Charleswood that we should be checking up on this umbrella group. I guess he'd like us to be checking up on them on a daily basis to see exactly how they're handling every minute of their daily operations. He says that on the one hand and on the other hand he objects when we respond to a complaint about a bingo activity operating without a licence. I think the kind of procedures we have put in place are certainly the much more responsible scenario to follow and I'm confident that we have all the necessary information we need to know that the operations of that umbrella group are being carried out properly.

With respect to the Manitoba Intercultural Council, I gave the formula yesterday in Estimates for the overall appointments to the Manitoba Intercultural Council, so I won't repeat that. I will indicate that the chairperson of the council is appointed by Order-in-Council after a process of consultation with the executive.

MR. J. ERNST: Mr. Chairman, the Minister's comments I think are a little untoward. I asked the question, what is the surplus account of the previous organization, the Manitoba Community Services Council, and the Minister said she didn't know, she didn't have any idea, because the year-end was March 31, 1986, but they hadn't received the audited statement yet.

I'm not suggesting for a minute, Mr. Chairman, that organizations be checked up on a day-by-day basis, but when the organization is sitting with surplus funds in the millions of dollars and that the only time that they're checked up is when an audited statement comes in a year or a year-and-a-half after their year-end, then I think that some action is warranted by the government. I don't think that they should be checking up on them on a daily basis at all, but I certainly think that they ought to have a little better handle on what kind of operations that organization has, particularly when the Minister indicated that she didn't know.

In any event, perhaps we can continue on with the Intercultural Council. Can the Minister advise if this organization has staff? If so, are they civil servants or are they independent of that organization; also, if they receive any funding from any other budget within government?

HON. J. WASYLYCIA-LEIS: I will try to be as thorough as I can in my answer. However, the Manitoba

Intercultural Council was an appropriation line in my Estimates for Culture, Heritage and Recreation, and I think we had covered that item and it was passed.

I believe that there are several staff attached to the Manitoba Intercultural Council. They receive an operating budget from this government, from my department. If he wants the exact figures, I'll try to get that for him, but, as I said, we did go through that yesterday.

MR. J. ERNST: Could the Minister then advise if there are staff in addition to what's contained in the Estimates of her department who are funded out of Lottery revenue as opposed to being funded out of the Estimate process?

HON. J. WASYLYCIA-LEIS: I'm not sure I understand the member's question exactly. The Manitoba Intercultural Council receives an operating grant from this government to run its own affairs. It is an arm's length advisory body. It hires staff and has other budgetary requirements that it meets out of that operating grant.

MR. J. ERNST: I guess that, Mr. Chairman, related to my earlier question, if they were civil servants or not, obviously, they're not. They're employed from an independent agency and the agency hires and fires as they see fit.

Mr. Chairman, up to this point, the Manitoba Heritage Federation, for instance, is scheduled, of the people who received grants, under its organizational umbrella, the Manitoba Community Services Council, the Manitoba Arts Council. Yet, the major benefactor of Lottery funding, the Manitoba Sports Federation - it's contained on Page 17 - has three or four paragraphs and no schedule of funding under that umbrella.

Why is the fund distribution not included for that umbrella, the major one, when it is for virtually all of the others?

HON. J. WASYLYCIA-LEIS: The member will notice that the presentation for each umbrella group is different: in some cases, all of the organizations receiving funds are listed; in some cases, the disbursement of gaming funds, casino and bingo proceeds are listed. We discussed with each of the umbrella groups to see what they would like to put in the annual report and, by and large, this report probably reflects their contribution.

However, any information that the member requires, I would be glad to provide for him.

MR. J. ERNST: Mr. Chairman, I just was concerned. It seemed that the other significant groups within the funding arrangement had their list of disbursements scheduled and yet the major funder had not. Now, perhaps it's a matter of space or whatever, I don't know, but that's fine. I suppose if I wanted to find the detail from that, I can go and ask the Manitoba Sports Federation.

If we can then proceed to the actual Auditor's report now, Mr. Chairman, starting on Page 25 with the balance sheet, the first item, under Assets of the Manitoba Lotteries Foundation, we have Term Deposits with the

Minister of Finance. In the year 1985, we have \$12.4 million of term deposits with the Minister of Finance. Yet, in 1984, there were none. Can the Minister comment as to why the great discrepancy there?

