

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, March 13, 1979

Time: 8:00 p.m.

SUPPLY — FINANCE

MR. CHAIRMAN: Committee come to order. Under the Estimates of Finance, we're under 1.(b)(1) Salaries \$113,400—pass — the Member for St. Johns.

MR. CRAIK: Where's the official critic?

MR. CHERNIACK: Mr. Chairman, I think the Minister of Finance shouldn't worry; we are, all of us, doing our best to see to it that we can be of assistance to him.

If I may, Mr. Chairman, we were dealing with some \$30 million this afternoon in Capital Authority. By coincidence, there is another figure of \$30 million that I would like to ask the Minister about, and that is the \$30 million of cost-shared revenue, if I can describe it that way, that was set up as an account payable — I think that's the way to describe it — in last year's statement. I think we're all aware that it consists of three components of moneys which were repayable to the federal government and which was going to be, I believe, deducted by the federal government over a period of a number of months, commencing with, I think, April 1979 — I'm sorry; April 1978, I guess.

I'd like the Minister to clarify how that \$30 million is going to be paid by the Manitoba government to the federal government which is the way, I believe, it is set up in the books. If I'm wrong about that, I'd like clarification.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Mr. Chairman, this afternoon we talked about 1978-79 and whether the Estimates deal with 1979-80, and the member is now talking about 1977-78, which is in the Estimates of 1977-78 which are before the Public Accounts Committee, and I suggest he raise the matter at that point.

MR. CHERNIACK: Mr. Chairman, I am concerned about the accountability by this Minister of funds which are shown in his statement, some \$30,635,496 as being moneys which were considered to be a liability to the federal government, to be a . . .

MR. CHAIRMAN: The Honourable Minister on a point of order.

MR. CRAIK: Mr. Chairman, on a point of order, I do not intend to deal with 1977-78; it's bad enough trying to accommodate 1978-79 in retrospect. We are now dealing with 1979-80, which are the Estimates before us; I have no intention of dealing with the matter of the 1977-78 year-end statements which are before the Public Accounts Committee at this time. And that's it.

MR. CHAIRMAN: To the Committee, I would like some guidance, possibly, as to whether this is still under the item that we're covering; am I right?

MR. CRAIK: No, it has nothing to do with it; nothing absolutely.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Dealing with the point of order, Mr. Chairman, I am now concerned about 1978-79. We are dealing with the Salaries of the Executive Branch of the general administration of the government and I want to know how the Executive Branch is dealing with a 1978-79 liability to the federal government. How is it being discharged? That's really all I'm asking in that regard.

MR. CHAIRMAN: The Honourable Minister on the same point of order.

MR. CRAIK: Mr. Chairman, on the same point of order, the member is dealing with an item that has to do with the 1978 year-end which is March 31, 1978, which has to do with the 1977-78 year. He is asking in 1978-79 what the intent is of dealing with it. The estimates before us are for the year 1979-80, which is two years later and I have no intent of dealing with that matter under this item and I recommend to you that it's out of order.

MR. CHAIRMAN: For clarification to the honourable member, for clarification purposes for my own sake, are we discussing these items here under this estimate. I am not aware as to the year that you're referring to, or that the Honourable Member for St. Johns is referring to, and before I can rule on the point of order, I would like a clarification possibly.
The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, I am now asking questions relating to this current fiscal year which is about to end. At the beginning of this current fiscal year the Manitoba Government admitted a liability to the federal government of some \$30 million and set it up in its books. And I'm asking how the administration has over the last eleven months and this month, discharged the obligation, the debts to the federal government and whether it is going to continue into the next year, because offhand I do not recall, and it is not my obligation to recall, I'm not even sure I was informed, how it's to be paid. Has it been paid? Is it being paid, or is it going to be paid?

Now, the Minister can refuse to answer any question, Mr. Chairman. I remember there was a Minister named Miller who was a Minister of Education in 1950 or in the 50s, who was known to smile benignly whenever a question was asked and never answered. Now, it's not the Member for Seven Oaks who is sitting beside me, I don't think he ever smiled benignly, but the other Miller and, of course, the Member for Rhineland reminds us that he was formerly the Member for Rhineland, never answered a question. I'm saying that if that's the course this Minister wants to follow, I couldn't possibly force him, nor desire to. But I'm just asking a simple question. Has the debt been discharged; is it being discharged; or has it yet to be discharged; and what is the manner being used by his administration in so doing?

MR. CRAIK: Mr. Chairman. The member's simple question will be very well dealt with under the appropriate order, which is the Accounts of 1977-78 and I suggest to you again, despite the fact that the Miller he may have referred to, may not be the Miller in our presence, that he might even agree that the place to deal with this is under the appropriate title which are the Accounts of 1977-78, which are the accounts of the year-end, the public accounts, which are still to be dealt with at this session.

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

MR. MILLER: Mr. Chairman, on the same point of order, I think my colleague is simply asking this very simple question. We know that a certain amount of money is owed to the Federal Government through an overpayment. As I understand it — I came in late, but as I understand it, my colleague is simply asking what is the method of payment; has it yet been repaid; is there still some to be paid which may even go into 1980 for all we know, because we really don't know that. All that we are going to find out from the Public Accounts is the fact that a certain amount of money was charged to a certain fiscal year. That's all. It was an accrual, the introduction of an accrual system, so we know that. But looking at 1980, at your own operations this coming fiscal year, which is what you're talking about, what amounts of money are still owing on that accounting with Ottawa?

MR. CHAIRMAN: My apologies to the Member for St. Vital. Were you going to speak to the point of order?

MR. D. JAMES WALDING: Yes, if it has not been yet disposed of, Mr. Chairman. Do you still have it under consideration?

MR. CHAIRMAN: Yes, we're still dealing with that subject. The Member for St. Vital.

MR. WALDING: Yes, Mr. Chairman, to that same point of order. Certainly the Estimates before us deal with the coming 12 months plus a little bit. It has always been my understanding over the last eight years that Estimates review has also considered the Minister's stewardship of the last

12 months under his department. If you consider that the question now being asked pertains to the last 12 months of the Minister's stewardship, you should rule the question in order. I realize that the Minister can choose not to answer if he wishes, but I believe the question is in order.

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

MR. CHERNIACK: Further to the point of order, I want to point out two pretty important features: One, the Minister keeps referring to 1977-78 when the debt was set up as a liability. I am now talking about 1978-79, which is not before Public Accounts because the report has not been in yet, it can't be because the fiscal year hasn't closed yet. I'm asking how in that year which is about to close, and how in the next year, this debt is being repaid. Let me now tell the Minister that I have been told, and I cannot vouch for this information, I have been told that it is going to be repaid over 48 months and if that is the case, and as I say I don't know whether or not that is correct, then of course it has three more years to run.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Are you going to add, "I understand. . . " to that?

