

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 p.m., Monday, April 5, 1976

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MR. CHAIRMAN (Mr. Walding): Order please. I direct the attention of honourable members to Page 46 in their Estimates Books, Department of Northern Affairs. Resolution 99(d)(2) - the Honourable Member for St. James.

MR. MINAKER: Mr. Chairman, through you to the Honourable Minister. When we adjourned for supper, just prior to supper, we were talking about travel costs under this particular section. I'm wondering if the Honourable Minister could advise, in this year's Public Accounts under Department of Northern Affairs there's a Special Warrant for \$425,500 for Aircraft Maintenance and Rentals. I wonder if the Minister can comment on the aircraft rentals. Would that be for all of the section under Northern Affairs, that there was an over-expenditure for aircraft travel for that particular year or what does this cover?

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, that item that the member refers to I believe related to the Northern Affairs when it had the Air Division responsibilities. I believe that related to the rental of airplanes by the Air Division. So it doesn't apply to the Department of Northern Affairs this year and maybe when the Minister of Resources is up with his Estimates you could get the detail on that particular Special Warrant.

MR. MINAKER: Mr. Chairman, is the Honourable Minister then saying that at that time the Air Division rented their airplanes that they operated from his Department?

MR. McBRYDE: Mr. Chairman, the responsibility for Manitoba Government Air Division was with the Department of Northern Affairs. Last fall that responsibility was transferred to Renewable Resources. I'm assuming that the item that appears in the book under Northern Affairs is when the Manitoba Government Air Division was still under the jurisdiction of the Department of Northern Affairs.

MR. MINAKER: Mr. Chairman, that is the question I'm asking. Under this Special Warrant it says, Rentals of Aircraft, and I would presume that while it was under the Department of Northern Affairs they rented out their aircraft to various departments. I'm asking the Minister if the rentals - it states very clearly, "Cost of Aircraft Maintenance and Rentals" - was the moneys expended for travel in his department, prior to March 31, 1975, how much did they exceed it by? Because obviously part of that Special Warrant covered rental charges to his department from Airways.

MR. McBRYDE: Mr. Chairman, what I said initially is correct. The item that the member refers to refers to the rental or lease of aircraft by the Air Division. We then of course, as with their own aircraft, those aircraft that they rent or lease are used by other departments and other departments are billed for that use. But to deal with that specific Special Warrant as to why Air Division needed more funds for rental of aircraft than anticipated you'll have to address that question to the Minister of Resources.

MR. CHAIRMAN: Resolution 99 (d) (2)--pass; (d)--pass; Resolution 99 (e) (1) - the Honourable Member for St. James.

MR. MINAKER: Mr. Chairman, I wonder if the Minister could advise how many employees are covered under this particular section and if they are residents of Northern Manitoba?

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Yes I have that answer right at my fingertips, Mr. Chairman. There are five staff in that section, Mr. Chairman, four are located in Winnipeg and one in Thompson.

MR. CHAIRMAN: Resolution 99 (e) (1)--pass; (e) (2) - the Honourable Member for St. James.

MR. MINAKER: Mr. Chairman, I wonder if the Honourable Minister could advise us how much of the expenditure is travel expenses and also stationery and telephones.

MR. McBRYDE: Mr. Chairman, of the Other Expenditures of \$257,400, \$4,000 is for printing and stationery; \$6,000 for postage and telephone, \$98,400 for

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(MR. McBRYDE cont'd) equipment; \$57,000 for freight; \$78,000 for travel; \$14,000 for miscellaneous.

MR. MINAKER: Mr. Chairman, through you to the Minister. Is the Minister then telling us that of the five employees under this section that they will expend \$78,000 in air travel in the coming year? That's close to something like close to \$16,000 per employee. My understanding is one is located in Thompson and the other four are in Winnipeg.

MR. McBRYDE: Mr. Chairman, the travel cost for that particular section is very high for two reasons. One is that their job relates almost entirely to the remote communities and two, the need for equipment repair doesn't very often coincide with if and when there are scheduled flights by the smaller carriers into those communities, it doesn't necessarily coincide. So there is a considerable amount of charter in that figure.

MR. MINAKER: Mr. Chairman, I wonder if the Minister could advise us how much money was expended for travel in that department last year, or how much was in the Estimates last year for travel?

MR. McBRYDE: Seventy-one thousand three hundred, Mr. Chairman.

MR. MINAKER: Mr. Chairman, I now start to think that we might be getting a snow job from the Honourable Minister with regards to these travel costs because I would have to assume that, if I remember correctly, the last time I flew to Thompson I'm sure it didn't cost more than \$190. We're looking at a hundred trips per year per man approximately or very nearly that. If you're talking about \$16,000 of flying you're talking about 80 trips. I'm just wondering is there 400 trips into the north by these servicemen, the four from Winnipeg or the five?

MR. McBRYDE: Mr. Chairman, these trips are not back and forth to Thompson. They're remote communities and therefore a good part of them are charter which is a much higher price. You will notice that the cost for example for freight is also quite high because material has to be sent in to those particular communities where repairs are being done.

I could just outline for the member some of the - for example in the service and repair calls there were about 600 last year and an anticipated 750 this year. Major overhauls: 10 last year, 10 this year. There were a number of hours of training involved: 900 hours of training. Equipment inspection would be one of the main items in that travel expense and there were - of those people, 3,400 equipment inspections. Now that might be two or three pieces in one particular community. That maybe gives some idea of the amount of travel that is involved. I can't give him any more detailed breakdown than that.

MR. MINAKER: Mr. Chairman, through you to the Minister. Could the Minister expand on the type of equipment repairs that he is referring to under this particular section?

The other question I would like to raise is: the majority of the travel cost I would believe would be air travel. Is this correct?

MR. McBRYDE: Yes, Mr. Chairman, most of it would be air travel and a good part of the air travel would be charter travel and that is one reason for the high cost.

MR. MINAKER: The Honourable Minister advised us of the amount expended last year under travel and the anticipated amount this year under travel, who would provide that service? Would it be the Manitoba Northern Airforce, or would it be private?

MR. McBRYDE: Mr. Chairman, all charter work is co-ordinated by the Manitoba Government Air Division and they would normally be the one doing charter work unless they got somebody else because they were unable to provide it. But that would be where most of the service was coming from and that would be the reason why the cost is quite high.

MR. MINAKER: Yes, Mr. Chairman, then to the Minister, would the Manitoba Government Air Service also provide the freight service as well?

MR. McBRYDE: Yes, a good part of the freight service, Mr. Chairman. When possible scheduled carriers will be used, but in this particular area it is very difficult because it is sort of a question of if there's a repair, and it might not be a major repair

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(MR. McBRYDE cont'd) but there would be nobody in that community to carry it out, then is it worthwhile to have them stay over a couple of days until the next schedule comes in or is it better off then for them to go from that community to the next community to do repairs on that particular work. But in this particular operation the majority of travelling, the majority of freight would be Manitoba Government Air Division.

MR. MINAKER: Mr. Chairman, I'm sorry I missed the figure that the Honourable Minister gave for freight; was that 73,000 for freight under that section?

MR. McBRYDE: 57,000 Mr. Chairman.

MR. MINAKER: I raised the question earlier, Mr. Chairman, to the Minister - maybe he didn't hear me - what primarily would they be carrying in type of equipment on these freight charters?

MR. McBRYDE: Mr. Chairman, that would include taking parts into the communities or bringing them out for repair, but it would also include in some cases the cost of moving equipment, and that would be smaller equipment that could be broken down and moved in that manner.

MR. MINAKER: Well, Mr. Chairman, the Minister still hasn't answered the question. Parts of what, parts of construction vehicles or parts of radios or parts of lights, or what are they moving?

MR. McBRYDE: It would be for the type of equipment that is within the department and maybe I could just give the . . . For example, Mr. Chairman, there are just within the airport operations and maintenance section there are 18. Mr. Chairman, the type of equipment that we are talking about is 18 graders, 11 loaders, 1 tractor, 5 snowblowers, and 27 trucks, that would be half-tons, crew cabs and three ton dump trucks.

MR. MINAKER: Well, Mr. Chairman, I am now somewhat wondering on an earlier statement by the Honourable Minister that he, if I understood him correctly, under another section indicated that most of the equipment was rented from local people, under equipment rentals. I think there was a section of \$414,000 I believe that came under that section of the particular airport operation and maintenance. Now I presume that - I can't understand why they would start to be freighting in other peoples equipment if they are leasing them from somebody else.

MR. McBRYDE: Well, Mr. Chairman, we'd better start again. Then the member would misunderstand the role of the Department of Northern Affairs and the items we are involved in. For example, the list I just gave him was the equipment that is operated by airport operations and maintenance, and for example that, as I said, was 18 graders, 11 loaders, 1 tractor, 5 snowblowers and 27 trucks; then we have the winter roads operation; then we have other types of construction within the community, including airport construction as opposed to operations and maintenance. There are about 200 units within the Department of Northern Affairs, and even then there is still a considerable amount of leasing done. So where we own equipment we attempt when we are in remote communities to employ operators from those communities to operate the equipment. The maintenance people say that's one reason why the maintenance costs are higher because those persons might not be specifically trained as well as people in other areas to operate that particular equipment. But besides the 200 units of various kinds, there is still an extensive need for leasing and rental of equipment by the department.

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, the Minister explained that most of the travel expense was for air travel, and most was for air travel provided by Manitoba Government Air Services. Is that correct? Does he then acquire this air transportation from Manitoba Government Air Services on an individual trip basis or does he contract with MGAS for one or more aircraft based on a certain utilization per month?

MR. CHAIRMAN: The Honourable Minister.

MR. MCBRYDE: Yes we have done both, not in just this section of the department but in other sections as well. Now there is some question if Air Division is

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(MR. McBRYDE cont'd) going to be contracting specifically in the future whether all of it would be on a trip basis.

MR. MCGILL: Did you then, last year, contract and guarantee a certain minimum utilization of one or more aircraft from the Air Services?

MR. McBRYDE: I'm sorry, Mr. Chairman. For this particular operation we didn't contract for an airplane specifically assigned and a certain number of hours; we did that with winter roads, and the year before with the youth corps but for this equipment section we did it on a per trip basis.

MR. MCGILL: Well for the period ending March 31st, 1975, you flew slightly more than a million miles in Manitoba Government Air Service aircraft. How many miles did you fly for the period ending March 31st, 1976?

MR. McBRYDE: We don't have those figures as yet, Mr. Chairman.

MR. MCGILL: This one million miles plus that you flew in the previous period was all done on a per flight basis, that you simply called the MGAS and said we have a trip to make and can you provide an airplane, and so on. Is that the way it happened?