While she's doing that, perhaps she can advise what the Manitoba Lotteries Foundation has on deposit as of March 31, 1986, appreciating again though that it will not be audited.

HON. J. WASYLICIA-LEIS: Just before I answer that question, I should point out to the Member for Charleswood that there is an indication in the annual report referring to the Manitoba Sports Federation that would describe the absence of detail as indicated on Page 17. "During 1984-85, the Federation did not make any direct grants to sports organizations." So, basically, they pay the grants from the previous year's earnings.

On to the questions regarding the Auditor's report, with respect to the difference in deposits back in March of 1984, cash was put in the bank, but as of March 31, 1985, we began to deposit that cash with the Minister of Finance. As of March 31, 1985, that totalled \$12.4 million which represents the balance of payments to umbrella groups, the amount in the Special 6/49 Fund and the balance in the equalization fund.

With respect to the question pertaining to what the Manitoba Lotteries Foundation has on deposit as of March 31, 1986, that figure is \$12.5 million - although that is an unaudited figure - and that again reflects the balance owing to umbrella groups and the fact that we have held back on paying all the money to umbrella groups until our own statements have been audited to ensure that we are not paying too little or too much.

MR. J. ERNST: Mr. Chairman, again, so I can understand the whole accounting system here, if we can flip over to page 26, Exhibit B, it indicates, if I understand exactly, the balance at the end of the year, Exhibit A, shows us a sum of \$17,411,786 and transfers to the province \$10,008,765.00. Now, does the \$10 million figure transferred to the province refer to the same funds held in trust by the Minister of Finance at \$12 million; question one. Question two is: if the province indeed has \$10 or \$12 million of unpaid funds to umbrella groups and the things that the Minister outlined, and there was a total balance in the account of \$17 million at the end of the year, where is the other \$5 million?

HON. J. WASYLICIA-LEIS: The \$10 million figure that the member refers to represents money transferred during the year, so it's not part of the \$12 million figure at all. The difference roughly, between the \$12 million figure and the \$17 million figure is a result of approximately \$1.5 million that is currently in the bank. There is roughly, another \$3.2 million in general reserve, and then there is, in addition, accounts receivable and so on.

MR. J. ERNST: I thank the Minister for the answer. Can we now deal, Mr. Chairman, on page 25 at the bottom of the page, the Special and Equalization Funds. Firstly, with regard to the Special Fund, in 1984 it had a balance at the end of the year of \$2.9 million; 1985 had a balance at the end of the year of \$1.9

million. Mr. Chairman, \$1 million was obviously expended during that period of time.

Can the Minister advise, first of all, where or on what was the money spent? The second question would be: who authorizes the expenditure? And three: how much is allocated to this fund on an annual basis? Is there a percentage allocation or a dollar figure allocation to this fund on an annual basis?

HON. J. WASYLICIA-LEIS: The difference in the 1984-85 figures for the Special Fund is a result of money that was used to purchase the building at 830 Empress, which houses the Manitoba Lotteries Foundation, and to make leasehold improvements on that building.

Money also went towards leasehold improvements for the three bingo halls. The decision to allocate that money was authorized by Cabinet. The amount is, in actual fact, a loan and will be paid back by the Manitoba Lotteries Foundation to that fund over five years with interest.

The amount in the Special Fund is a fixed amount. It was based on earnings between June, 1982 and December, 1983. So the only increases that we see with respect to that special 6/49 fund is the interest.

MR. J. ERNST: Perhaps the Minister then can answer: what is the total amount or capital amount of the fund; and then how is the Lotteries Foundation going to pay back that fund? Presumably it's the Lotteries Foundation fund. How would they pay that back or why would they be required to pay it back as a loan? Why not simply just transfer other lottery earnings into that account to replenish it, if that's what the money was used for?

HON. J. WASYLICIA-LEIS: Mr. Chairperson, basically we do what the Member for Charleswood is suggesting, and he suggested that we're transferring lottery earnings over a five-year period. To be more specific, the Manitoba Lotteries Foundation depreciates its assets for 830 Empress and pays back out of the Gaming Fund. In other words, basically the Gaming Fund is an effective bank for the Manitoba Lotteries Foundation. So I think that explains the matter.

The final question that was raised, was what is currently in the account for the Special Fund; it's as of July 31, 1986, \$2.7 million.

MR. J. ERNST: The other question I had for the Minister, Mr. Chairman, was what is the capital value of the fund? She indicated it was a fixed amount, plus interest. Could she advise what the capital value of that fund is?