MR. CHAIRMAN: Order please. The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, I think I've been getting along with the Minister pretty well today until he made a smart crack about five minutes ago, and if he wants to keep it up, okay. But I am informed, and I don't know how valid it is, and the Minister presumably knows and is able to tell us — now, he doesn't have to, but if he wants to — I can't even use the word conceal because there is such an obviously simple answer to give which would have no connotations of any embarrassment to him, but if he doesn't want to answer it, I wouldn't try to force him. I wouldn't even make a motion that he shall answer. I'm just saying that it is my impression — I have been given the information that this liability is going to be paid over future years and no matter how smart he wants to appear to be to his colleagues or anywhere else, he still can answer or refuse to answer whether the liability is being repaid over future years and if it is, that includes the year that we are concluding, that includes the year we are now dealing with. And if he wants his salary and if he wants the salaries of the people who work with him, then he ought to be a little more co-operative than be a smart-alec about it.

MR. CHAIRMAN: The Honourable Minister, on the same point of order?

MR. CRAIK: Yes, the same point of order. If we want to talk about \$30 million, let's talk about \$630 million that stands on the books today from his foreign borrowings, that former Minister and his colleagues. Let's talk about that; let's get into that hole and talk about that, the \$630 million that . . .

MR. CHAIRMAN: Order please.

MR. CHERNIACK: What has \$630 million got to do with . . .

MR. CRAIK: The \$630 million of foreign exchange debt that we stand in today for the world around trapesings of the Member for St. Johns and his colleagues.

MR. CHERNIACK: Including his borrowings from Switzerland.

MR. CHAIRMAN: Order please. If I may, to the Members of the Committee, if they expect the comments to be registered on the tape as such, I would expect that possibly if I can recognize the members individually, they can make their points as they wish. I'm having a difficult time deciding whether it is a point of order or not and I'm allowing a certain amount of latitude to discuss this.

The Honourable Minister please.

MR. CRAIK: Mr. Chairman, you're going to have some difficulties and I'm a little reticent to admit it, because I raised the point of order earlier on in the discussion, that the matter that the member is raising is \$30 million that he claims was put into a fund in 1977-78, that is under full discussion. He gave notice in the House that he intended to raise it and I fully expect him to raise it. But

it's under the Public Accounts and the Public Accounts are still before a committee of Public Accounts of the House.

So the member uses his usual slippery, devious tactic to try to raise it again not only under 1977-78, 1978-79, and these Estimates before us are 1979-80. If he wants to go all over the ballpark, we'll start talking about not \$30 million, but \$630 million that we are now, in 1979-80, in the hole on his foreign borrowings — his, and I say his, because he started it in 1969. He opted out in about 1972, somewhere around there. He turned it over to somebody else; they carried on and they accumulated that, which they thought they were being very smart. He talks about being smart; he thought he was very smart in doing it and the people of Manitoba are now carrying that on their shoulders.

MR. CHERNIACK: Mr. Chairman, is that your point of order?

MR. CRAIK: No, it wasn't the Chairman's point of order, it was my point of order. My point of order was that the matter that is before us is before the 1977-78 consideration of the Public Accounts and that we ought to deal with the 1979-80 matters before us. If the member wants to wander all over the ballpark, we'll do it.

MR. CHAIRMAN: To the Members of the Committee . . . Order please. It is my impression at this stage of the game that these are probably items that would be best dealt with under the Minister's Salary as such. I personally, unless otherwise advised by the Members of the Committee here, fail to see where this is under the Item 1.(b) Salaries of the Executive. If the guidance of the Committee is such, then we will deal with this on a broad scope; if not, possibly this would be better dealt with under the Minister's Salary. I'm at the guidance of the committee.

The Member for Seven Oaks.

MR. MILLER: Mr. Chairman, I think, to try to narrow down the discussion, if that's the desire of the Chair, I think it is valid to ask the question of the Minister's office, if not the Minister, of the Minister's office, whether in fact the repayment of an amount of money to Ottawa which was supposed to be repaid over a number of payments, a number of months, whether that is completed or whether parts of it will still have to be paid in the coming fiscal year, in other words, the current fiscal year and the coming fiscal year, 1980, ending March 31st, 1980. Will the account with Ottawa be completed by the end of the 1980 fiscal year or is it already completed by the end of the 1979 fiscal year?

MR. CRAIK: Well, Mr. Chairman, the question being put like that, I'll take it as notice. You know, he, like anyone else, the former Minister does not sit in his office with a green eye shield and a quill pen and look after all these matters. And I'll take the question as notice.

MR. MILLER: Mr. Chairman, that's fine, if the Minister hasn't the information I don't expect him to have the information . . .

MR. CRAIK: Mr. Chairman, a reasonable question will be reasonably answered.

MR. CHAIRMAN: The Member for Minnedosa.

MR. DAVID BLAKE: Mr. Chairman, on that point of order I was just going to ask some direction from maybe some people who have had far more experience in the portfolio of Finance and if that amount was not paid back to Ottawa, do they not think that Ottawa would raise it with us? Would it not come to light if we didn't pay that amount back to Ottawa?

MR. CHAIRMAN: To the members of the committee, if I may. I think the question has been resolved to the satisfaction I hope and believe and possibly we can continue under 1. (b)(1) Salaries. The Member for St. John.

MR. CHERNIACK: Now that the Minister is being so reasonable and cooperative, there's also a liability which has been set up in that former year to Manitoba Health Services Commission of some \$23 million, I believe. Would the Minister, if he can't answer it now, take the same question under advisement as to whether it has been paid back, how it has been paid back, whether it's going to be paid back?

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: There's very little, Mr. Chairman I would take as notice from the Member for St. Johns because of his usual slippery pattern that he gets into.

MR. CHERNIACK: Mr. Chairman, do I then take it that the Minister is refusing to provide that information?

MR. CRAIK: Well, Mr. Chairman, I spent an hour and a half this afternoon debating over a non-issue, over the Estimates with the Member for St. Johns and the Member for Seven Oaks is capable of putting in a succinct couple of words what he wants, and what they want is in the way of information and there's no problem. The Member for St. Johns asks the question that is couched in all its usual rhetoric and deviousness and there's a problem. Perhaps he should write down and translate through the Member for Seven Oaks exactly what he wants and I'll undertake to get it.

MR. CHERNIACK: Will the Minister or will he not provide an answer to whether or not the liability to the Health Services Commission of some \$23 million has been paid or will be paid? Will he or will he not provide that information?

MR. CHAIRMAN: Order please. If I can again maybe ask for the guidance of the committee as such; is this related to the item that we're dealing with, or could we deal with this under the Minister's salary; I am at a loss myself and I ask the indulgence and guidance of the committee as such. The Honourable Minister.

MR. CRAIK: Mr. Chairman, there is no question but what the amount will be repaid. The question of the method of repayment is a matter of legitimate question and will be taken as notice.

MR. CHAIRMAN: 1.(b)(1) Salaries \$150,400.00 (sic)—pass. The Member from St. Johns.

MR. CHERNIACK: I would ask the Minister if there are any other liabilities of the nature we've just discussed that have yet to be paid in this coming fiscal year?