MR. McBRYDE: Mr. Chairman, for the equipment, repair and maintenance Item (e) Other Expenditures, we did not contract the aircraft under that. As we indicated, for the department as a whole where there is an extensive use required for chartered aircraft then in the past we have contracted. In this last year in fact we contracted for winter roads. So for the department as a whole there is a combination of contracts with air division and a direct per trip charge. This particular section in the book is on a per trip basis.

MR. MCGILL: Well, then Mr. Chairman, on the whole basis of air travel, can you tell me how many aircraft and specifically which ones you contracted for during the past year?

MR. McBRYDE: To the best of our pool's knowledge here the Youth Corps contract of course was just for the summer, and that was an Aztec. But I'm not positive of the winter roads contract, whether that was a Turbo Beaver or an Aztec.

MR. MCGILL: Well, then for the Aztec, Mr. Chairman, could the Minister tell me how many months that Aztec was contracted for, what the minimum guaranteed hours were, and what price you paid per hour to the Government Air Services?

MR. McBRYDE: Mr. Chairman, I'll get that information for the honourable member.

MR. CHAIRMAN: 29, the Honourable Member for Lakeside.

MR. ENNS: Thank you, Mr. Chairman. Mr. Chairman, I haven't entered into the debates on the Department of Northern Affairs to date and I do not - well I did, I shouldn't say that, I did earlier, and unfortunately I have to content myself with reading the answer, which I understand the Minister gave.

But I rise now, Mr. Chairman, somewhat in support of my colleagues that have been attempting their utmost to get information on the department, and I suspect, Mr. Chairman, that part of the reason is because of its, you know, the kind of loose way that it's put together that is presenting some of the problems. I'd ask the Minister to consider for the future some changes in this respect. Mr. Chairman, I don't wish to stray from the point but we're dealing with Section (e) on Resolution 100 - is it, or 99? - and I repeatedly, through the items under the heading of Other Expenditures being the major one, and that's the headings that we are trying to get some understanding of just where the moneys were spent.

Mr. Chairman, you know, under my past experience in dealing with Estimates that you have your major programs identified in sub-headings of the Estimates, you have such basic things as Administration, or Salaries and Wages set out in the headings; and then Other Expenditures is used as a rule to mop up unforeseen or smaller expenditures that the department incurs during the operation during the year that I know are there. But when you look at this department's Estimates, Mr. Chairman, you can start right from Page 1, it's amazing the amounts of dollars that are simply listed in Other Expenditures. And I've just done a very rough calculation but the first resolution we have over \$100,000 in Other Expenditures; the second resolution we have \$128,000 in

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(MR. ENNS cont'd) Other Expenditures; the third resolution we have \$186,000 in Other Expenditures; the next resolution we have \$141,000 in Other Expenditures; in the next section, resolution we have \$321,000 listed as Other Expenditures. In the resolution now before us we're talking about, or the one just prior to this, we're talking about \$762,000 as Other Expenditures, and the resolution before us, \$255,000 in Other Expenditures. And we then go on to the rest of them with \$3 million in Other Expenditures; another \$700,000 in Other Expenditures; another \$200,000 in Other Expenditures; another \$199,000, or \$200,000 Expenditures. In other words, Mr. Chairman, out of this relatively, you know, not a large department of \$60 million, the Official Opposition is being asked to just accept under the heading Other Expenditures some 4 to 5 millions of dollars.

The work that is being made so difficult for my colleague the Member for St. James, the Member from Brandon West, and others, is to try to ferret out what these Other Expenditures are. Mr. Chairman, the way the Minister has these listed in his Estimates, they represent a significant amount in his Estimates. We're trying to undergo a serious responsibility here in establishing how and where the taxpayer's money is being spent. I have no quarrel with the Minister. I recognize that in this particular department there is a lot of travel, there is a lot of air travel involved, there are a lot of other legitimate expenditures involved in terms of getting material, people, goods and services delivered to the remote communities in northern Manitoba. But Mr. Chairman, it's not nitpicking on the part of the Opposition when we try to ferret out just what kind of fat is in his budget, whether the moneys that he just simply lists under Other Expenditures are justifiable expenses.

It would seem to me, Mr. Chairman, that the Minister could save himself a great deal of time and effort if he would consider restructuring his Estimates to some extent to at least more properly identify those features of his department that we expect and we have immediate questions of, air travel being one of them. We've spent a great deal of time trying to sort out what this department spends on air travel, who is it paying the money to, what private planes are having to be chartered to aid him in carrying out the responsibilities of the department, and how much money it costs. But it seems that on every item that we come to we have to go through quite a song and dance to sort out as to who is charging who what, whether it's the air services, what transfer is taking place, when did a private charter enter into it, and we have yet to find the kind of hard nosed answers - the kind that the Member from Brandon West just posed - what we're actually paying for a charter, for a plane, for a particular plane, for an Aztec, say, for a month that is used by the department.

Mr. Chairman, I don't think it's acceptable that this Minister should not be able to give us far more detailed information on four, four and a half - I haven't a pocket computer with me, but I've just very roughly totalled up the amounts of dollars that are listed in this Minister's Estimates under the nominal sub-title of "Other Expenditures." And I say that it is not in keeping with the normal way of treating Estimates. Indeed, Mr. Chairman, you just look over to the opposite page from what we're dealing in Public Works, you'll see what I'm referring to. It details over Administration, Salaries, \$400,000 and then you have \$200,000 - well that's just about as bad but Planning, Salaries \$178,000, Other Expenditures \$19,000. I think that's the kind of other expenditures that are a little more acceptable. We understand that postage, envelopes, stationery, and we're not going to spend hours trying to ferret out the exact amounts, and where those kind of other expenditures went to. But when in resolution after resolution in this Minister's department, other expenditures, constitute the biggest expenditure, the one we're dealing with right now or the one just previous to this (d), Salaries and Wages are \$421,000, Other Expenditures \$762,000. In the item that we're right on now in (e) Equipment Repairs and Maintenance, Salaries and Wages are \$37,000, Other Expenditures a quarter of a million, \$255,000. Mr. Chairman, it hardly makes the work of the opposition easier, it hardly makes, may I suggest, the work of the Minister easier in terms of presenting and explaining his Estimates to us in a forthright manner.

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MR. DEPUTY CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Speaker, we certainly appreciate on this side of the House that the Member for Lakeside does drop in once in a while and make his contribution to the proceedings that are taking place. He almost answered his own question when he referred to another page and the Department of Northern Affairs is not showing anything any differently from any other department. I don't know whether the member came in for the Estimates of any of the other departments but I just randomly turn the page to a department that might have something similar to Northern Affairs --(Interjection)-- Mr. Chairman, I'm dealing with the exact same questions raised by the Member for Lakeside . . .

MR. CHAIRMAN: Order please. The Honourable Member for Birtle-Russell on a point of order.

MR. GRAHAM: Mr. Chairman, on a point of order. Let the records show that the Member for Lakeside has been here far more than the member who is presently presenting his Estimates.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, let the record show that the Member for Lakeside makes a more significant contribution, when he is here than the Member for Birtle-Russell, who makes very little.

For example, turning to Mines and Resources and Environmental Management to deal with the question raised specifically by the Member for Lakeside - and he is here again this evening - for example the Waste Management, Salaries, \$114,000, Other Expenditures \$421,000; Mineral Resources Exploration, Salaries and Wages \$639,000; Other Expenditures \$563,000. If the Member for Lakeside had checked the book through before he made his comments, I'm sure he wouldn't have gotten as carried away as he did with those comments.

What the Member for St. James has attempted to raise each time is: okay, what is the breakdown within this category of Other Expenditures? Each time we have listed for him the breakdown within each section as the Other Expenditures. Now I'm sorry, Mr. Chairman, but some of the questions are a little bit more detailed than we've brought information into this building, and I'm sure when the Member for Lakeside was the Minister of Agriculture - I think he was at one time - if I asked him whether the employee under the Department of Agriculture drove a Chev into the field and how much that cost, as opposed to whether he drove a Mercedes-Benz for his field work and how much that cost the department, the member couldn't have answered. I am not familiar with that kind of detail as to each specific plane used in each specific circumstance, but I can get that information. That information is all on record and I'll attempt to get it for the honourable member.

But what we have outlines in the Estimates Book for the Department of Northern Affairs is the same as any other department, and is shown in exactly the same way. And I have outlined, as the Member for St. James asked and each time he asked, what the Other Expenditures represent.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. JAMES H. BILTON (Swan River): Mr. Chairman, under this item of Other Expenditures I just have one query of the Minister, and probably he can answer me quickly. With regard to the Air Ambulance Service, does that come under the Minister's department? Does he issue the necessary warrants, or does he have jurisdiction over that particular effort of the government?

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, the budget for the Patient Air Transportation System rests with the Department of Health and Social Development. The administration of the program rests with the Manitoba Government Air Division, which last fall was transferred from Northern Affairs to Renewable Resources. So the best place to get information on the Patient Air Transportation System is either from Renewable Resources when their Estimates come up, or Health and Social Development, when their Estimates come up.

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MR. BILTON: I thank the Minister for that opinion and I appreciate it very much. What I am interested in, as he no doubt is aware, is to how many trips have been made and the cost in that various direction. Thank you very much.

MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. BLAKE: Thank you, Mr. Chairman. Under the equipment and Repair and Maintenance section, I wonder if the Minister could tell us at what stage is a machine judged to be unmaintainable or unrepairable and is scrapped, and who makes that judgment?

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: Well, Mr. Chairman, that particular judgment isn't entirely within our control, and that is, we request certain amounts of new equipment and if those requests are granted and we're able to replace old equipment, plus provide new equipment as required, if that request is not approved then we have to make do with the equipment we have. What we have in the remote communities of northern Manitoba in many cases is a lot of junk left over from the Department of Highways, and that's one reason why maintenance costs are very high. But the budget available for the purchase of new equipment is limited and we replace equipment and acquire new equipment as we can, but there is a considerable amount of equipment that it might be more economic to replace at this point in time than to try and keep maintaining it.

MR. BLAKE: Yes. Mr. Chairman, when a piece of equipment is written off, what happens to it? Does it remain on site or is it auctioned off to come local contractor who might have some use of the parts, or what actually happens to it when it's written off?

MR. McBRYDE: It depends, Mr. Chairman, whether it has any value left. As I indicated, a number of the machines that we are using in northern Manitoba have already been used by a department and worn out and then they're turned over to Northern Affairs at one time. So very few of them have much value. When there is a value we attempt to sell them for whatever we can get for that equipment.