HON. J. WASYLICIA-LEIS: Mr. Chairperson, basically the total value of that fund is the 2.9 listed under 1984, plus interest that is being accrued as a result of the loan being paid back by the Manitoba Lotteries Foundation. The total actually would be \$3,400,000.00.

MR. J. ERNST: Mr. Chairman, can we move to the Equalization Fund? Here in 1984, the fund was \$456,000; the end of 1985, it was up to \$3.2 million. Again, can the Minister advise how that money is allocated to that fund, and if there is a capital value to that fund, what is the capital value?

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, the Equalization Fund is based on 10 percent of the Gaming Fund. The capital value of the Equalization Fund as of July 31, 1986, was \$6.9 million.

MR. J. ERNST: Mr. Chairman, then there's no maximum on that fund? It just continues to grow?

HON. J. WASYLYCIA-LEIS: That's correct.

MR. J. ERNST: Can the Minister advise then what has been paid in to this account this year? What's been paid out of the account this year? And what the policy is for payouts under that account, and to whom the funds are paid?

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, in response to the first question which was the amount paid into the Equalization Fund for 1985-86, that amount is \$3,583,180.00. In terms of the payments out of that fund for 1985, there was a payment of \$71,310 to the Royal Canadian Legion, as a result of our grandparented agreement with that organization.

There was a payment of \$60,261 to the Community Folk Arts Council. That was basically to offset the fact that their casino for 1984 only raised \$80,000.00. Finally, there was a payment of \$35,000 to the Manitoba Mental Health Research.

Finally, the question raised by the member was criteria in place for money being spent out of the Equalization Fund. Basically the criteria to date, there has been only been one criteria, and that was to give assistance to organizations who had received less revenue than they normally anticipated due to unforeseen activities from a lottery activity.

I should also indicate, as I've said several times throughout my Estimates, that this is also one of the areas that we would be looking at for the development of a new Community Capital Facilities Program.

MR. J. ERNST: Mr. Chairman, again with payouts of \$160,000 approximately, and income of almost \$3.6 million, I'm not surprised that the Minister is indicating that they're looking at other means of expending this money. Obviously the 10 percent allocation into that fund is far in excess of what's necessary and the money could be perhaps better allocated in another location.

There was one question earlier though that the Minister didn't answer, and that was the amount of money on deposit with the Minister of Finance as of March 31, 1986, unaudited, I appreciate.

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, I thought I had indicated that figure was \$12.5 million.

While I'm on my feet, I forgot to mention one other payment that came out of the Equalization Fund in 1985 and that was a payment of \$874,510 to the Keystone Association of Charities, as a result of the closing of the McPhillips Bingo Hall.

MR. J. ERNST: Just happened to slip your mind, did it, the \$874,000.00?

The term deposits on hand with the Minister of Finance at the end of 1985, as shown in the balance sheet, are 12.46 million or perhaps 12.5 million. I was

referring to the year following at the end of 1986, is it still at 12.5 million, no change, so to speak?

HON. J. WASYLYCIA-LEIS: Yes, that's right.

MR. J. ERNST: Thank you. Mr. Chairman, on Page 27 of the report, the interest income shown for 1985 of \$1.2 million, I presume, is payments from the Minister of Finance for funds on deposit with the Minister, or did he blow it on the deficit?

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, yes, it is interest on the term deposit, as well as interest on money that the Manitoba Lotteries Foundation has in the bank as well.

MR. J. ERNST: With respect to the licence fees area, Mr. Chairman, the 781,000 of licence fees, can the Minister advise how many licences were issued, the average cost, and how the licence fees are determined under that section?

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, the total number of licences issued for 1985-86 was 1,807. That broke down to 656 for bingo; 742 for break-open; 57 for break-open, hotel, but that should also include the previous year's licences since we don't renew each year, which was 167; raffle licences, 230; Wheels of Fortune, 52; Calcutta Auction, 50; Midway, 8; Agriculture Fair, 1; Monte Carlo, 11.

The formula, as I indicated yesterday, for all licences is 1.5 percent of gross revenue, except for break-open tickets, which is now at 6 percent.

MR. J. ERNST: Then we can go to Schedule 1 on Page 28, Mr. Chairman. Near the bottom of this schedule of net lottery sales revenue, there is 1,404,000 paid to the Government of Canada in 1985 and 1.26 million in 1984. Can the Minister advise how this payment is calculated?