MR. CRAIK: In 79-80?

MR. CHERNIACK: I was asking 79-80, yes.

MR. CRAIK: I'll take the question as notice.

MR. CHERNIACK: Will he give us the information as to what they are?

MR. CRAIK: I would assume that's part of the question.

MR. CHERNIACK: Mr. Chairman, has the Minister concluded, or his department concluded the negotiations with the private auditors that are being hired to take over some of the responsibilities of the provincial auditor ,

MR. CRAIK: Mr. Chairman, no.

MR. CHERNIACK: Have any of the auditors started their audits?

MR. CRAIK: Mr. Chairman, I can't answer that, but it's possible they have. It's unlikely.

MR. CHERNIACK: Unlikely.

MR. CRAIK: My understanding is that their obligations begin March 31, and I use the word "understanding" in the context with which I heard it yesterday.

MR. CHERNIACK: Well, Mr. Chairman, I just want to clarify that the Cabinets and the Minister I think appointed certain auditors to do certain audits commencing with whatever fiscal years there are — I believe that there are some that commence with the beginning of the calendar year, but I'm not sure of that — and if the fees have not been determined, then I question whether or not they should have entered into the audit. And the Minister has said that he is not sure; I think he said he doubts that they have, but I'd like reassurance that they have not commenced the job and

will not until after the fees have been settled with them. Can we assume that?

MR. CRAIK: Well, Mr. Chairman, in terms of the taxpayers' exposure or obligation or undertaking on this matter I can assure Members that there will be no payment to any auditors that are involved in any way in government audits unless their fees have been prior arranged to by the government, by the Treasury Board and by the government.

MR. CHAIRMAN: 1.(b). The Member from St. Johns.

MR. CHERNIACK: I have another question. I'd like to raise the question which was raised by Bill 16, I believe it is, where there is a proposal . . .

MR. CRAIK: Mr. Chairman, I don't know what Bill 16 is.

MR. CHERNIACK: If you listen you'll hear. Mr. Chairman, I'm quite prepared to make the Minister acquainted with what he doesn't know. In Bill 16 there is a proposal that certain funds which come to the Land Titles Office and which now, when they exceed a certain sum, fall into general revenue, will by this Bill be put into a separate fund under the control of the Land Titles Office to be used by it for certain survey plans which the Land Titles Office deems necessary.

I raise the point, and I assume the Minister would know about it because what it does, in my interpretation, is take out of general revenues and out of the Estimates function the consideration of the use of that money. And therefore, although it's a very small amount — it's a matter of thousands of dollars, which I consider small in total — apparently the Treasury Board and through it the Legislature is giving up the control of those funds to the Land Titles Office in a manner which I think is not a good way of dealing with government's income and expenditures. And I raise it to the Minister at this stage to ascertain whether or not he believes that this is a good principle. Now, if he's completely unfamiliar with it, then of course we can defer the discussion but it's a very simple bill and that's what it does, and the explanation by the Attorney-General was to that effect.

MR. CRAIK: Was the member referring to Bill 16 before the House?

MR. CHERNIACK: Yes.

MR. CRAIK: Well, I haven't any comment to make on it.

MR. CHERNIACK: Well, could we persuade the Minister to look into it so that we can discuss it on the basis of the Estimates structure, the way the Treasury Board operates the Estimates that come before us?

MR. CRAIK: Yes, we will have a look at it.

MR. CHAIRMAN: 1.(b)(1) — the Member for Brandon East.

MR. EVANS: Thank you, Mr. Chairman. I'd like to ask the Honourable Minister some additional questions on the chartered accountants that were discussed a minute ago. I wonder if the Honourable Minister could advise how many of the CA firms, the chartered accountancy firms, were hired by Order-in-Council, and how many were hired directly by the Provincial Auditor?

MR. CRAIK: Mr. Chairman, out of 13 firms, new firms that were hired, apart from the firm in Brandon who is doing A.E. McKenzie Seeds Limited from several years back, who are still doing it, the 13 firms that were hired, 5 were done by Order-in-Council, 2 were done by the shareholder, who is the Minister of Finance, and the remainder of 6 would be done at the present time by the Auditor.

MR. EVANS: Could the Honourable Minister advise, because he made reference to other firms being audited by private chartered accountancy firms, could he advise how many other private firms are being retained by the government at this time, for whatever Boards, agencies, commissions?

MR. CRAIK: Well, Mr. Chairman, 2 of the 13 are not presently employed, or have not been employed by the government, and those 2 firms are both Manitoba firms that were not already engaged in

one form or another by the government on audit.

MR. EVANS: I'd like to know whether, as a result of this decision of the hiring of 13 chartered accountancy firms, whether there has been now a reduction in the staffing of the Provincial Auditor's office. In other words, is the government justifying the expenditure of taxpayers' money for these private firms? Is this being justified by a saving on wages that will no longer be paid out through the Provincial Auditor's Office? In other words, Mr. Chairman, what I'm getting at, is the rationale for using the private firms a matter of saving moneys for the taxpayers of Manitoba or is there some other rationale behind the hiring of the private firms in question?

MR. CRAIK: Mr. Chairman, my expectation is that by the time the Provincial Auditor has undertaken the responsibilities that will be incumbent upon him under the Provincial Auditor's Act and its changes that will be introduced at this session, that he will have his hands more than full in doing the audits of the province and will need the assistance — more than need the assistance — that is provided by the auditing firms that have been engaged.

I would point out that the primary function of the audit firms that have been engaged is for the purposes of a test audit and that the Provincial Auditor will have his added degree of freedom to do the more management-oriented type of audit that has been advocated by himself and by the terms and conditions of the Auditor-General of Canada.

MR. EVANS: Mr. Chairman, is the Minister suggesting that there is an increase. Are we experiencing or seeing an increase in auditing work that has to be done for these various government agencies and other areas of government, so that the Provincial Auditing staff cannot handle this increased work? Because it would seem to me one alternative, of course, would be for the Provincial Auditor to hire more staff. And I have always heard from the Honourable Minister and his colleagues in this government only praiseworthy remarks about the Provincial Auditor and his staff. As a matter of fact, over the past couple of years there have been many references made to reports made by the Provincial Auditor and his word seemed to be held in very high regard, in very high regard, by the government. And for that reason I am puzzled why the government would not simply want to add to the Provincial Auditor's staff if there was really an increase in work. If there isn't an increase in the workload, then why isn't there a reduction in the Provincial Auditor's staff? And I'd like to know what is the bottom line. I'd like to know from the Honourable Minister, while he may not have the specific numbers, whether he has, by now, some idea, some ballpark figure of what the cost is. Because I find it rather incredible that the government, this government which professes to be so cost conscious, to want to proceed to undertake agreements with 13 companies, 13 contracts, without having some idea of what it's going to cost the taxpayers of Manitoba.

Again, I ask, what is the rationale? We're happy with the Provincial Auditor's work. Should we not have simply added to the Provincial Auditing staff if there was an increase? If there wasn't an increase, why aren't we reducing the Provincial Auditor's staff more than you have?