MR. BLAKE: Getting back to my original question, Mr. Chairman, this is the one I was asking. Who makes the judgment on this machine that it is of no further use and is either pushed into the lake or whatever happens to it? Who makes decision? Someone in the department in Winnipeg, or someone on site?

MR. McBRYDE: Mr. Chairman, the initial recommendation would come from the mechanic who'd say this machine isn't worth fixing and then to the supervisor of the Mechanical Surpluses, and if he was of the same opinion then they would ask the director to approve that it be written off.

MR. BLAKE: What happened to it when it's written off? Does it remain on site or is it pushed into the lake or buried, or what happens to it when it's written off?

MR. McBRYDE: I don't think it's pushed into the lake. I think as many parts of it that can be used in other equipment are used again. In other words, it's cannibalized to service other equipment.

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

MR. MINAKER: Yes. Mr. Chairman through you to the Honourable Minister. I wonder if the Minister could advise where these chartered flights are called in because of maintenance problems or the equipment has to be repaired, can northern citizens travel on this flight or MLAs if there are seats available? Would that be considered government business and therefore they could travel on the flight?

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: Mr. Chairman, the same rule would apply here, although there's probably less circumstances that it would provide. That is, the approval of the director is necessary before a flight can be authorized. If there was a flight going to a particular community and there were someone like an MLA, or some group that works for the community benefit, then that person could occupy a spare seat. But because of the particular nature of this particular section where they're dealing with equipment repair, it doesn't happen as many times, for example, with field workers with local government as something where they might be going in for a particular meeting,

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(MR. McBRYDE cont'd) have an extra space and somebody wants to go to the same meeting, so this section would probably have less of those kind of passengers than any other section of the department.

MR. MINAKER: Yes. Mr. Chairman, through you. Could a northern citizen travel on a flight if there was a space open? You had mentioned those citizens involved in community affairs and operation as well as the MLAs, but could a northern citizen travel on these flights?

MR. McBRYDE: If you want to double check when you come to the Resources Estimates as to sort of the guidelines Air Division uses, but my recollection, and I think it's fairly clear, is that it has to be someone who is working in relation to that community in terms of benefiting that community. So if it were a citizen who happened to be in Winnipeg on other business and wanted to get back to that community, then they would be expected to make their own arrangements or take the scheduled service into that community. That is my recollection of how it works.

MR. CHAIRMAN: Resolution 99 (e) (2)--pass; 99 (e)--pass; Resolution 99, Resolved that there be granted to Her Majesty a sum not exceeding \$4,419,000 for Northern Affairs--pass.

Resolution 100, Northern Manpower Corps (a) (1). The Honourable Member for St. James.

MR. MINAKER: Yes. Mr. Chairman, through you to the Minister. It's my understanding that under this particular section questions can be raised with regard to the Churchill Pre-Fab Housing Plant; I believe the Honourable Minister indicated that there was this responsibility under this section. I wonder, in the Auditor's Year End Report, he mentions that the department has continued to retain the services of a firm of engineering and management consultants. I wonder if the Minister could advise who these management consultants are, and what is the amount in this year's budget for that particular operation.

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: The firm that's employed for the engineering and what you call the costing, production line costing is Stothert Engineering, a specific employee is Stothert Engineering being Fred Winstanelys and for accounting purposes W.D. Love and Company is employed.

MR. MINAKER: Yes, also in the same report, there's an indication that the deficit on operations as of March 31st, 1975, has been established at \$2,493,709. Certain contract prices are being reviewed for possible renegotiations. Who are these negotiations with?

MR. McBRYDE: The negotiations are with persons for whom our units were constructed, specifically with the Manitoba Housing and Renewal Corporation, who were themselves agents of CMHC, and need approval of CMHC to vary contract prices, and who also are agents for the Federal Department of Public Works, and need their authority to vary any contract prices. Renegotiation has also taken place with the Government of the Northwest Territories in regard to contracts at Rankin Inlet, Eskimo Point, Coral Harbour and Belcher Islands.

MR. MINAKER: Mr. Chairman, through you, what is the total value of these contracts that are presently being renegotiated?

MR. McBRYDE: I'm just trying to get the total. I can give the member the amount under negotiation, which is almost that full amount that's mentioned as it answers for bridge financing, which is over \$2 million. The main contracts appear on Page 16 of the Auditor's Report, that is 64 housing units, and 28 housing units, for \$4.3 million are the main contracts.

MR. MINAKER: Yes, Mr. Chairman, I'd like to ask the Minister, was the management consultant the person who established the selling prices of the houses as well as the estimated costs of production?

MR. McBRYDE: Mr. Chairman, the Churchill Pre-Fab Plant was established in January 1972 in order to take advantage of the Churchill Townsite redevelopment. Initiative came from a local citizens' group, the Jobs for our People Committee, which

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(MR. McBRYDE cont'd) was formed in order to attempt to acquire jobs and other economic advantages for local people as a result of the redevelopment. The Northern Manpower Corps became involved after being approached by the Jobs for our People Committee which originally proposed a local organization which would contract for the demolitionable buildings. After considerable discussion between the Committee and Northern Manpower Corps and the Manitoba Housing and Renewal Corporation, the concept of a prefab housing building factory emerged. The purpose of the factory was to equip local residents with sufficient skills to participate in the house construction industry, while at the same time producing low rental housing units for the Churchill Redevelopment Program. The plant went into operation with an initial contract between MHRC and Northern Manpower Corps for 39 townhouse units. This was later expanded to 49 units. There were initially 38 trainees selected by the Jobs for our People Committee, three tradesmen, and instructors and a general manager - that's initially when the operation was getting off the ground.

There are two problems that developed as a result: One is that the operation grew quite considerable beyond the initial concept to supply houses. As a result of that growth in the program there was I think basically the local manager who was hired to manage the program, (1) underestimated on the contract prices; and (2) there was some administrative weaknesses in the procedure. The management initially when we realized that there was a problem developing, we asked ourselves for the Provincial Auditor to come in and assist us to straighten out the financing within the operation.

The Provincial Auditor then did report all the problems that existed in the financial procedures of the operation, and made a number of recommendations, which, as the Auditor's Report points out, we have now followed the recommendations of the Provincial Auditor. The management consultants did a number of things, but what we have right now from Stothert Engineering, whose regional manager for this area is a Mr. Winstanely, is almost a day-by-day accounting process of the operation, so that we know, still in this case, how much money we're losing on a day-by-day basis, and his estimates of losses have been pretty well exactly on target. By the time we hired him, our legal commitment was such for the last contract that we have, that we were unable to get out of that contract. So we were operating on a loss basis on all of these contracts because of underbid.

MR. MINAKER: Yes, then, Mr. Chairman, through you. Then the local manager was not a representative of the Stothert Engineering? I think the Minister can either nod yes, or no. Then the local manager who set the tender prices originally for these contracts, he was not hired by the management consultants, or he was not an employee of the management consultant.

MR. McBRYDE: That is correct, he was not.

MR. MINAKER: The Honourable Minister indicated that the Stothert Engineering people are able to predict fairly accurately their day-by-day loss of the operation. I wonder if the Honourable Minister could advise us what the day-by-day loss is of the operation at the present time.

MR. McBRYDE: I have the total contracts, Mr. Chairman, \$9,233,200, is the amount of the contracts. The amount being negotiated per changes in contract price at this time are \$2,101,700. We are attempting to renegotiate. The progress so far is fair.

MR. MINAKER: Yes, would the Honourable Minister have a figure of what the total losses are to date with regard to operations of the plant? He indicated that they can accurately more or less predict or were able to indicate the day-by-day losses of the operation at the present time.

MR. McBRYDE: The figures that I have before me, Mr. Chairman, are the net losses shown at the \$2,127,800. That is, operational loss. We are also providing the Pre-Fab Plant with a manpower and training subsidy, and this amounted - I'm sorry I don't have a date on the figures in front of me - this amounted to \$587,100. So the adjusted loss for the period shown here was \$1,540,700. So what we have now is an ongoing training cost that is net, as well as basically what you call an employment

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(MR. McBRYDE cont'd) subsidy because they employ people who are not fully productive. And with that in place there is still an operational loss on the existing contracts. What we are doing at this time is, as the existing contract nears completion a special grant has been made to the plant to go into modular, single unit modular production. That proto-type has now been built and the market for that proto-type is in Churchill itself on the Bay Line and in the territories, where there is a considerable demand for that type of single modular unit. Hopefully the modular unit will be able to be produced in Churchill at a rate that in fact makes it feasible for an operation for Hydro to purchase those types of units.

MR. MINAKER: Yes, the Honourable Minister indicated that 49 of the units are for the Churchill Redevelopment through CMHC. I wonder if the Minister can advise - if he indicated, my apologies, I didn't catch it - where the other 19 - well actually it'd be more than that, there'd be 47 houses, where these houses are being delivered to.

MR. McBRYDE: The contracts that the plant have had are, with MHRC 93 units, Federal 98 units. Mr. Chairman, the MHRC units, there should be a bit of a further breakdown. The majority of those units were low rental housing which is cost-shared with CMHC, so it's not just MHRC by itself, and that's why in the contracting negotiation MHRC is willing to negotiate, it's CMHC that is now negotiating with us on this particular item. The Federal housing units, 98 federal housing units, I believe those are mostly for the Federal Department of Public Works and they do not appear to be willing to renegotiate contract prices.

The Northwest Territories, Rankin, was 26 units, and then there are three motels, basically prefabbed motel units. One went to Eskimo Point, one to Coral Harbour, and one to the Belcher Islands. That's a total of 220 units.

MR. MINAKER: Mr. Chairman, then the 220 units would be the amount covered with the figure I think of \$9,330,000, the Chairman indicated. In other words, the total of 220 units is the number of units that would be the cost, or estimated cost, of \$9,330,000 that was given earlier as the total contract that the Pre-Fab Plant is committed to at the present time?

MR. McBRYDE: That is the contract prices. On to that contract price you have to add the losses. That is the amount of the contracts, and then there is the amount of \$2,107,000 that have been a loss in the \$9 million contract.

MR. MINAKER: Mr. Chairman, through you. Did the company tender for these contracts any of them, like in competition with other suppliers, or were the contracts actually just negotiated at a certain price level?

MR. McBRYDE: Mr. Chairman, in hindsight, I wish they had been tendered. They were all negotiated contracts.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. McBRYDE: I'm sorry, Mr. Chairman, the Territories' contracts and one house for Hydro was tendered, but the majority of the units were negotiated.