HON. J. WASYLYCIA-LEIS: Effective January 1, 1980, the Government of Canada terminated its involvement in Lotteries. In return, the 10 provinces agreed to contribute an annual sum of \$24 million, adjusted for inflation, to the Federal Government.

During the year, a second agreement was signed between the provinces of Canada and the Federal Government, whereby the provinces have agreed to pay \$100 million over three years, in return for the Federal Government, as a legal participant in lottery and gaming activities. As a result, Manitoba's share of the payment under Agreement 1 for 1986 is \$1,821,054, and the total under Agreement 2 amounts to \$1,646,993.00.

MR. J. ERNST: Mr. Chairman, I understand the bonus payment to the feds for opting out of the National Sports Pool, but was that payment not made in 1985 or in the year ending with this report?

HON. J. WASYLYCIA-LEIS: Yes, Mr. Chairperson, the first payment was actually made in December, 1985 so it showed up in the 1985-86 reports rather than 1984-85.

MR. J. ERNST: So I gather then that's why the amount is about half of what it will be for the next coming year.

HON. J. WASYLYCIA-LEIS: That's correct.

MR. J. ERNST: Mr. Chairman, on Page 29, dealing with the Schedule of bingo paper and break-open ticket sales, the Minister advised earlier that all the materials associated with this are purchased from Bazaar Novelties?

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, it was bingo paper, as I indicated earlier, that was provided by the Bazaar Novelty. All break-open tickets come from Pollard Banknote.

MR. J. ERNST: Mr. Chairman, can the Minister advise what the percentage of gross on break-open tickets that was paid to the Manitoba Lotteries Foundation in 1984-85 was? What was the percentage of gross paid to the Manitoba Lotteries Foundation on break-open tickets?

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, the percentage of gross from break-open tickets was 11 percent for '84-85. However, we didn't start issuing break-open tickets until June 1, 1984, so it really is for a 10-month period.

In addition to the 11 percent gross, which went into the Gaming Fund, there was a charge of 3 percent for the cost of the product.

MR. J. ERNST: Can the Minister then advise what the percentage of gross paid to the Manitoba Lotteries Foundation was in '85-86?

HON. J. WASYLYCIA-LEIS: As of January 1, 1986, the percentage of gross was reduced from 11 percent to 6 percent. There still is, in effect, a charge for the cost of the product.

MR. J. ERNST: Can the Minister advise then, Mr. Chairman, what the estimated total revenue loss will be from this change on an annualized basis?

HON. J. WASYLYCIA-LEIS: This change has resulted in a \$3.5 million reduction in earnings for the Manitoba Lotteries Foundation, but it has actually meant an increase of \$3.5 million for the charitable groups that are selling these tickets.

MR. J. ERNST: Can the Minister advise who the groups are that have the use of these tickets? Let me put it this way. Who are the major users of the tickets?

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, the list is too long, I think, to give to the member now. It would be wasting valuable time in the House. However, I think, generally, the primary users of the break-open ticket have been veterans' associations, organizations that run bingos, and community clubs, legions.

MR. J. ERNST: Are there any restrictions on that additional funding to those organizations? Do they have to spend the money in any particular way or is it

something that just goes into their coffers as other funding does?

HON. J. WASYLYCIA-LEIS: These groups still, like all other groups licensed by the Manitoba Lotteries Foundation, have to meet the criteria of having the money going toward a charitable or religious purpose as is outlined in the terms and conditions of their licence.

MR. J. ERNST: So there are no special conditions attached to that break, the reduction in the amount of percentage of gross?

HON. J. WASYLYCIA-LEIS: That's correct. There were no special conditions attached to that change from 11 to 6 percent.

MR. J. ERNST: Mr. Chairman, Page 31, dealing with the casino revenue and expenditure, can the Minister advise what the criteria is for awarding rural casino licences? The awarding of licences is the first question and then tell me who decides again on the licence applications.

HON. J. WASYLYCIA-LEIS: Mr. Chairperson, for a rural casino to be held, the first criteria that must be met is that the organization requesting the licence must be a community organization, and the event that they are planning to hold, it must be indicated that it will be profitable.

In 1985-86, 28 rural organizations received casino licences; two additional ones applied but were rejected. Generally, if more than one organization from within a particular community applies for a licence, we work to ensure that those organizations cooperate and share the benefits of a casino and, finally, municipalities are only entitled to five casino days per year.