MR. CRAIK: Mr. Chairman, one of the problems is that the Auditor is having trouble keeping up with the audits and the functions that he has to perform, and the other is that his terms of reference will be expanded by the legislation that is coming before the House. And he, at the present time, is understaffed in terms of fulfilling his role for the Government.

MR. EVANS: Well, I understand that there has been previously, that is, over the past year, a cut of eleven staff personnel in the Provincial Auditor's office and . . .

MR. CRAIK: Mr. Chairman, I'm having trouble hearing the Member for the noise the Member for St. Johns is making over in the corner over here.

MR. EVANS: I'll try to speak louder. I understand, Mr. Chairman, that the Provincial Auditing staff has been reduced by eleven people in the past year. Is this the reason why the Provincial Auditing staff cannot handle the work of these boards, agencies and commissions which total 13 in number?

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Mr. Chairman, I think that — I can't answer for the Auditor — it certainly hasn't been an externally-imposed restriction on him by the Minister of Finance and that of course is what we're dealing with at the present time. The Auditor did deal with this in Public Accounts and I think perhaps that is the point where we should be dealing with it, if we are going to deal with

it further.

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: One additional question then. I guess I could go to the Provincial Auditor myself; I'm not sure. I guess he is an employee of the Legislature. I can ask Mr. Ziprick directly whether he is satisfied that he had to retain outside companies instead of adding to his staff. But I guess if the government refuses to add to the staff, or doesn't allow him to add to his staff, then he is in a bind to say the least.

I'm really interested in getting to the bottom line. I really would like to know and maybe the Minister can't answer and if he can't, that's I guess — he can't. I think there is a considerable interest — I have talked to a lot of people about this — there is a considerable interest in knowing whether this government which professes to be very cost conscious, whether it is taking this move to go out and hire 13 private chartered accountancy firms for the sake of additional economy, for the sake of saving some money, or is it a matter of getting better service and therefore being prepared to spend additional moneys to get better service. Or perhaps there is some other rationale. But if the Minister doesn't know what it is going to cost, then I say that he probably can't answer the question, but I would surely think he would have some rough idea of what the Treasury in Manitoba will be paying in this coming year to these firms in question.

MR. CRAIK: Mr. Chairman, to indicate what the cost was, the bids or the quotations or the amounts that will be agreed to by the Treasury Board on this has not been decided upon at this point in time but I would suspect it will be very soon because the end of the month rapidly approaches. But to deal with it in detail would not be appropriate at this point. But that, of course, is something that the government assumes as the responsibility of government in doing so. That answers the last part of his question.

To answer the first part of his question, I can say that the checks and balances that are involved in having outside people are valuable. This does not detract from the Auditor's responsibility. We, quite on the opposite, intend to strengthen the role of the Provincial Auditor in terms of the latitude within which he can operate and the performance of an attest audit is probably one of the more fundamental and direct functions that an Auditor can perform. The caveats that have been on the Provincial Auditor in the past has been the ability to go beyond the terms of reference that have been traditional to his office, to go in to tracing through the taxpayer's money into other areas and to actually determine a value for money audit. That's more important than actually assigning an attest audit to an outside auditing firm.

I simply have to again, to partially answer the member's question, ask him, why in fact, what's their names — the auditing firm in Brandon, for instance, in his own constituency was assigned to do McKenzie's Seeds and have done it for years. Why did not the Provincial Auditor do that firm? I don't ascribe that to being the complete answer. The more fundamental answer is the answer I gave, that we intend to expand the role of the Provincial Auditor to be able to go into more than just an attest function, but to in fact do a value for money type of audit that he has advocated for years upon years upon years. He will be supported by the fact that there are other auditing firms that can bring in to that the more basic type of audit that has been done by 11 of the 13 firms already, and we're doing them for his government. So, it isn't a case of introducing 13 brand new firms to the function of doing an audit for the government. They have either on a specific project assignment basis or on a full-time basis already been doing the audit for the government.

MR. EVANS: Thank you, Mr. Chairman. Well, I don't question that many of the firms as the minister said, probably have been and were retained by the previous government for whatever services, but my understanding is that these firms are now taking on 13 additional jobs if you will. These are 13 certainly additional boards, agencies and commissions; as I understand it from the news release of the minister, so that there is a move in the direction towards, in my view at least, to some extent reducing the role of the Auditor.

Now, I know the minister is saying otherwise, but it seems to me that if at least those five, if they can be hired and fired directly by the Cabinet, then that in my view lessens the operative role of the Provincial Auditor. The Provincial Auditor has protection by legislation; he cannot be fired by the government. If the government does not like the statements made in an audit by the Provincial Auditor, he cannot be fired by the government of today, he may be fired by a percentage of the Legislature, I think it's two-thirds of the Legislature. So the Auditor has some independence if you will from the Cabinet. This, I believe, would not be the case for those chartered accountancy firms who are hired directly by the Cabinet and can, therefore, be fired directly by the Cabinet,

if the Cabinet doesn't happen to like some of the auditing remarks that can be made from time to time, for whatever reason by an Auditor performing his normal function. So, to that extent, Mr. Chairman, it seems to me that we have a situation where you have a possibility of auditing firms who have less independence than the Provincial Auditor of Manitoba.

I agree with the honourable minister, his remarks in the past, I think Mr. Ziprick and his staff have done a very excellent job, and I see no reason why they could not continue to service whatever agencies and commissions they were servicing in the past. And if that required hiring more staff, so be it, although I note that they dropped 11 personnel so it wouldn't be a matter necessarily of adding on a net basis to what they had perhaps a year or so ago. At any rate, I find it rather disturbing that we're moving in this direction, less control ultimately by the Legislature, it would seem to me at least, and also perhaps, the Honourable Member for Wolseley has gone — a member whose always very concerned about the taxpayers — perhaps at a cost that is going to be far greater than if we continue to use the Provincial Auditor as we have in the past. At any rate we will be interested in seeing what the cost will be, as the months roll by when the bills come in. I am sure we would like to obtain that information eventually.

MR. CHAIRMAN: Is the member finished?

MR. EVANS: Yes, unless the minister wanted to make a comment — I have another question.

MR. CHAIRMAN: The Honourable Member for Brandon East.

MR. EVANS: This particular division or branch of the department — General Administration — provides direction, control and coordination of the department programs, and advises on government fiscal policy. I do understand the Budget is the place where one discusses the fiscal policy of the year, and the minister is quite correct that in many ways it would be more appropriate to discuss his Estimates I suppose, after the Budget had been brought down. But I am wondering whether, under this item, whether the minister can tell us — I am not asking questions relating to the Budget, but I am asking the minister questions with regard to the fiscal objectives of the government — can the minister at this time enunciate the government fiscal policy directions as he sees them in the year ahead? As we all know, our economy is not functioning in anywhere near an optimum way. We have, and everyone should be agreed on this, we have more people unemployed than we want to have. Surely every member in the House would like to have more people at work than we have. I think we are all concerned with the incessant inflation situation that we have, and there are other features of our provincial economy that we are concerned with.