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

MR. MINAKER: Yes, the last question. I wonder in that case was the price of the Pre-Fab Housing Plant below tender?

MR. McBRYDE: Yes, Mr. Chairman, and this is the problem that we've run into. We have been able to show for example that the outside contractors building similar units have in fact, that tendered prices, been paid considerable more than than we negotiated, and it was a management problem of ours that we negotiated at an unrealistically low price.

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MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. BLAKE: Thank you, Mr. Chairman. I've just one question on housing. In view of what we've heard about Misawa Homes being - you know, going to revolutionize the component of the pre fab housing industry - was Misawa Homes involved in any way in tendering or bidding on any of these particular remote housing projects?

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: No, Mr. Chairman, I don't believe they were. Churchill is a fairly unique situation in that the transportation costs at Churchill are very high and that's why it is worthwhile to produce on site. This is why there is a fairly reasonable market for some ongoing operation of this plant because in effect those areas on the Bay and just a little bit further up, we have a market advantage to deal with those particular operations.

One of the members mentioned jokingly, Mr. Chairman, Flyer Industries. I would just go a little bit further in that the social cost benefit to Churchill is much better than the social cost benefit, for example, of Flyer or of Misawa Homes. I think that the members would probably be quite well aware of that.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Thank you, Mr. Chairman. I think the comment from this side with regards to Flyer meant that the government can buy almost any contracts if they want because the public purse is backing them and you find out that you can really get any contract you want if you've got enough backing as far as the general public purse is concerned and that finally the day of reckoning comes and I think the Minister is finding that out too.

Out of these 93 units that is mentioned in the Auditor's Report, I notice that the total cost of those 93 units is in round figures is \$4.3 million and the deficit as reported here is 2.5. Would that deficit apply directly or in part to those units that MHRC contracted?

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: In part, Mr. Chairman. The deficit that I mentioned would be distributed amongst all 220 total units that have been built.

MR. BANMAN: I wonder if the Minister could tell us what the average square footage of those homes that are being built for MHRC, what the average square footage of those homes would be.

MR. McBRYDE: I'll have to get that information, I don't have it in front of me.

MR. BANMAN: Well further along that line then, Mr. Chairman. Would this cost of the homes - and we notice that if you add, let's say take half of the loss which would be 1.2 million and add that on to the contract as it was negotiated prior to the problems that the company encountered of 4.3 million, we've come to a figure of about \$60,000 for those 93 homes that are built. Have we got a cost breakdown of what these homes cost? That's why I was asking for the square footage, because you're looking at \$60,000, and I appreciate that prices are much higher in Churchill than they are down here. But is this the going rate for a house of that kind? Then I notice we haven't taken into consideration the subsidy that was paid as far as training is concerned.

The other thing I want to know: is the cost of building these homes, is this on site, on a construction site, or does this then already include installed on a lot? Does it include any services, this figure of about \$60,000?

MR. McBRYDE: Mr. Chairman, the member's figure, quick calculation of \$60,000 a unit is very close. Depending on the type of unit actual cost was between \$55,000 and 65,000. The units were built in two ways: one, on site and two, moved on site. That's on site, ready for occupancy in that cost.

MR. BANMAN: So the ones that are moved, would MHRC take delivery - would that be FOB factory site where they were built and then were they moved on to a specific location by MHRC?

MR. McBRYDE: MHRC or the Federal Government, whichever, only accepted the house on site ready for occupancy. So whether we built on site or moved, those were costs of the plant.

MR. BANMAN: These average homes, I'm trying to picture in my mind what size the house is. It's about 1,000 square feet, a regular size three-bedroom bungalow

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(MR. BANMAN cont'd)type house? Is that what they would be building?

MR. McBRYDE: These are a fairly unique style of unit. I guess the member hasn't been up to Churchill. They would consist of duplexes and triplexes and I'm not sure I think they even got up to four units together. They are built not on a foundation but on a steel foundation I guess you would say. They're two storey units and they are a fairly high standard unit.

MR. BANMAN: So when we refer to 64 housing units for instance out of that, four units could be in a fourplex. Do I understand that right? Would the Minister then say that the cost of building up there is about three times what the price would be down here? Would the Minister then say that the cost of building a unit up there is about three times the cost it is down here?

MR. McBRYDE: I'm not sure if three times is the correct figure because I have not seen units of similar design, because of the special circumstances in Churchill. But certainly the costs are a lot higher and those costs that we experienced, between \$55,000 and \$65,000, are the costs that private companies have experienced as well. As a matter of fact on the last bid that was called MHRC turned down all bids because the price was just too high. My recollection was that that was \$70,000 a unit and they just said, we can't afford to build that price of unit,

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

MR. MINAKER: Yes, Mr. Chairman, through you. The Honourable Minister indicated that they were quite high standards. I wonder if the Minister could advise: are the houses built to the Canadian Building Code?

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: Mr. Chairman, these houses had to meet all the MHRC, CMHC—they met all the standards. I suppose that's one reason why the cost is up. The other is that they are not mediocre units in terms of the materials put in or the style of the units. They are high standard units meeting all the federal regulations and requirements.

MR. MINAKER: Mr. Chairman, through you to the Minister. Of the 220 units contracted for, how many have been completed and are on site and occupied?

MR. McBRYDE: One contract is being completed and I think the completion date is this summer. So some of the units will be partially completed but they're not on site ready for occupancy yet. I would guess that there's in the neighborhood of 30 units that are not yet ready for occupancy.

MR. MINAKER: Then, Mr. Chairman, through you. Will there be additional losses? If I understand the earlier comments of the Minister, there was a 2 million plus deficit based on these contracts. Has that been estimated and predicted that that's what the loss shall be or will the loss actually be greater upon completion of the 220 units?

MR. McBRYDE: The figures that I read from, the \$2,127,000, I am informed is the anticipated loss. There is some indication that it might be slightly higher than this, more recent indication, but fairly close to that figure.

MR. MINAKER: Yes through you, Mr. Chairman. The indicated unit cost of \$55,000 to \$65,000 per unit seems to be a fairly high figure for a remote area where the incomes of many of the families are relatively low. I'm wondering if the Minister anticipates that there will be any private purchases of this type of design or will they be primarily from public housing projects or government housing or urban development projects?

MR. McBRYDE: The majority of units that have been built, as I mentioned, were for MHRC-CMHC low rental housing and for the Federal Department of Public Works for their federal employees at Churchill. There have been no outside individuals wishing to purchase that type of unit that I am aware of or that have approached the plant to purchase that type of unit. There is some interest in the module unit or the individual family dwelling unit that we now have our first prototype completed.

MR. MINAKER: Yes, Mr. Chairman. Can the Minister advise if there are any new contracts that they anticipate they will be getting in the coming year of government projects and is the plant completely dependent upon government either Federal or Provincial projects to keep it open and operating?

MR. McBRYDE: The only immediate negotiation is in terms of three units for

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(MR. McBRYDE cont'd) Provincial Public Works. The market looks fairly good for the modular units, especially in the Territories, and also for the remote housing units on the Bay line area. But there was the contract I mentioned that tenders were let by MHRC; Churchill Pre-Fab was the second bidder but MHRC didn't accept any of the bids because of the high costs. I'm not sure what their plans are although they're very interested in the modular units because they're much less expensive than the type that we have been building in the past in Churchill.

MR. MINAKER: Mr. Chairman, I'm sure we all would like to see this type of project a successful project because of the need for development of industry in our far north. Also I think that we have to be realistic and I'm wondering if the Honourable Minister has taken the opportunity to try and correct the situation that occurs there with the losses. He obviously has tried to correct in past contracts with renegotiating prices, and normally my understanding is that the Auditor doesn't normally single out certain particular operations, government operations, unless he believes certain action should be taken to correct the present situation. I'm wondering if the Minister can comment on what attempt he has made to rectify the situation besides renegotiating the price. Does he have authority over the plant that if these projects and contracts that we hope will come and at a profitable price, if they don't come, what plans has he got for the operation?

MR. McBRYDE: Mr. Chairman, we'll apply to this plant the type of formula I mentioned the other day. That is the total social cost benefit analysis. If the employment created, which includes removing people from social assistance, which included income tax payments, which includes benefits or payments that the Federal or Provincial Government would have to make - using that type of analysis if the operation would lose money, then we'll have no alternative but to close down the operation.

We are employing 65 people there at this time. We were up to 120 people at the peak time. In the initial stage a good number of those were tradesmen from southern Manitoba which of course further exacerbated the housing problem in Churchill and we are now down to very few southern tradesmen on the job. The people have progressed very rapidly in their skills and ability. But if the total cost benefit analysis shows that we are going to still lose money, after you consider welfare payments and income tax, etc., then we'll have no option but to close the operation down.

MR. MINAKER: Mr. Chairman, I wonder if the Honourable Minister could advise how many dollars he has under this particular section - I don't know whether it would be under the Salaries and Wages or under the Expenditures - how much or how many dollars would he have in his budget for this year for the plant?

MR. McBRYDE: Sorry to keep you waiting. Would the member repeat that question please?

MR. MINAKER: Well, Mr. Chairman, through you to the Minister. The Minister indicated that in the \$2,107,000 losses earlier discussed, that there was something - a manpower subsidy of \$587,100. I'm asking how much manpower subsidy does the Honourable Minister have in this section of the budget was either the Salary and Wages or the Other Expenditures for the Churchill Pre-Fab Housing Plant?

MR. McBRYDE: For the manpower subsidy, Mr. Chairman, we have \$327,800, the anticipated manpower subsidy.

MR. MINAKER: Mr. Chairman, through you to the Minister. Has the manpower subsidy of \$587,100 already been included in a previous last year's Estimate or is it somewhere else in this Estimate, or is it still on the books as a deficit?

MR. McBRYDE: There was an amount in last year's Estimates for manpower subsidy to the plant and that subsidy has been paid up.

MR. MINAKER: I wonder if the Honourable Minister would have that exact figure of the subsidy that was in last year's Estimates.

MR. McBRYDE: I'm sorry, I've got all my sheets of paper here mixed up, Mr. Chairman. We have the actual subsidy and we're just checking the amount that appeared in the Estimates to see if those two figures accurately coincide. I'm sorry, I don't have those immediately available.

MR. MINAKER: One final question regarding the housing plant. Could the

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(MR. MINAKER cont'd) Minister confirm that the \$55,000 or \$65,000 per unit cost, that if you had a fourplex, that you're talking about possibly \$220,000? Or in that case up to \$260,000 for a fourplex?