MR. J. ERNST: Mr. Chairman, while I didn't request the information, the Minister indicated that there were 28 rural licences granted last year. She provided me with a list of 23 that were granted last year. Where are the other five?

HON. J. WASYLYCIA-LEIS: The five missing organizations were those that did not make any money at their casino.

MR. J. ERNST: The other question I had asked is who decides on the licences?

HON. J. WASYLYCIA-LEIS: I should clarify; we do not licence the bingos. We operate all the bingos and the boards approve applications with the purpose of operation by the Lotteries Foundation. Mr. Chairman, all casinos in the Province of Manitoba are operated by the Manitoba Lotteries Foundation.

MR. J. ERNST: Mr. Chairman, if we can go to Page 32. Can the Minister advise, first of all, what was the staff complement of the Manitoba Lotteries Foundation as of January 1, 1984? What is the staff complement today? At some later time, perhaps she can provide a flow chart of the staff and what they do there. It doesn't have to be today but at some later point.

HON. J. WASYLICIA-LEIS: As of January 1, 1984, the total complement of staff for the Manitoba Lotteries Foundation was 12. As of March 31, 1986, the total approved staff complement was 98. I have flow charts of the organization of the Manitoba Lotteries Foundation. I would be happy to table those flow charts.

MR. J. ERNST: Can the Minister advise if there is a proposal to increase the number of casino days in the near future?

HON. J. WASYLICIA-LEIS: This suggestion was made by Al Miller in the review of the umbrella system. As I've indicated previously in my comments responding to the report, I said I would be looking seriously at that recommendation and discussing the matter with my colleagues. I understand that the board of the Manitoba Lotteries Foundation is also considering this matter and will be coming forward with a recommendation in the near future.

MR. J. ERNST: The question I have, Mr. Chairman, has the Manitoba Lotteries Foundation staff been to Europe to study gaming operations there? If so, how many attended and for what length of time?

HON. J. WASYLICIA-LEIS: Three staff went to England in January of 1986 to study bingo and casino operations. They stayed there approximately 10 days. The three who attended were the Director of Gaming Operations, the Property Manager, and the Security Manager.

MR. J. ERNST: Mr. Chairman, does the Manitoba Lotteries Foundation plan to purchase or construct any owned bingo halls in the short, medium or long term?

HON. J. WASYLICIA-LEIS: Our goal has been to ensure that three bingo halls are up and running. As the Member for Charleswood knows, there are only two in operation at the present time. So our immediate goal is to purchase land and construct a hall from ground up to reach that goal of three halls. We certainly will also be looking at the requirements or the state of the other two halls and eventually at least review purchasing land and constructing halls that will replace those other two existing halls.

MR. J. ERNST: Has the Manitoba Lotteries Foundation to date, Mr. Chairman, purchased any land for the potential construction of a bingo hall? If so, where is it located?

HON. J. WASYLICIA-LEIS: The Manitoba Lotteries Foundation had purchased 3.5 acres of land at the corner of Regent and Owen subject to receiving appropriate variances from the city. The variance has been approved but the conditions are so costly that it is unlikely we will proceed with the purchase of this land.

MR. J. ERNST: I wonder if we can deal with the schedule of administrative expenses, Mr. Chairman. The board members' fees and expenses of \$29,189, can the Minister indicate some detail, at least, of what the board members have spent \$29,000 on?

HON. J. WASYLICIA-LEIS: The total that the member refers to, in terms of board member fees and expenses breaks down as follows; \$21,175 for board members' fees; that's a fee schedule of \$75 per half-day for board members and \$500 per month for the chair of that board.

There was \$970.71 for board meeting expenses, primarily lunch; and \$7,043.73 for board members' travel, and that breaks down as follows: there's one member from out of town, so travel expenses are incurred there; and four members of the board attended the Public Gaming Conference this past year which was held in St. John's, Newfoundland.

MR. J. ERNST: Mr. Chairman, the next item on that list is Cartage. It went from \$7,600 to \$113,000 in one year. Can the Minister advise why that occurred?

HON. J. WASYLICIA-LEIS: Mr. Chairperson, the difference is roughly \$93,000, and that's a result of the fact that prior to this period of time, we were not involved in bingo activities and break-open activities; and with that kind of activity being initiated, roughly \$93,000 went towards the distribution of break-open tickets and bingo paper. That amount is collected back from the organizations.