The Department of Finance is a very key department in determining or helping the government to determine fiscal policy and general economic policy, so I was wondering whether the minister at this time would care to comment on what direction the government is proceeding with fiscal objectives.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Mr. Chairman, the only thing I can say is that the member has answered his own question in his early sentences. That sort of exchange takes place in the Budget Debate.

MR. EVANS: Can the minister advise what staff are in this branch engaged in economic research; how many staff are engaged in economic research. We are dealing with the Executive (b); this is the General Administration Executive and I think this is the appropriate place to ask just how many research personnel do we have in fiscal matters.

MR. CRAIK: Mr. Chairman, my rough estimate is about 14.

MR. EVANS: Does this include federal-provincial relations in research as well, or this apart?

MR. CRAIK: Yes.

MR. EVANS: Thank you, Mr. Chairman. I was wondering, under this item appropriation that we're dealing with, Resolution 47, which includes General Administration and as I read the description: "Provides information and advises on government fiscal policy", whether within this area of the department there are any research personnel.

MR. CHAIRMAN: I wonder if I could draw the member's attention to Resolution 51, I believe that covers it. Am I right?

MR. CRAIK: Well, most of the numbers are in 51.

MR. CHAIRMAN: Resolution No. 51 on Page 36 — the Honourable Member for Brandon East.

MR. EVANS: Well, I understand that 51 covers federal-provincial relations, but my question to the minister is, is there any research personnel under this item because this item refers to type of work that would involve, I would think, economic research. It says, advises on government fiscal policies, so there must be some I would think, I don't know, economic research personnel in this area. Now, I may be wrong, but I am just using the description here to ask my question.

MR. CRAIK: Well, the actual titles that are involved here are kind of misleading, because in actual fact the department being as small as it is with that group, works on an interchangeable basis and there is a cross-fertilization that takes place between the two, that the people out of federal-provincial actually work on both and we have people working out of the group that he indicated here and out of the Comptroller's Division, and really, in the actual functioning of the department as some members of your group will know, that you don't really have them working distinctly in the cartons or categories indicated here. So they actually work as a team, depending on the issue of the day and so on.

I would indicate that during the last year in particular with the heavy emphasis on the federal-provincial conferences, that they have been working out of all of the branches into the common need of putting together the research information for purposes of the federal-provincial conferences. And this is one of the advantages of having the federal-provincial field involved with the finance field because you can do that.

MR. EVANS: Mr. Chairman, I would like to ask the minister whether he can provide us with a copy of a paper that was delivered recently I believe to the Fraser Institute in Vancouver. There was reference made recently in a newspaper article, I believe it was in The Winnipeg Tribune, which mentioned that the Minister of Finance was to speak on Tuesday, March 6th, and delivered as a subject, the revival of the market economy in Manitoba, the first eighteen months. My question is: (a) Could the members of the Legislature or the members of this committee obtain a copy of that, and (b) Was that particular report or statement or document prepared by this department?

MR. CRAIK: Well, Mr. Chairman, I would be glad to make a copy of it available to the member; no difficulty there. I had assistance from the department naturally, in preparation of it, but I have to assume full authorship of it myself because it was a topic I felt very strongly about and had undertaken many months ago to do, and therefore represents entirely the opinions of the minister. But as far as English corrections and so on, because I am not well founded on that topic, I did ask for assistance with regard to that matter.

MR. EVANS: Thank you, Mr. Chairman. Well, I would look forward to getting a copy. I am quite interested in that and I am sure others may be as well. I was wondering whether the minister could advise whether his department, in the area again of general fiscal policy and general economic policy, whether his department is now preparing any documentation on the Manitoba economy which will be made available for publication. In other words, analysis, let's say of one topic that I am particularly interested in, any analysis of the impact of the devalued dollar on the Manitoba economy, the extent to which our economy is affected by the change or the rise in farm income in the past year. I use those just as two examples to illustrate what I am talking about.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Well, I think the member has opened up a pretty large topic. I don't know if this is the appropriate time to deal with it. I do know that out of the statistics that were used for use and abuse in the House today, out of the 63,000 manufacturing jobs that were in the statistics, that there has been an increase of 7,000 in the last 12 months in the manufacturing sector, and I don't think that statistics, no matter how you collect them, can tell you whether those manufacturing jobs are the result of the devaluation of the Canadian dollar or the revival of the agricultural industry, or a general resurgence in the Canadian manufacturing industry. But nevertheless, despite all the

statistics that were used today, the fact of the matter is that there are 7,000 more manufacturing jobs, and manufacturing is pretty much exposed to currency exchange rates, and out of those statistics that there were 3,000 more jobs in February than there were in January of this year in the manufacturing sector. If you can tie that to any one factor, then you can go ahead and try and do it. But whether or not it's the devalued Canadian dollar or many of the other ingredients that go into the economy, I haven't found anybody yet that can answer some of those questions. Nevertheless, it's there.

MR. EVANS: Well, Mr. Chairman, I wasn't really wanting to debate the issue itself, the content. My question was really whether any such studies were going on and whether members of the Legislature would be given such information or whether the government had any intentions of issuing any documents as a lot of governments, federal and provincial do from time to time. I know the Ontario Government in particular, the Ontario Department of Finance in particular, does a lot of economic research, which is made available to the general public.

I agree with the minister on the fact that there are more jobs in manufacturing today in Manitoba, but of course this is true right across Canada and there is no question that devaluation has got to be one key factor in this, although I would hasten to add in the case of Manitoba, Mr. Chairman, the fact that the federal government has imposed import quotas on clothing coming into Canada from foreign countries, has without question, stimulated the garment industry in Manitoba. And it certainly stimulated it in Quebec as well, where there is also a large clothing industry, and certainly the fact that farm cash receipts have shot up enormously in the past year. At least these three factors combined have had a positive impact on manufacturing. —(Interjection)— Well, you know, Mr. Chairman, the Member for Wolseley interjects that it has nothing to do with us. The fact of the matter is that it hasn't had anything to do with the provincial government. The fact of the matter is, Mr. Chairman, that all of these items that we talked about — the devaluation of the Canadian dollar, I don't know how in any way, the Member for Wolseley, Mr. Chairman, can take credit or blame, whichever side of the coin you want to look at, for the devaluation of the Canadian dollar. I say blame, because devaluation means more inflation. Nor can I see the provincial government taking credit for the increase in farm cash receipts, because the fact is that agricultural prices have risen all over North America and farm cash receipts have arisen substantially all over. Admittedly, they have risen very well in Manitoba, which is fine. But the fact is that it is a North American phenomenon. And the third. . . —(Interjection)—

MR. CHAIRMAN: Order please. Could we possibly have the remarks of the members of the committee directed to the Chair and to the minister as such.