MR. McBRYDE: Mr. Chairman, the member is basically correct. But the type of construction that we're using as I say was a very high standard and those units are almost two separate - in a duplex would be almost two separate units. As a matter of fact I think that in some of the units in fact they are not - they're occupying the same lot in Churchill but in fact they're not connected to each other.

MR. MINAKER: I know the Minister's answer on this one but I'll ask him anyways. He might have the information, Mr. Chairman. Would he have any idea what these particular facilities would rent for?

MR. McBRYDE: Mr. Chairman, the units that are public housing or low rental housing rent depending on the person's income. My understanding is that the Federal Government subsidizes their units so the Federal employees are living in subsidized units. If it were an open market situation the rent would be I would assume in the \$500 or \$600 range.

MR. MINAKER: So then the majority of the federal units purchased, the 98 units they would be rented primarily by Federal employees then. Is that correct?

MR. McBRYDE: Those units were built for the Federal Government, for the Department of Public Works, and would all be used by Federal employees.

MR. CHAIRMAN: Resolution 100. The Honourable Minister.

MR. McBRYDE: The actual subsidy in 1975-76 was \$394,400. That would be manpower subsidy.

MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. BLAKE: Mr. Chairman, under Salaries and Wages I note the amount is almost doubled in the appropriation for next year. Would this indicate that there's going to be a doubling of the staff there and I wonder if the Minister might indicate to us how many are employed in the Northern Manpower Corps? And the ones employed on the Churchill site, what would be an average wage there?

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: Yes, Mr. Chairman. There were a number of casual conversions in the Northern Manpower Corps section. In relation to specific projects people were hired on a casual basis but turned out to be from project to project so they are in fact employed on a yearly basis and therefore had to be converted to staff man years. You'll notice that the Other Expenditure section is down and the Salaries and Wages is up. So when they were in casual positions, that would have been a project cost or Other Expenditure cost. Now those people have been converted to staff man years, they now appear as a Salaries and Wages cost.

MR. BLAKE: But you're recovering basically all of that from the Government of Canada under Other Expenditures. You mentioned there was some 65 people and up to 110 employed on the prefab housing site at Churchill. Did I understand that correctly? Surely on the northern wage rate, if they're employed basically year-round, they would make in the neighborhood of what - \$10,000 a year per man or more? So therefore the \$978,000, it doesn't leave too much for salaries for the Manpower Corps throughout the rest of the north.

MR. McBRYDE: Mr. Chairman, the staff of the Churchill Prefab Plant is not in those figures. This is the Northern Manpower Corps staff that appears here. There are some staff at Churchill that relate to the plant but are not direct employees of the plant. That is, employment consellers and I believe there's a home economist that visits with the families of the staff working at the plant. My recollection is there is either three or four staff at Churchill that relate to the plant. They would show in these figures but the plant staff themselves don't appear in these figures.

MR. BLAKE: Well, that's fine then, Mr. Chairman. Maybe the Minister then might now give us a breakout figure on the number of employees in Northern Manpower Corps and how many are supervisory and how many are clerical.

MR. McBRYDE: Mr. Chairman, just when I think I've got it made they change the questions a little bit. I have the breakdown by location right in front of me because

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(MR. McBRYDE cont'd)the Member for St. James always asks for that. So I'll give that first.

There are 133 employees in Northern Manpower Corps; 33 in The Pas; 11 at Leaf Rapids; 28 at Thompson; 9 at Norway House; 12 at Cranberry Portage; 4 at Churchill and 36 scattered throughout the remaining remote communities. If the member is serious about clerical, the various classifications of staff, I would have to go through a section by section breakdown with him. --(Interjection)-- Well, there are a large number of native people, Mr. Chairman, working with the Northern Manpower Corps but they are not Chiefs, they are just Indians. --(Interjection)--

They've broken down those figures. There are 4 in the managerial classification of that staff; there are 57 in the technical category; there are 30 in the administrative support staff and there are 42 classified as temporary service which would be instructors, project instructors, and . . . The total of that is 133.

MR. MINAKER: Mr. Chairman, I wonder if the Honourable Minister could advise us what capital investment the government presently has in the operation of the Churchill Prefab Plant.

MR. McBRYDE: I think we can. I'll have to get that information for the honourable member.

MR. CHAIRMAN: Resolution 100(a)(1) - the Honourable Minister.

MR. McBRYDE: . . . question the Fixed Assets are \$275,531. Accumulated Depreciation and Amortization \$85,032 for a depreciated asset of \$190,499.

MR. CHAIRMAN: Resolution 100(a)(1)--pass; (a)(2) - the Honourable Member for St. James.

MR. MINAKER: Yes, Mr. Chairman. I wonder if the Honourable Minister could advise us with the usual basic information, primarily telephones, stationery and transportation and travel under this section.

MR. McBRYDE: Yes, Mr. Chairman. This is one category where the Member for Lakeside, I hate to admit, is quite correct. The breakdown is fairly detailed and complicated so if you've got your writing hand ready to go. Casual Wages \$20,500; Fees \$19,000 - one second for an interpretation. --(Interjection)-- Mr. Chairman, the Northern Manpower Corps is basically divided into three delivery mechanisms and I can break it out into those mechanisms or I can just give totals. Do you want to proceed with the totals first and then see if you want any more detail after that?

For the three sections, the Printing and Stationery it's \$54,800; Postage and Telephone is \$217,700; the Travel is \$305,000. Then there are specific items; Minago Contractors \$214,800; Churchill Pre-Fab Plant \$327,800; RTM Plant \$227,200; Cranberry Loggers \$548,900; Employee Relocation Costs - this is a contract for placement and counselling with the Metis Federation at Thompson for people relocating to Thompson - \$61,100; Industrial Liaison \$3,000; Community Based Projects \$1,056,800; Community Economic Development Service \$73,000. Now Community Based Projects, are you ready for me to break down that \$1 million further? I have a breakdown of that. Do you want. . . ?

The items within the Community Based Projects are: the Home Adviser Program which is \$172,500; the Youth Corps - which is basically a summer program, 44 projects anticipated for this summer - \$442,400; the Tawow Project which is an agreement with Sherritt-Gordon Mines at Ruttan Lake or at Leaf Rapids, relocation project. That project has project costs of \$126,800.

I'm sorry, Mr. Chairman. In the first list of figures I gave an Employee Relocation costs and I said Thompson Program. That was other costs other than Thompson. The Thompson project costs are \$64,800 and they appear under Community Based Projects.

The Job Information, Training Information Program is \$77,800; and small training projects in the communities - there are seven projects anticipated for the upcoming year-\$172,500. That gives you the total of \$1,056,800 that I mentioned in the first totals that brings you to the figure of \$3,129,600.

MR. MINAKER: Yes, Mr. Chairman, through you to the Minister. In the areas where you dealt with your various plants, those are primarily manpower subsidies are

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(MR. MINAKER cont'd)they, and would not include any other expenditures other than manpower subsidies?

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: There is a reimbursement of training costs in manpower subsidies in the Churchill, the Minago, Cranberry Loggers and the RTM Plant. In Tawow and Thompson, the costs of that project, which is to assist people to relocate but they work for Inco or Sherritt-Gordon, but there are counselling costs and other costs that go with that program.

MR. MINAKER: I wonder if the Minister could comment on the Youth Corps Projects that I believe were for \$442,000. I believe he indicated there was something like 44 involved in it. Would he like to elaborate?

MR. McBRYDE: Mr. Chairman, the Youth Corps operated by the Northern Manpower Corps is a program that was originally developed to deal with high school students who it was felt would probably be dropping out of school if they weren't given some employment and counselling over the summer months. I think the basic purpose of the program was to give them some good hard work so that they'd know what they were up against and they could then have a better basis on which to make a decision, whether they wanted to get out into the work force or to remain in school a little bit longer. The more detailed breakdown in dollar terms of the Youth Corps budget for 1976-77 is as follows: Instructors' Salaries, that's \$50,000; the Trainee Payments, that's estimated at 440 trainees at \$2.60 an hour is \$366,000; Equipment and Vehicle rentals is \$26,400.

MR. MINAKER: I wonder if the Honourable Minister can advise us what kind of work that these particular youths would be doing and what kind of improvements occur in the community after the work has been completed?

MR. McBRYDE: The projects range quite widely. Most of the programs the department has run in close co-operation with the Community Council and the Band Council in the remote communities, so they are involved in selecting which is an important community project that should be worked upon. Now the very first one, I suppose, was a good example, the brushing of drainage ditches during the mosquito season which I think would discourage anyone, and encourage them to get back to school. But these projects have all been community selected, community based projects that were felt would give meaningful and worthwhile employment. Clearing and building a local park or recreational area, work on community halls or community buildings, projects of that nature.

MR. CHAIRMAN: Resolution 100(a)(2) - the Honourable Member for St. James.

MR. MINAKER: Yes, Mr. Chairman. I wonder if the Minister could advise in the various figures that he has given, would there be any of the moneys that are given out under this Expenditure either as manpower or these Youth Corps projects, would there be any travel costs involved by the recipients or in the expending of these funds or would they be all covered under the \$305,000 figure earlier given?

MR. McBRYDE: All the travel costs shown are the travel costs for the entire program. The projects are based in the community and the students don't have to travel unless it's within a few miles of their own community. Last year for example we got a number of vans from the government garage and we had permission to lease some others to get the Youth Corps people back and forth from the project if it was a few miles from the community. But the travel costs here are the travel costs shown.

MR. MINAKER: Mr. Chairman, through you to the Minister. Would the \$305,000 for travel costs be primarily air travel? Could the Minister indicate the rough percentage that would be air travel and would the Manitoba Air Services, Government Air Services, be the recipients of the majority of this amount?

MR. McBRYDE: The travel costs shown, the \$305,000 was it, would include air travel and would include the staying over costs as well. Is that correct? Accommodation, meals, etc., and that's for the whole Manpower Corps. There would be both types of air travel here because there are opportunities in some communities to use scheduled air carriers and in some cases charter services would be used.

The Member for Brandon - I don't know which direction - the Member for Brandon indicated when he asked me a question, the Youth Corps. . .

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MR. MCGILL: Brandon West.

MR. MCBRYDE: That's right, Brandon West. My apologies. The Member for Brandon West asked a question about the contract and the Youth Corps did contract for the three months of their operation for a plane full time for their service so that they could keep a control of all these 44 projects, or 40 last year, that were going on a full time basis. So the travel costs would be scheduled air carrier costs, charter costs, and accommodation and meal costs.

MR. CHAIRMAN: The Honourable Member for Minnedosa.

MR. BLAKE: Thank you, Mr. Chairman - \$214,800, Mr. Chairman, to Minago Contractors. I wonder if the Minister can tell us what work they performed for this fee, what it represents?