MR. CHAIRMAN: 1.(a) - the Member for Charleswood.

MR. J. ERNST: Can the Minister tell the committee where the casino equipment to operate the casino in the Convention Centre was purchased, from what company?

HON. J. WASYLICIA-LEIS: We purchased used casino equipment from the Red River Ex; the Club Casino Equipment Company, from Bill Atchison; and we purchased new equipment from Jaymar's in England and Polson and Bud Jones in Las Vegas.

MR. J. ERNST: Can the Minister advise if the casino security contract presently in force at the Convention Centre was awarded by tender and, if so, who were the bidders for that contract?

HON. J. WASYLICIA-LEIS: The contract for the physical security of the Casino Centre was tendered and there were four bids. The company that won the contract was Cannon Security.

MR. J. ERNST: Could the Minister advise who the other bidders were and what the level of bids were? Let me ask the question, was Cannon Security the low bidder?

HON. J. WASYLICIA-LEIS: I can give the Member for Charleswood one other name of a company that bid on this contract, and the company's name is Trojan, but we haven't got all the names here, but I can get that for the member.

Basically, the Cannon Security was not the lowest bidder, but was viewed to be the most competent in this area and, because of the sensitive issue around security, the decision was made on the basis of competency.

MR. J. ERNST: Can the Minister advise who the security contractor was prior to that particular award?

HON. J. WASYLYCIA-LEIS: Previous to this arrangement, decisions were made, in terms of security arrangements were made on a casino-by-casino basis, and although there were several companies that were involved - and I don't have the list with me - it's fair to say that Cannon Security probably did the bulk of that casino security work.

MR. J. ERNST: Can the Minister advise if the principal of Cannon Security is Mr. Dennis Lister, and if Mr. Lister is related to anybody working at the Manitoba Lotteries Foundation?

HON. J. WASYLYCIA-LEIS: Mr. Dennis Lister was involved in Cannon Security. He is no longer involved in that company and, in fact, wasn't when the contract was awarded. He is in fact married to a cousin of the general manager of the Manitoba Lotteries Foundation. That interest was declared at the board meeting that dealt with this matter.

MR. J. ERNST: Presumably, Mr. Chairman, the minutes of that meeting could be provided to cover off that indication.

Can the Minister advise if the employees, by and large, of Cannon Security are also employed as corrections officers with the Department of Corrections?

HON. J. WASYLYCIA-LEIS: It's my understanding that the majority of the guards at Headingley are with Cannon Security - sorry, the other way around. The majority of people working for Cannon Security are guards at the Headingley Jail.

MR. J. ERNST: Does the province have a policy on people moonlighting at other jobs or bidding on contracts with the Provincial Government?

HON. J. WASYLYCIA-LEIS: I believe so, Mr. Chairperson, but I can get more information if the member requires it.

MR. J. ERNST: If that's the case, perhaps the Minister might want to look into the question of whether these people are in fact meeting the criteria.

Can the Minister advise if the camera contract that was awarded for the casino at the Convention Centre was awarded by tender. If so, who bid on it, and who was the low bidder?

HON. J. WASYLYCIA-LEIS: The contract for the camera security equipment at the Convention Centre was not awarded by tender. The decision was taken by the board because of the sensitive nature of this matter. It was not made public, because they did not want information about the nature of the security system known to the public. The company that received the contract was Servo Electric. This company was audited before payment was made to ensure that they were not charging above industry standards.

MR. J. ERNST: Mr. Chairman, as I understand it, Mr. Don Berry was hired as bingo hall manager some time ago, 1984, I believe. Mr. Chairman, he had a criminal record of armed robbery, I believe, at the time. I

understand now he's been removed from his position within the Manitoba Lotteries Foundation. Can the Minister advise if that is true? If it is true, what reason for his removal? Where has he gone, and are we open for a large settlement because of dismissal?

HON. J. WASYLYCIA-LEIS: Yes, Mr. Don Berry was employed or hired by the Manitoba Lotteries Foundation in June of 1984. At the time of his hiring or his application to the MLF, he openly admitted to his criminal record and that he had served time up to 1972, and has had no problems since that period. He is still employed with the Manitoba Lotteries Foundation, and apparently is doing an excellent job as a bingo hall consultant.

MR. J. ERNST: Have the terms of his employment changed in the last 12 months?