MR. EVANS: Thank you, Mr. Chairman. And the third factor, the quota on clothing imports of course, is a federal jurisdiction. There was consultation, there is consultation of course with the provinces, but essentially it is a federal decision. So thanks to a federal policy, thanks to a devalued dollar, thanks to rising agricultural prices, we have had some stimulus in our provincial economy, there is no question. The only thing I regret, Mr. Chairman, is that while manufacturing has increased in 1978 over 1977, our increase in manufacturing output is the second lowest of any of the ten provinces. Even Newfoundland and Nova Scotia had a better record of increased manufacturing shipments than the province of Manitoba. We were the second lowest on the totem pole of any of the ten provinces. So, while we are moving in the right direction, we certainly haven't moved as far as we should.

But getting back to the question, and that is, whether in view of the seriousness of our economic situation, whether the department is in the process of doing some in-depth analysis of — and I agree with the minister, it's not easy, but because it's not easy it doesn't mean it shouldn't be done, and also it doesn't mean that other people aren't trying to look at this question in their jurisdiction — whether there are any studies going on that will be published on the economy, factors that are affecting our economy.

MR. CRAIK: Yes, Mr. Chairman, certainly the studies are ongoing and regular and the regular feed of information does come to the minister, but primarily this will be embodied in the Budget Speech which will come to the Legislature fairly shortly, and that of course is the place where you do most of the examination of the government policy in this regard.

MR. EVANS: For the time being, I think I'll. . .

MR. CHAIRMAN: The Member for St. Vitil.

MR. WALDING: Thank you, Mr. Chairman. My question refers to the Reconciliation Statement on Page 34. Could the minister give the committee an explanation of the amounts listed as "Transfers of functions from Mines" and "Executive Council" and to "Consumer and Corporate Affairs".

MR. CRAIK: The Executive Council was the former Management Committee of Cabinet functions that were transferred. The Mines and Natural Resources were . . . One of the former members of the Management Committee that went to Mines and Resources and then came to Finance, Mr. Preston, that's his; transfers to Consumer and Corporate Affairs was the Insurance branch, Inspector of Insurance; Canada and Manitoba Enabling Vote, part of the function of the administration of that went to that Vote; Canada-Manitoba Northlands Agreement . . . I'll have to ask for assistance. The administration of that is charged against that particular function, therefore it shows a decrease here; and Investment Income related to Debt Retirement Reserve, which is a large function again, is the large amount here, is again . . . I am going to have to ask Mr. Curtis to come in on the explanation of that. It's in the same category as the net and against the sinking funds of last year, although it's not the same. It's the interest amount . . . It's in the revenue account rather than in the expenditure account. It's the same category as last year. As you recall, the Auditor had for some time recommended that the sinking funds be netted against the expenditures. In other words, they were shown before as an expenditure, but in fact, they show up as an asset on the books, therefore they were . . . there was \$20 million last year that was shown, since in fact it wasn't an actual expenditure but was reserve fund, and this is an interest amount that is treated in the same manner.

MR. WALDING: Mr. Chairman, when we were in Highways Department — when that department was before this committee a day or two ago — we had an amount that was listed under Assistance Programs, Maintenance and Construction, that showed an increase from just under a million to a little over three million, and the minister gave an explanation to the committee that this was work done by Highways Department for, sort of third parties, where they were then billed for the amount. For instance, Hydro wanted a road built somewhere and Highways would do it for them and then bill the money back to . . . he thought the Department of Finance dealt with it. His explanation to the committee was that this did not amount to an increase in road construction because it was the sort of work that was done and paid for by another account in previous years, and it was only being transferred into the Highways appropriation because it was money spent through Highways. Now he was a little bit vague as to where this account was that the money had come from in other years and suggested to the committee that it was in Finance before. Can the minister give us an explanation of that?

MR. CRAIK: Well, I don't know the item specifically, but the most likely question is Northern Affairs, because the Highways Department is carrying out some functions for Northern Affairs, and maybe if you could give me the specific item, I can get it checked out for you.

MR. WALDING: It was on Page 56: 5.(b)Maintenance and Construction — Other Jurisdictions, went from \$914,000 to \$3.4 million. There was some \$2.4 million of increase in there, a similar amount to what was spent last year, but it came out of another account last year and did not show up in Highways.

MR. CRAIK: The minister has suggested that Finance answer it. We'll get an answer for you.

MR. WALDING: Thank you. That will be fine. A couple of other questions, Mr. Chairman. Can the minister give us an explanation of why this amount, 1.(b)(1) has gone from \$86,000 to \$113,400 this year?

MR. CRAIK: Well, Mr. Chairman, now we're getting down to Estimates.

MR. WALDING: Thank you.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Yes, that's the increase of one special assistant to Chairman of the Treasury Board.

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

MR. WALDING: Has that position been filled?

MR. CRAIK: Yes.

MR. WALDING: When we were asking the previous Minister before this Committee, Mr. Chairman, about SMYs and payroll positions, we learned that there is a new category of civil servant called W.B. which I understand stands for warm bodies, and we asked this Minister the same as previous Ministers, if he could give us the count of warm bodies on the payroll as of January, 1979, and January of 1978?

MR. CRAIK: Well, we can get it, but I would point out to you that out of a staff of 350, that you have a certain amount of turnover at all times, and the actual positions filled may be a little bit less than the numbers indicated in the SMYs accounted for. That again will depend, in part, on the time of year in which you do it, but we can get an account for you for — it was January 1, '78, versus January 1, '79?

MR. WALDING: Yes please.

MR. CRAIK: Yes, actual.

MR. WALDING: Can I ask the Minister through you, Mr. Chairman, whether the Department of Finance buys any computer time, and is there a provision within these Estimates for the purchase of computer capability in the coming year?

MR. CRAIK: It's primarily in the Comptroller's Division, and taxation apparently.

MR. WALDING: Maybe I should ask the question when we get there, but can the Minister tell us how this computer time is used, what it's for?

MR. CRAIK: Well, it's not a great deal more than what would be implied by the titles. The Taxation Division does the processing of the Revenue side; the Comptroller's Division as well. There are paycheques go out from the Divisions — those would be the two major Divisions — it's really the money that is brought in through Revenue, billed, the amounts going out to the staff through the payroll; this would be the primary use of the computer.

MR. WALDING: Is the Department making use of any computer time in its studies for the White Paper on the Tax Credit Program?

MR. CRAIK: Well, I would think so, Mr. Chairman, but I can't tell you, you know, how much — yes.

MR. WALDING: If so, in that case, would there be provision within these Estimates for that amount, and where would I find it, Mr. Chairman?

MR. CRAIK: For the study itself?

MR. WALDING: Yes.

MR. CRAIK: Well, I don't think it would show up as a significant change in the overall Budget to do it. It would come probably under Vote No. 51, Manitoba Tax Assistance Office — sorry about that. It's '78-79, so it's already done, mostly.

MR. WALDING: So the Minister would expect that study to be completed by the end of this fiscal year?

MR. CRAIK: A very good deduction.

MR. WALDING: Thank you.