MR. CHAIRMAN: The Honourable Minister.

MR. MCBRYDE: Mr. Chairman, Minago Contractors itself will be before the Committee to present their Annual Report and answer questions of members. The Northern Manpower Corps provides training and in some cases a manpower subsidy to Minago. This upcoming year that's anticipated again at the level indicated.

In the past Minago has also received and did work for, I think I explained it more fully in Committee, for the Keewatin Community College. They train people on their particular site and therefore got Canada Manpower training allowance costs paid to them as a training institution under Keewatin Community College. The Minago projects for the upcoming year at the present time Minago is working on a road between Highway No. 10 and Easterville which would connect No. 10 to No. 6 in the long run. There's a training and manpower subsidy involved from Northern Manpower Corps to Minago.

MR. BLAKE: Well then, Mr. Chairman, Minago in effect as I understand it provide the instructors. They are not provided by the Northern Manpower Corps. They provide the instructors to do the actual training.

MR. MCBRYDE: There are two costs when we come to this. One is fairly easy to break out, the other is the problem. One cost is the direct training if they do that. Last year when we did it with KCC they were the training agency and they used our contract work to train people. Now Minago is not a training agency for them so there is training funds and there is also an employment subsidy. Now the training is not that hard to calculate out because they can break it out fairly easy.

The cost that's fairly hard to break out and gives Northern Manpower Corps some problems in figuring out the costs is the manpower subsidy. If you're going to employ people who are qualified to do the job but may not be at a productivity level or may not be at a reliability level - for example on the Easterville Road we have had people there that when they were on the job their production was high and Minago would not lose money in employing that person. But their attendance rate was below average. So in order to keep people from Easterville employed, who would otherwise be unemployed, a manpower subsidy was given. So it covers the loss in production because you are employing people who would not otherwise be employed and who are not yet fully productive. It's a nebulous area to calculate accurately. It's really a guesstimate of that kind of cost.

MR. BLAKE: With the employment rate I don't know where they would go up in that area. I don't know why they wouldn't work because there's no place to go. Just for my own information the road that you mention, that's going from just north of the bog, the north side of the bog on that gravel esker following the Hydro line to Easterville. Is that the area that you're following? Thank you, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Swan River.

MR. BILLTON: Mr. Chairman, under this item I was interested in what the Minister had to say insofar as employing particularly young people coming out of school and he's interested in seeing to it that they do a hard day's work so that they know what it's all about, and that the department is paying them a salary to do it and this is all to the good. I was rather disappointed in his explanation as to what kind of work these young people were being put to. He talked about clearing out ditches to curtail mosquitoes and this sort of thing. Well now this is all very well but I know in Duck Bay for instance, and the Minister will know what I'm talking about and I'm not saying this in a critical

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(MR. BILTON cont'd) . . . way, but we had a half a dozen young fellows working in the garage and a dozen working in the little furniture shop they have there with instructors, and they were diligently doing the job. But there wasn't the amount of work for them to keep them all busy and they all looked fine, young, healthy, individuals and I said, what happens to these young fellows? They can't be doing this for the rest of their lives. I said, isn't there an attempt being made for them to be placed elsewhere so that they can get into permanent employment? I was given to understand that the attitude was that they were born and brought up in Duck Bay and they had no intentions of leaving there.

Well that be as it may, Mr. Minister, I would have appreciated hearing you telling us a little more that might be done by the various departments. I have in mind Duck Bay again, if I may. There is the constant cry for more culverts to be put into the roads. There's a constant cry that the rocks are coming up every time the grader goes down. It would seem to me that there is employment there, and good useful employment in company with and under the direction of the Department of Highways. I wonder why these young people are not being put to work in that particular respect.

Then I think also of the forestry. I wonder why some of these young people - and they're adaptable to the hinterland and all it's about - why the Forestry Department is not employing one or two of those individuals in that particular area, and the Wild Life Department too. Nobody's going to tell me that those native people are not first rate insofar as wildlife and fisheries are concerned. I was somewhat surprised when the Minister didn't mention the fact that instruction was being given, that these young men go out and into the boats and fish and the filleting of fish and all that goes into the maintenance of that part of the province's activities.

I would prevail upon the Minister to give serious thought to these opinions that I am endeavouring to outline in order that these young people are not sitting around idling away their hours and doing some of the things that they ought not to be doing. What I have seen of the programs during the past twelve months, Mr. Minister, within my constituency anyway, I am afraid they are not doing the things that you would like them to do and I am afraid that the dollars that are being spent are simply being given as handouts. The people themselves, if they were asked the question, I think they'd sooner do a day's work. I realize that there isn't the kind of work that we would all like to see for these individuals in those particular areas but at the same time the departmental work in the various departments of the government I am sure some of these men could be fed in and work under supervision which would be good for them and the dollars well spent.

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: Mr. Speaker, I thank the Member from Swan River for his comments. It's a fairly broad area I think that you covered and it's one that I could talk on for a long time. I don't know how long we'll go on.

The Youth Corps in particular is basically designed for students in Grade 11 and 12, just for the summer, and hopefully persons that will go back to school when the project is finished. I am hopeful that the projects, because the community's involved in selecting the projects, are meaningful projects and I am hopeful that the work is good hard work because part of the purpose of the program is to give them that work experience, to let them know what it's like to be out in the work-a-day world. Now I suppose even if the work weren't that hard, there would be some justification for this kind of program and I'll give the member an example.

I'm not sure if I've given it in the House before or not but recently when I was in Moose Lake I ran into the court party there. You know the Judge, the Crown Prosecutor and the Legal Aid lawyer who travel to these remote communities in terms of court costs and they were telling me that the Community of Pukatawagan - and I'll just have to try and remember my exact figures - that in September, October, November there was over 40 cases involving juveniles from Pukatawagan. The cost of just carrying on the court case - and the members understand that the justice system we have now up north, it's very nice to have such a system but it's also a very expensive system where the court is brought into the remote community where the people live - but the costs of just processing that and the probation costs and all those costs associated would be very very

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(MR. McBRIDE cont'd)high. Yet the same court party said that in July and August they had zero juvenile cases out of Pukatawagan. I said, well how do you account for that? They said that there was a couple of youths sent in on one of the other programs, the Student Summer Employment or whatever it's called under Colleges and Universities, or under OFI or something, but there was two or three kids sent in there to provide recreation for the teenagers. There were zero cases. So I think in terms of public dollars --(Interjection)-- They were just providing recreational activities: ball games and things like that. So there was zero court cases. So I'm assuming that the cost of two or three students is a lot cheaper than the cost of a judge, a lawyer, Crown Attorney, Probation Officer, social worker, etc., etc. But the Youth Corps, I'm hopeful --(Interjection)-- and they weren't doing anything for mosquitoes. The member misunderstood me in that first program. They were clearing out drainage ditches for the farmers and I assume that after they've experienced that for the summer months and the mosquitoes that are in the marsh area that they are quite anxious to return to school.

The other program that Northern Affairs is involved in as are other departments of government is the New Careers Program and the Student Summer Employment Program where people are taken in as a regular part of the department and are given productive assignments within the department.

The member took me to the area which is the most difficult and the one that I tried to address my major remarks in introducing my Estimates to. That is the area of employment opportunities that are realistic and meaningful and productive. One of the most sad experiences I had in recent times was to go into his constituency, the Community of Pelican Rapids, where there'd been a suicide of one of the teenagers in that community. When the RCMP went around and interviewed teenagers about that suicide they found many students who said, I might be committing suicide some day too. There was a whole attitude that life was worthless and there was nothing they could do about it. One of the most serious problems is with that age group, let's say that have dropped out of school, Grade 10 or Grade 11 and they are not very employable. That is they are not good members of the job market. They have never had a steady job before and nobody wants to hire them. They are one of the most serious problems that we have in northern communities and those are the ones that when there's what we call a community rampage almost, when there's an outbreak of vandalism over a couple of nights, those are usually the ones that are involved, the ones that are out of school but are not able to get into the productive labour force yet. That's a very serious problem in the remote communities and the communities in the members' constituencies.

This is one of the items that the Member for Flin Flon, who is not listening now, I think you probably read in the paper he's been pushing very hard to get some kind of an outward bound or an intensive work recreation program going that would take those kind of kids and give them some tough training and some tough work that would basically increase their confidence in their ability to survive and would then I suppose make them confident enough that they could get into the regular job market and they would have that social skill and the confidence that they would need to do that kind of thing. Now that's one avenue of approach.

The other - and I outlined for the member my opening remarks - all the various other kind of things that have to happen if we're going to deal with that serious problem. In this particular section, the Northern Manpower Corps section, of course, deals with a number - like the Churchill Pre-Fab Plant, like the logging operation at Cranberry Portage which operation basically started out as a training program for ManFor. But after a year of training, and they graduated a lot of people whose production was up to ManFor standards, but for some reason the people from remote communities trained by the Cranberry logging operation dropped out of the work force. They would either go back to their home community or they would come back to the training program and say, could we work here. Certainly things happened on the job there etc., etc., and we can't go back there now because we've been fired or whatever.

Like I said in my opening remarks, their production rate, their turnover rate is no worse than others in the forestry industry. But the fact that they've been trained

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(MR. McBRYDE cont'd) already and they go back to their home community instead of leaving the province or coming back south and getting a different kind of job, they become unproductive. So basically what we've done is taken that logging operation and instead of continuing to run a training program to train people who didn't last very long, we are now in production ourselves. We have a contract with ManFor and we are producing and employing people who would probably not otherwise be employed.

Our production record is just as good as ManFor's. But it requires I think a certain type of atmosphere in which they work which enables them to survive; a certain type of foreman for which they work. I think the member would be quite interested in that. For example when I first came to Manitoba it was pointed out to me that the people who stayed with Inco, the people from remote communities who didn't quit Inco but who stayed there for a number of years, all happened to start with the same foreman. You know it was just the kind of person that could assist the people to be productive and they didn't quit whereas when they just went into the regular operation of the company they would quit. This is a problem. When we deal with the Tawow Project or the Thompson Relocation Project.

Okay. We go to Sherritt-Gordon Mines and we reach an agreement with the senior management and they think it's a good idea. They would like to co-operate in doing this. The mining companies have been very co-operative because they are short of manpower and they've been quite co-operative. But somewhere between the senior management and the guy who deals with some of the remote communities on a day-to-day basis, problems develop. So in conjunction with us in fact, Sherritt-Gordon did a number of foreman seminars to help them understand the problems of the people from remote communities, to know how to deal with those problems when they arise, to try and increase the retention rate of people.