HON. J. WASYLYCIA-LEIS: Recently, Don Berry has been spending more time consulting with community groups than involved with the actual operation of bingo halls. That has been a result of the needs at the present time and requests by community groups for our assistance.

MR. J. ERNST: Is his remuneration, Mr. Chairman, higher, lower, or the same as his prior employment or his prior position?

HON. J. WASYLYCIA-LEIS: The same.

MR. CHAIRMAN: The Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Mr. Chairman, I just have a few general questions that I'd like to ask the Minister about the direction which Lotteries are going to take in the next few years.

First of all, in terms of the Miller Report, what is the status now; I mean, what is happening to that report; what kind of additional input will she be seeking from the community at large and what kind of timetable does she envisage as to any changes that might be made in the direction of Lotteries?

HON. J. WASYLYCIA-LEIS: I have completed meetings with all of the umbrella groups that are a part of the umbrella system. I'm in the process of making some recommendations to be presented to Cabinet. I expect to have some decisions pertaining to the AI Miller Report arrived at in the next several months. My intention is before any kinds of decisions are made public to meet with all of the umbrella groups individually and collectively to discuss any possible changes to the umbrella system following approval by Cabinet.

MRS. S. CARSTAIRS: Mr. Chairman, I don't think anyone envisaged that the lottery revenues would be the size that they presently are and that obviously will necessitate some changes in - and not to pre-empt the Minister before she goes to Cabinet - but is there any thought being given to broadening the groups that will be entitled to receive revenue from lotteries in the future?

HON. J. WASYLYCIA-LEIS: As I've indicated earlier, the first step that needs to be taken in order to

determine whether or not new groups should be covered under the umbrella system would be dependent on two things: No. 1, to determine whether or not any of those groups are now not eligible for funding under any of the umbrella groups within the present system, and No. 2, I think, a thorough needs assessment right across this province.

As I indicated earlier to the Member for St. Norbert, I have received a request from a newly-formed group, the Manitoba Conservation Council, to be constituted as a new and separate umbrella group under this system. I have said that before we make any kind of decision like that, I would have to get a pretty good sense of other needs out there in the community because other groups are making such presentations. I've had letters and meetings pertaining to the needs in the Native community; I've had strong representation from the women's community; if I go back through my correspondence, I could identify a number of other needs. At the same time, the existing umbrella groups are saying they are not able to keep up with demand and would like me to ensure that before any changes are made to the umbrella system, I really am on firm ground with respect to a thorough needs assessment.

MRS. S. CARSTAIRS: I think many of us are concerned that as long as good times generally can continue, the Lotteries' incomes will continue to get larger and larger. But we must have some concern for any downturn, and I wonder if there has been a thorough examination, I think particularly in terms of the arts funding right now.

In terms of providing some foundation monies, I would hate to think that the arts groups will become so dependent upon lottery funding that they will No. 1, stop doing their own kind of funding, No. 2, not involve the kind of volunteer sector, which I think is very important, and No. 3, fail to find that proper appreciation for what it is they do by the audience as a whole. To me, criteria to say we are a legitimate art group is not in itself valid. They must in fact have an audience to say yes, this is a legitimate pursuit.

In these discussions that we're having, is there any serious attempt to establish some foundations for which these groups would receive income, but not to distribute all of the money at this particular time?

HON. J. WASYLICIA-LEIS: It's interesting to receive this concern being expressed by the Member for River Heights when, although she missed this presentation, the Member for Charleswood was basically being critical of the fact that the Manitoba Community Services umbrella was not spending its money quickly enough.

Let me indicate that although I've indicated previously in Estimates that we are not pursuing the notion of an endowment fund or a heritage fund at this time, as long as there are so many outstanding and pressing needs; however, the concerns raised by the Member for River Heights are very, very valid. In fact, as I was meeting with staff today in preparation for next year's Estimates process, those very concerns were discussed.

The whole question of groups becoming dependent upon lotteries money, when in fact we are not sure how long this kind of growth we're seeing now will continue, and secondly, the kind of negative effect it potentially

has on volunteers. So the questions were raised about how can we ensure that spirit of volunteerism is maintained and that groups do not automatically expect a certain level of funding from the government or from the lotteries dollar.

So they are very, very important questions. I'm going to have to put a lot of thought into coming up with some potential solutions to those problems and I intend on discussing the matter more particularly with groups like the Manitoba Arts Council.