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: Thank you, Mr. Chairman. I would like to ask the Minister whether I heard him correctly

earlier today, when he said in his opening remarks that some staff of the old Management Committee had been transferred into this particular area of the Department. Is that the case yet? He is nodding, so the answer is yes.

Again, I don't recall but did the Minister give us an estimate of the number of people that used to perform the check or the scrutiny that the Management Committee was set up to do, the number of people that are now available to the Treasury Board? I believe these are people who would be working for the Treasury Board, and how many would there be?

MR. CRAIK: Well, about 7 or 8 — 7 people.

MR. EVANS: Mr. Chairman, these are seven people that have been transferred in, and are they in addition to any other staff that work for Treasury Board, and if so, what is the total number that work for Treasury Board — is it seven, or were seven transferred in to be in addition to whoever else worked for Treasury Board?

MR. CRAIK: They were integrated, really, into the Finance Department. There was only one other person, and that was a special assistant referred to earlier.

MR. EVANS: Well, could the Minister advise how many staff — I think we are in the right appropriation, because it does refer to, in the description here, it provides administrative support to the Department and to the Treasury Board. So my question is, how much administrative support in terms of staff, numbers of staff, does the Treasury Board have?

MR. CRAIK: Well, it doesn't have any staff ear-marked as specifically Treasury Board, they are integrated into the Finance Department, and they act as the Program Auditors, but they serve within the Department of Finance as well.

MR. EVANS: Could the Honourable Minister briefly explain the essential difference as he sees it from the operation of the Management Committee system to the Treasury Board system? As I understand it, when we came into government, we inherited the Management Committee set-up, which was only newly introduced, I think a matter of months before we became government in 1969, July of 1969, based upon an efficiency study or an organizational study of government that was conducted by the government of either Mr. Roblin or Mr. Weir. I have been used to working with a system of checks and balances where every item that a department wanted to spend was very carefully and closely scrutinized, a second look, if you will, by Management Committee staff — not just by the Committee, but by the staff as well. So I wonder, to what extent does the Treasury Board have the capacity to take a second look at any proposal that comes before the Treasury Board?

MR. CRAIK: Mr. Chairman, it was a pretty fundamental change in that the Management Committee referred to by the member that the former government inherited in 1969 was a small group of about half-a-dozen people, probably about the same size as the current group of Program Auditors that are integrated into the Finance Department. But from that small group of five or six, whatever it was that the former government inherited, it grew into a much larger size group that, after eight years of government, was really performing a function that was well beyond the function that was envisioned at the time it was started, and of course you'd taken over some of the personnel services that were traditionally functioned by the Civil Service Commission prior to that.

So what happened with the change of government in 1977 was there was a complete re-examination of it, there was an adversary type of system recognized that where you buy through your Estimates' process, there was, in our opinion, an unnecessary third party coming in doing a completely almost separate set of Estimates that had already been prepared by the Departments with the Ministers not performing a major role in preparing their Estimates or defending their Estimates prior to the formation of the Estimates of spending or ultimately the preparation of the Budget.

MR. EVANS: Well, apart from the Estimates, Mr. Chairman, I believe the Management Committee staff were very much involved throughout the year to oversee the expenditure of money — perhaps a very exasperating exercise at times, but nevertheless an exercise which insured that a good second look was taken at every item that was spent, and there were limits and constraints placed upon departmental personnel because of that system.

I would like to ask the Minister, to what extent can a Minister in his Department spend a given amount of money — how much money can a Minister in his Department spend without going to

the Treasury Board for authorization?

MR. CRAIK: Well, it varies depending on the type of the expenditure. If it's a regularly budgeted expenditure that has gone through the Estimates process — for instance in the Highways Department contracts up to \$250,000 are authorized by the Minister; if it's over that it comes to the Treasury Board; if there is any overrun on any contract of any size, it comes before the Treasury Board; any grant that is made comes before the Treasury Board regardless of size; there are a whole host of rules that are established, that have been laid down, depending on the type of the expenditure.

MR. EVANS: Yes, well the Minister gave us, as an example the Department of Highways. I'll just take another Department — Health? From time-to-time there would be expenditures made over and above sort of ongoing regular programs — is there any limit that applies to the Department of Health? You mentioned \$250,000 for Highways, again just by way of illustration, or if not Health, can he think of some other Department, or does Highways have the biggest allocation authority? What about Resources?

MR. CHAIRMAN: Order please. I'm wondering if I could draw the member's attention to the fact that I've allowed a fair amount of latitude in the initial discussions here, and we were getting on to the subject with the previous member that was putting questions. Are we still in line if we discuss the Health Department here, and Highways Department? I'd like your guidance here?

MR. EVANS: Mr. Chairman, my question really is on how the Treasury Board operates, and that's the item. The Treasury Board, of course, presumably has the authority, and does have the authority to scrutinize all expenditures of all departments. The Minister gave us one example which I thank him for, and I was just asking is the \$250,000 of Highways, is that sort of the upper limit of all departments, or do you have even higher amounts that the Ministers can spend without coming to Treasury Board, in other departments, or is this the largest single levy of any department of government?

MR. CRAIK: Well, that's a general rule but of course the MHSC still operates in its role in dealing with the hospitals, that is it comes outside of the Treasury Board operation, which is also your very very large expenditure section, but within the direct spending of the government the general rule would be that anything over a general expenditure on a routine business would be the \$250,000 level, but grants to the organizations come under a different role. They all come before Treasury. But then, for instance in Health, there are a number of organizations that operate on a straight *per diem* rate basis, and in that case the *per diem* rate goes before Treasury Board, but the actual individual support areas do not. Once it's approved by the Estimates process, then it does not have to come.

MR. CHAIRMAN: Member for Brandon East.

MR. EVANS: Thank you, Mr. Chairman. Did I hear the Minister properly? Did I hear him say that the \$250,000 figure was a figure that applied to all departments?

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: It was in direct Government expenditure . . . unless it's a grant program.

MR. EVANS: Yes, I understand. Thanks.

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

MR. CHERNIACK: The two matters that were discussed between the Minister and the Member for Brandon East relating to outside auditors, I want to get clarification on them. Firstly, I am under the impression that the Minister indicated those auditors that were appointed by O/C, those auditors that were appointed by the Minister as shareholder, and then I thought he said that auditors appointed by the Provincial Auditor. Will he agree that all auditors, including those appointed by the Provincial Auditor, were selected by Government.

MR. SPEAKER: The Honourable Minister.

MR. CRAIK: Mr. Chairman, we consulted with the Provincial Auditor on it. We suggested the names of all of the auditors to him and asked for his agreement, and on the six that were within his purview, received his agreement.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: One other point then, Mr. Chairman. That deals with the capability of the Provincial Auditor to handle the audits, and the suggestion that the Provincial Auditor was not able to do so because of insufficient staff. Will the Minister agree that there is a reduction of eleven people on staff that were not refilled because the Auditor was on notice from the Government that they intended to take these audits away from him.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: There is no relationship.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, I am not sure and I'm guessing now that the Minister was not present during the Public Accounts on Friday, February 2nd — I think Mr. Minaker may have been there, I'm not sure — where the Provincial Auditor said that the Government wanted to shift from staff to contract. When I asked him why didn't you replace those that left — and that's nine people and two, I think, were term — and his answer was, "Because I was told the shift was being made and I would get assistance on a contract basis. As a matter of fact, I pointed out in my report that we were short-staffed and that I would probably be getting assistance on contract basis."