So these are the kinds of things that we're working on. But I would agree with the member that there's not much sense in my point of view of taking someone and paying him to do something that's very artificial but where he doesn't have to work at it. I don't think a person learns what employment is like under those circumstances, and the more productive the better it is. I suppose and I have argued before, and we've had a couple of these at the Churchill plant, where people who have never had a steady job in their life- and while the management of the Churchill plant comes to me and says, look, this guy has never been productive, he's always been a burden to society and now he's working two days a week. Isn't that better than nothing? So as long as he works the same two days every week and produces while he's there, and we've accommodated a couple of people like that who are basically maintenance people or clean-up people. So we've been able to accommodate them within that situation. But I'd agree with the honourable member - and that's been my approach and our approach and our attitude - that it has to be real meaningful productive work and you have to try and get as many people involved in that as we can. We have to do it in a number of different ways because there are so many different people, so many different problems and there are a number of different opportunities. The forestry is one area where our calculations in terms of breaking even economically which was all we can ask for, that if some of those small projects break even economically then we're better off.

Now there are some people, and I don't think the member is one of them, who would say, well don't provide any community based projects and tell everyone to go to work at The Pas or Thompson. That's what we've tried before and it hasn't worked very well. But some people will make it at The Pas and Thompson. But I maintain that they are likely if they've had a real work experience in Duck Bay or Pelican Rapids or wherever, or Barrows, they are more likely to survive when they get to The Pas. That was my experience when I first went to The Pas and went to people from remote communities who were fully employed in The Pas and said, well why did you come to The Pas? Well I had this opportunity at home; I took advantage of it and we formed a fishermen's co-op, I became the president but I worked my way up and there was no more advantage for me in my own community. I was ready to move; I was confident I could make a go of it in The Pas so I came to The Pas. So these local projects in my mind also assist in relocation of those who want to relocate. So that's why we have to use so many different

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(MR. McBRYDE cont'd) approaches because they all help one another.

I suppose the member will recall on the Northern Task Force we talked about this and the example was used of the CN where sometimes people would quit or be let go or fired three or four times before they became permanent employees. But in the end they did become permanent employees. So as long as they're not sort of damaged along the way that they give up and never try again, then I don't see any big problems with having them come back a couple of times if it's productive and it makes them full time workers in that particular industry. So I think the Member for Swan River understands at least the problems involved and all the various approaches that have to be tried. There are going to be problems and I appreciate the Honourable Member for Swan River, and I do it in my own area. When I see a program that I know about the program but there are particular problems encountered, let's say a particular foreman lets his guys take two hours for lunch and stuff like that. Those kind of little things they develop all the time. I like to hear about those and I like to find them to quickly get corrective action taken.

I can recall in one community, the member might be interested, about a year and a half ago they had a clearing project. We've talked about those clearing projects for quite a long time. Anyway they had their own clearing project to look after but their production was just very very low. They just weren't working at it and that's one of the problems you have to overcome because some communities still have what I call a welfare psychology. Instead of, let's get the job done; let's do our best and show how good we are, they say, well let's make it last as long as we can and do as little as possible so we can keep getting paid. That's sometimes the attitude that has to be overcome. In that particular community, if I went in and said something to those people, I didn't think it would work. So I got one of the native people who was fully employed up north but who was a very tough talker - and I think the member might know him - went in there and said, look you guys, they're going to cut off this project, you guys are all going to be out of work and then he said a few words I can't repeat. But you guys better shape up, you know, and start producing. He said that to other Indian people and it was accepted by them and their production then shot away up. So sometimes it's very simple steps that can be taken too to increase the productivity and what people learn from the ongoing employment.

MR. BILTON: I thank the Minister for his comments. Of course my remarks were addressed to the Northern Manpower Corps and the paragraph below it and including of course the Youth manpower. But I still maintain, Mr. Minister, that there are sufficient government projects if you like in both those areas that I've mentioned in which there are oodles of work for these people under the supervision in the matter of roads and putting in of culverts and that sort of thing under the direction of the Highways Department. Instead of coming in with a bulldozer and a couple of men and these people just sitting on their butts looking at them.

You talked about Pelican Rapids and you know that road we've got there - 20 miles and over 150 curves and they'll just sit on their butts and do nothing about it. Our problem is, as you know, because it feeds an Indian Reserve, the Department of Indian Affairs are expected to put up half of the cost of maintaining that road and the province put up the other half. Well two years ago the Federal Department quit and last winter I didn't even know whether it was going to be snowploughed out. It was only by the goodness of the heart of the Minister of Highways. He didn't have to do it, there was no money to do it with. Here is a road, Mr. Minister, that a whole summer a dozen of these people could be working all summer long under supervision of people that know exactly what should be done. If they only took out a couple of curves a year, they'd be ten years straightening out that road.

In the bush there's forest fire problems around and about. All this dead wood could be got out. You talk about giving them a good hard day's work. That's where they could do it and they're doing something not only for themselves and for the money that the people of Manitoba are putting up but also doing something for the good of the province and keeping them busy. I'm not talking about the eight to ten to twelve year olds, I'm

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(MR. BILTON cont'd) talking about the 16, 19 and 20 who are sitting around there and there is possibilities there, Mr. Minister, and it would be money well spent.

MR. McBRYDE: I don't know if the member will like this or not, but he sounds a little bit like the Member for Churchill in a way. I'll give him a specific example. We had to haul gravel at the Red Sucker Lake airstrip and the community came in and said they wanted to haul it, but their cost was three times as much to move that gravel by skidoo, by bathtub, by whatever method they had, than it would cost us to bring in a truck and a loader and move it ourselves. And of course we have a restricted budget. We have so many dollars, and so when the department said no, they went ahead with their own work to move the gravel, the Member for Churchill gave me heck for weeks and said, you know, those people could have been working on that project. So what if it cost three times as much, they're sitting there doing nothing, you should put them to work. And I think that there are very many worthwhile projects that have to be undertaken, and most of the time there is not, and it's been a weakness in federal and provincial temporary employment programs, you know, like PEP and like - what do they call the Federal one that they cut off? - the LIP program, where there hasn't been any money for material things so they couldn't afford to do anything really worthwhile sometimes because it would cost them the money to rent a cab to do some of the things that you're talking about.

But I think every advantage, as I said in my opening remarks, must be taken of those, when there's going to be some work done every advantage must be made to use those local people, and as the Member for Churchill would say, even if it costs three times as much you're still further ahead to use local people.

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

MR. GRAHAM: Thank you, Mr. Chairman. Some of the remarks that the Minister made in reply to the Member for Minnedosa have prompted some questions in my mind, and I'd like to ask the Minister to go back to the manpower subsidy that he mentioned in the operation of Minago Contractors. Now when the people were being trained for their work with Minago, were they then being paid by Northern Manpower, or were they immediately put on the payroll of Minago and the cost charged back to Northern Manpower? Could the Minister indicate how the program worked.

MR. McBRYDE: There were two things that happened, Mr. Chairman, on the Thompson-Odei River Road: Keewatin Community College was directly involved. So there would be the Minago crew and the KCC trainees with their instructors. So they were just using our contract, and hopefully trying to work up to the pace of Minago's workers, as part of their training program. There were many ways that that was inefficient. I think the member again with his experience in construction would know that. For example, they say one of the weaknesses of course in a structure training program - is that if somebody obviously isn't qualified you still have to let him finish out his three weeks, or whatever it is, of training. The guys who are on the job, equipment operators and foremen, say, look, we can tell after two or three days if that guy's ever going to be an equipment operator; and if he's not going to be an equipment operator then maybe he should learn to be a maintenance man or a cook or something else on the project. So what Minago is basically doing right now is taking people who have had some training already, and putting them on the job, so there's some additional training required. But they're also taking some people who are green and giving them a go at it. So it's not such formalized training, but the opportunity to build up their production schedules, and they're doing it on that basis that I mentioned. They can tell if a guy's going to make it after a few days or not. If he's going to make it then they help him to become productive, if he's not, they advise him to try something else, and it might be in relation to Minago.

So there is a training subsidy when we take someone who is not fully trained or someone who is not trained and train them, and that subsidy is not . . . The Canada Manpower KCC is paid directly from the Northern Manpower Corps, and of course it's cost-shared under the Northlands Agreement as a training subsidy.

The other type of subsidy that we have in these operations, not just Minago, is what I was explaining, and it's a harder one to figure out, to the member is what we

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(MR. McBRYDE cont'd) call a manpower subsidy, when it costs them more to employ someone because he's not fully productive or because his work record, his attendance record is not good - and the member will know attendance record is very crucial to productive costs when you're working with heavy machinery, and if somebody doesn't show up for work the company loses a lot of money. So there's sort of two different types of payment involved, the training amount and the manpower subsidy amount.

MR. GRAHAM: Well, when they get down to the manpower subsidy, and that's what I was really going to get at, but I asked the other question first. If you had a workman who maybe only worked one ten-hour shift during the week and didn't show up for the rest of the week - that's no uncommon, it does occur at times - this subsidy then would be . . . would that be based on the number of lost hours from a normal working week? You must have some formula for working it out. If the man worked 25 hours, would there be a subsidy for the remaining hours which would make up a normal working week, or how do you work out the formula?

MR. McBRYDE: It's basically a guesstimate subsidy and that is, here's what's anticipated and if you can show us that your experience is worse than this then we will have to take a look at it. So it's sort of a guesstimate of their production capabilities. It's related to the number of local native people that are on the job, but it's a very tough calculation. It's not directly related to individual "A" and his work record or his productivity record, but a guesstimate as to seeing the types of people that are being employed, local residents, what is the estimated cost of this particular operation.

And the other problem while we're dealing with the question from the Member for Swan River, is that there is a bit of a tendency sometimes for the foreman when he's employing people from remote communities to be too soft, and they think that's helping the people. In many cases it's not. And I think where we're more flexible is in rehiring. That is, instead of saying to the person, "Never come back again. Come back in two weeks if you're ready to go to work and we'll give you another go at it. But don't bother us for two weeks and don't come back unless you're serious about it." Whereas in other employment, other employers up north the tendency is to list - and Hydro has these lists and other companies - if the guy didn't do well on the job he's not for rehire for an awful long time.

MR. GRAHAM: Well, is the Minister then saying that - well we'll take three or four theoretical people that could be Joe, who the foreman says, well there should be a subsidy of \$40.00 this week for Joe; there should be a subsidy of \$90.00 a week for Pete, and \$35.00 for Adam, and so on. Is this the way it works? Surely there has to be some formula, or where does the accountability in the whole program come about? It can't be just on the say-so of one man that, well you lost \$90.00 worth of production because you had this man on the payroll for this week. Surely he has to have some formula or else there's no accountability in the program at all.