MR. CHAIRMAN: A point of order being raised.

MR. J. ERNST: The Minister indicated, Mr. Chairman, that I was critical of the Manitoba Community Services Council for the way they expended the money. That is not the case; Hansard will show that. The fact of the matter is, I was critical of the Minister for not knowing what was going on with that particular situation and what had happened to \$2 million of surplus funds; that's what I was critical of.

MR. CHAIRMAN: That is a clarification of a matter of fact and it is not a point of order.

MR. J. ERNST: No, but an excellent point.

MR. CHAIRMAN: The Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Mr. Chairman, I don't have any other questions on Lotteries, but I do have another question which I want to ask on Minister's Salary; however, I will defer to the member if he has another question on Lotteries.

MR. CHAIRMAN: Lotteries—pass. The civil servants can go.

The Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Mr. Chairman.

First of all, I'm going to apologize to the Minister because I am sure I should have brought this up at some point in the lined Estimates, but I missed it. I either wasn't here or whatever, and therefore, if she does not have the material here, I will take written answers without any difficulty at all.

My questions have to do with the ERDA Agreement and I am particularly concerned about the sections 3 and 4, which to date do not seem to have resulted in the expenditure of any money. It's a five-year agreement; it was signed in June of 1984. It appears to be half-way through and since it's a substantial amount of money into the arts community, and particularly in the field of training and equipment purchase and the stimulation of the industry, I'm wondering just what the status is at the present time.

HON. J. WASYLICIA-LEIS: Mr. Chairperson, the Member for River Heights is correct in indicating that we're roughly halfway through the ERDA agreement that was signed in, I think, January '84.

The issue of components 3 and 4 is being actively dealt with. Since I became Minister responsible for the area, I have reviewed the status of the advisory committee's report and the management committee

has, following consultations based on the advisory committee's report, made recommendations both to myself and the Federal Minister of Communications. There has been, I admit, delays due to the fact that I was new and had to become familiar with the area, as well for the fact, that there has been a change at the federal level. I have been in recent contact with Flora MacDonald and I expect that a decision will be made very soon with respect to components 3 and 4.

It should also be noted that there has been significant development taking place and dollars spent as part of the ERDA Agreement and, as I said yesterday, a couple of major areas need to be noted. The work of Film Manitoba and its establishment in 1985 is a significant element of the ERDA Agreement.

The work with the National Film Board around the production of "Daughters of Our Country" which will be a series soon shown on CBC, as well as the production for the IMAX Theatre, and there are others if I had my briefing book in front of me, but there has been considerable activity.

I know that the film and the video community in Manitoba is anxiously awaiting a decision on its 3 and 4. I understand their frustration at the delays and I hope that we can announce something very quickly.

MRS. S. CARSTAIRS: Mr. Chairman, it is my understanding that one of the recommendations of the committee was that, in fact, the so-called capitalist, the industrialist, be encouraged to sit down with the culturalist in order to work out the expenditure of these particular sums of money and that they be put in a situation where it be a really hands-off treatment as far as the Department of Culture is concerned and, yet, I understand, in effect, that is not going to take place. I wonder why there are not any industry representatives on the present committee.

HON. J. WASYLICIA-LEIS: Mr. Chairperson, the advisory committee was set up by the former Minister of this department and the former Federal Minister of Communications to provide advice with respect to the delivery of components 3 and 4. That report was received by those two Ministers and they directed staff at each level to consult with the community and to get feedback from the community about their recommendations.

There was support for some of the recommendations. Others received criticism. As a result, the former Ministers agreed that management committee which is made up of staff from both levels of government, review the advisory committee's recommendations, the reports from the consultations and make recommendations that would be important in terms of the industry development in this area, as well as feasible in terms of financial and legal matters. A number of recommendations were forthcoming. Flora MacDonald and I have yet to meet to discuss those in any detail, so I'm not in any position to give any detail until we have that meeting and there has been no decision with respect to the final delivery mechanism for components 3 and 4.

MR. CHAIRMAN: 1.(a)—pass.

Resolution No. 41: Resolved that there be granted to Her Majesty, a sum not exceeding \$1,153,200 for Culture, Heritage and Recreation, Administration and Finance for the fiscal year ending the 31st day of March, 1987—pass.

There's a call for 5:30 hour?

The hour being 5:30 p.m., we are interrupting the proceedings of the committee. The committee shall return at 8:00 p.m.