MR. McBRYDE: There is a formula, and it has percentages attached to it. It goes as follows: The standard production that should be produced for that period, it's basically jointly set. Okay, in the case of Minago, there are very detailed production analysis done in terms of costs and I think those figures were accepted by the Manpower Corps.

In other cases the Manpower Corps has said, this is what we feel is the production period or production standard, and there are other comparable operations. I mean we can compare Cranberry Loggers with ManFor, what is their production? What production do they get from a camp of so many people? Then the actual production has a percentage of the standard, that is, how much below the expected production were they, and the expected production having been agreed on already? Then there is built into that the other things that we want to make sure increase, that is, the number of people from the local community and the number of native people involved in that particular project. That is built into the formula as well. So I don't know if I can . . . Those things are all built into a formula and it's calculated and agreed to between the employer and the Northern Manpower Corps.

MR. GRAHAM: But when you have the employer and the Northern Manpower Corps

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(MR. GRAHAM cont'd) in essence being the same people, again I ask, where is the accountability? Is there any relationship then between the basic standard of wage that is set for the heavy construction industry in that area? Does it bear any relationship to that wage? Or does it bear any relationship to the minimum wage that is paid in the province? Can the Minister give us some indication where the relationship is in that respect?

MR. McBRYDE: Mr. Chairman, it relates to the normal production for that type of work and to the normal cost of that type of work, and the difference then between that and what arises, that combined with the number of people from remote areas or the number of native people employed on that project. So if the Cranberry Loggers or Minago brought in five people from Winnipeg, they would not receive any manpower subsidy for those five people. So it would be the number of people from the local remote community that are hired and then that is figured out as a percentage of the production.

MR. GRAHAM: Well then can I ask the Minister, the money then that is paid as a subsidy that is paid to the Minago Contractors and not to the employee? Is that right?

MR. McBRYDE: Yes. The subsidy goes to the project whether it's Churchill or Minago or Cranberry Loggers.

MR. GRAHAM: Well Mr. Chairman, we're dealing here with - this all comes under the Northern Manpower and we just took Minago as one example. But there's an item here in excess of \$4 million and while we took Minago, which is only \$215,000 and the Minister has indicated this other, I think that there is here a considerable amount of money that doesn't seem to have too much accountability built into the system. Can the Minister indicate whether there is any concern on his part or members of his department about increasing the accountability process so we can get a better accounting of the money that we're voting here in this particular resolution?

MR. McBRYDE: Yes, Mr. Chairman. The accountability is all there. One is the method of calculating what training and manpower subsidy should be paid; the other is the dollars of that project and the social cost benefit analysis of that particular project. That is, that if it is shown that a project, after you've calculated the other costs, welfare and what the people pay in income tax, if that project is still not viable when you figure out those costs - and if the Member for Lakeside wouldn't interrupt I would complete what I'm saying to the Member for Birtle-Russell - if the project after those costs are calculated is still in a loss position, then I think we have no alternative but to close that particular project down, because there are other projects that are more close to being economically feasible when you take into those costs they would become feasible projects.

The specific item that we have in this particular section, the anticipated for the upcoming year, and these are the anticipated or the estimated, that's why they're called the Estimates, costs of these things for the upcoming year. The Minago Contractors is \$214,800; the Churchill Pre-Fab Plant is \$327,800; the RTM Plant is \$227,200; and Cranberry Loggers is \$548,900. So the figures are all there and the accounting with that individual project will be on the basis that I outlined to the member.

MR. GRAHAM: Well, then can I ask the Minister at what point in time is the assessment going to be made on whether it is a viable operation or not? You have indicated that the assessment will be made. Now we know that the Churchill prefabrications for instance, has been in operation for three years. Is it going to continue for another five years before that decision is going to be made whether it is an economically viable unit or not? I'd just like to know if there is any point in the time train when a decision is going to be made on whether it is economically viable or not and what the Minister's intentions are when that decision is made?

MR. McBRYDE: Well, Mr. Chairman, the question was asked earlier - I don't know if the member was in the House or not - specifically on the Churchill Pre-Fab Plant. Right now the Churchill Pre-Fab is operating on the basis of existing contracts, and there is an amount of loss on each unit produced under those existing contracts.

When the new operation, when the module units come in, or any future contracts, if the total cost benefit analysis shows that that is still a losing proposition, then we'll

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(MR. McBRYDE cont'd)close it down. The same would apply to any of these operations. Now we do have that problem, for example with Churchill that in the early stages with the management problems we had we didn't know on a close basis the real day to day losses or the real costs involved. We have that I feel for all the projects now, and the only one at this stage that is really questionable in my mind in terms of the cost benefit analysis is Minago itself. My feeling is that that's because of the low price offered by Highways on a negotiated contract as opposed to other provinces.

MR. GRAHAM: In the case of Channel Loggers has the Minister already made a decision on whether or not it's a viable operation?

MR. McBRYDE: . . . Minago is the only Bill 17 company that. . . in law it still reports to the Minister of Resources, but in actuality it reports through me to the Minister of Resources. The Minister of Resources is the Minister responsible for Channel Loggers and Moose Lake Loggers.

MR. CHAIRMAN: Resolution 100(a)(2)--pass. (a)--pass. Resolution 100, Resolved that there be granted to Her Majesty a sum not exceeding \$4,966,300 for Northern Affairs--pass.

Resolution 101, Local Government Development (a)(1)--pass. The Honourable Member for St. James.

MR. MINAKER: Yes. I wonder if the Honourable Minister through you, Mr. Chairman, would advise the number of employees that this particular item covers and those that would be located in Northern Manitoba.

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: In the Local Government Development, the Extension Services Section has 42 employees: 2 in Thompson, 12 in The Pas, 6 in the Wabowden Region, 4 at Leaf Rapids, 5 at Selkirk, 5 at Norway House, 5 at Tautas Aides, and 3 at Mafeking. The Community Services has 39 employees: 6 in Selkirk, 7 in Dauphin, 2 in The Pas, 10 in Thompson, and 14 at various northern locations, or remote communities. Training Services have 8 employees: 5 in Thompson, 1 in The Pas, 1 at Selkirk, and 1 at Dauphin.

MR. CHAIRMAN: Resolution 101(a)(1)--pass. (a)(2). The Honourable Member for St. James.

MR. MINAKER: Yes, I wonder if the Honourable Minister would advise how much travel or transportation costs are in the expenditure, as well as the telephone and telegraph.

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: The St. James breakdown for this section, Mr. Chairman is: wages \$7,300; fees \$274,600; printing and stationery \$144,700; postage, telephone, \$46,200; travel \$111,400; the miscellaneous is \$37,700; and the transportation other than employees--the member will recall that was explained - is \$37,200.

MR. CHAIRMAN: Resolution 101(a)(2). The Honourable Member for Birtle-Russell.

MR. BLAKE: Mr. Chairman, I think there was a sizeable figure given there for fees. Can the Minister indicate what type of fees those are.

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: The main item in the Fee Section is the Training sessions and workshops that are held, which include a per diem for representatives to take part in those workshops and training sessions.

MR. CHAIRMAN: Resolution 101(a)(2)--pass; (a)--pass. Resolution 101(b)(1)--pass; (b)(2). The Honourable Member for St. James.

MR. MINAKER: Yes, I wonder if the Minister would advise us the usual breakdown under Other Expenditures on this particular item, please.

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: The St. James breakdown for Community Services is: Fees \$48,100; printing and stationery \$23,800; postage and telephone \$24,400; travel \$170,000; miscellaneous \$12,800; transportation, other than employees, \$2,500.

MR. CHAIRMAN: Resolution 101(b)(2)--pass; (b)(3). The Honourable Member for Minnedosa.

SUPPLY - NORTHERN AFFAIRS

MR. BLAKE: Mr. Chairman, there's an amount that we discussed in 4(a)(2) an amount there for \$1,056,800 for Community Projects, we have another amount now under Shared Community Projects. I wonder if the Minister might explain, are any of these overlapping or what are these Shared Community Projects?

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: The Community Based Project in the Northern Manpower Corps are specific local training programs. For example, last year we did a training program for the Easterville Fence Post Operation, and specific training program for the Grand Rapids Forestry Operations, and we did a couple of small heavy equipment things in Oxford House and somewhere else. The Community Projects under this section are basically municipal services where we cost share with communities on certain aspects of their local municipal services.

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

MR. MINAKER: Yes, Mr. Chairman, through you to the Minister. I wonder if the Minister could advise if there is any indirect travel or transportation costs in these particular Shared Community Projects costs.

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: The travel costs are the travel costs as indicated.

MR. CHAIRMAN: Resolution 101(b)(3)--pass; (b)--pass. Resolution 101(c)(1)--pass; 101(c)(2). The Honourable Member for St. James.

MR. MINAKER: Yes, I wonder if the Minister is ready with the usual breakdown. The breakdown on the Other Expenditures.

MR. CHAIRMAN: The Honourable Minister.

MR. McBRYDE: The breakdown for training services (c)(2) is: Casual wages \$1,000; fees \$56,000; printing and stationery \$18,900; postage and telephone \$8,000; equipment \$35,200; travel \$27,200; miscellaneous \$13,600; subsistence \$33,000; transportation, other than employees, \$4,000.

MR. MINAKER: Mr. Chairman, I wonder if the Minister can elaborate on the \$33,000 for subsistence, what that would cover.

MR. McBRYDE: The figures probably could have gone together. That's the room and meals for community people brought in for the training purposes, so that subsistence \$33,000 and transportation \$4,000, those figures are both related to that, bringing people in.

MR. CHAIRMAN: Resolution 101(c)(2)--pass (c)--pass. Resolution 101, Resolved that there be granted to Her Majesty a sum not exceeding \$3,710,600 for Northern Affairs-- pass.

I refer members back to page 45, Resolution 97(a)(1), The Ministers' Compensation. The Honourable Member for St. James.

MR. GREEN: Mr. Chairman, apparently the members wish to spend some time on this item, so it might be a convenient time to break and hopefully we will be able to finish the item tomorrow some time.

MR. CHAIRMAN: The Committee Rise, call in the Speaker.

Mr. Speaker, your Committee has considered certain resolutions, reports progress, and asks leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Churchill.

MR. LES OSLAND (Churchill): I move, seconded by the Member from Thompson that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: The hour of adjournment having arrived, the House is now adjourned and will stand adjourned until 2:30 tomorrow afternoon. (Tuesday)