And further on the same page, which is 192, I said "Well then, Mr. Ziprick, am I to understand that you did not replace people in the expectation that your work load would be reduced in the future", and Mr. Ziprick said, "That's right." So wouldn't the Minister say that there is a direct connection?

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Mr. Chairman, I think the implication here that there was some predetermination that he ought to reduce his staff because there was going to be other auditors engaged, and I think that that is not the case. As a matter of fact, I've never had any discussion with the Auditor on this entire matter with regards to size of the staff. I think that probably he's taken his own lead in most of this, and the size of his staff is pretty much what he has read into the entire direction of the Government, perhaps, in trying to economize in the size of staff, which I give him credit for, if that's the case and that's what he's attempting to do.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, since the Minister says that he never had any conversation with the Provincial Auditor, I am bound to ask whether anybody speaking on behalf of this Department had these discussions with the Provincial Auditor to acquaint him of the Government's intention to bring in outside auditors, and therefore to imply or suggest to him that he should not fill the eleven vacancies in the expectation that his work load would be reduced.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Well, I doubt it, Mr. Chairman. Certainly not to my knowledge. But he's also had some difficulty, as Finance has had, in acquiring professional staff, and I don't suggest that that — what's the smile on the face of the Member for St. Johns? — that that is his entire reason for the reduction of the staff. I suspect that he may well have been following the general direction of the Government in trying to economize in his staff, pretty well taking his own lead in doing so. But he hasn't done it as a result of any discussions that I've had with him of any long term nature that suggest that he ought to reduce because there are others coming in. I would think quite the opposite is true. I expect that the Auditor is probably going to require some additional complement of staff once the new Auditor's Act is processed through and comes into law, because I think he's going to have some added responsibilities that he's going to have to undertake. And I trust that he's going to be able to acquire the staff to do it, but I'm not sure he can because right now, the qualified people in this area are not easy to come by. They are probably the most difficult people

to find, other than medical doctors, right now in the Province of Manitoba.

MR. CHAIRMAN: The Member for Seven Oaks.

MR. MILLER: Mr. Chairman, I find the Minister's comments interesting, and I believe' as he says, that in fact it wasn't due to any discussion that he had with the Auditor that the Auditor made the statement that he did in the record of the Public Accounts. And perhaps the Auditor was, in fact, reading the signals being given out by Government with regard to reduction of staff man years. What I find interesting is the conclusion that the Minister seems to infer from that, that the Auditor was perhaps doing the right thing in that he was trying to cut down expenditures through a reduction or maintaining a lower staff man year complement than he could have — assuming that he could have hired them. I find that interesting because the fact is that turning over these audits to eleven private sector firms will not in the final analysis reduce the cost. It may reduce the staff man years that the Provincial Government has to show in its records, but it will not reduce the cost. The staff man years will be in some private chartered accountant's office — they would be in somebody's office. And they would be paid for by Government through the public moneys, but it will not certainly be a drop in dollar expenditure. It may simply be a drop in staff man years and maybe that's what the Auditor was reading into it — the desire, obviously, by this Government to reduce staff man years, even if it means paying more through the private sector, and in that way being able to show the world that they've reduced the SMYs by X percent or X hundreds of positions, when in fact the dollars to do the work are simply being paid out by direct payment to some private sector firm.

So I find that comment by the Minister interesting. So far as the problem vis a vis auditors — I know it exists. It existed when I was there, and I suppose if the Government wants to get auditors, chartered accountants who are qualified, they are going to have to meet the competition of the private sector 're not prepared and pay accordingly. If they don't want to do that, if they to do that, then of course they'll do what they're doing. They're going to go out to the private sector and pay to the private sector the much higher rates which they'll be having to pay through private firms.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: One point I can make to the Member for Seven Oaks is that the actual reduction in the Auditor's staff occurred in large part considerably before the external auditors were engaged, and there wasn't any relationship basically between the decision to engage the external auditors and this. But I can only repeat, the Auditor is going to need more than enough of his present staff to take on the added responsibilities of doing what is required of him under the new Act, because, you know, there's no point in going much further on it because the new Act is going to . expand his powers significantly. And he'll probably be your best friend.

MR. CHAIRMAN: The Member for Seven Oaks.

MR. MILLER: Mr. Chairman, I've never had any problems being friendly with Mr. Ziprick. I don't expect I will have in the future. But just for the Minister's own edification, and I don't think he was here that day, he should read the public record, Page 192, dated Friday, February 2nd, Public Accounts. I'm suggesting this because he's making statements which are not in harmony with what has been said by Mr. Ziprick, and I don't think you're doing this intentionally. It's just because you weren't at this particular meeting, and probably didn't have an opportunity to read the record.

MR. CHAIRMAN: The Minister of Fitness and Amateur Sport.

HON. ROBERT (Bob) BANMAN (La Verendrye): Thank you, Mr. Chairman. I think it just should be pointed out that most of the MDC Accounts which have been audited over the last number of years were done by external auditors. For some reason or another, back in 1976-77, corporations or companies, subsidiaries which were previously done by the Provincial Auditor were handed over to the private sector people to audit. So there was a move at that time, already, of moving away from the Provincial Auditor with regards to that particular segment of government — MDC. Books that were done by the Auditor are now being audited by private firms.

MR. CHAIRMAN: 1.(b) — the Member for St. Johns.

MR. CHERNIACK: Would the Minister point out in what resolution the additional costs of the private auditors show. I presume those will be charged to the respective Crown agencies and therefore would not show up here at all.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: In many cases.

MR. CHERNIACK: Not in all cases?

MR. CRAIK: Well, I would think in most cases, yes.

MR. CHERNIACK: All right, I won't press that. I gather that this item we're dealing with now, Executive, includes the Treasury Board support staff. Am I wrong in that, in view of the fact that the Administration, Item (c), seems to be built up. So, I want clarification: where is the support staff of Treasury Board? Is it in (b) or in (c)?

MR. CRAIK: Are you referring to people transferred from Management Committee?

MR. CHERNIACK: Well, not specifically. I'm trying to picture the present setup. And the present setup, as I understand it, is there's a Treasury Board, which I assume consists of ministers, and then there has to be some kind of support staff that functions with them.

MR. CHAIRMAN: If I could draw the member's attention to 7 — under 7. Resolution 53.

MR. CHERNIACK: Yes, Mr. Chairman, thank you.

MR. CHAIRMAN: Treasury Board and Cabinet.

MR. CHERNIACK: Thank you very much, I see that, and the description says they assist the departments in evaluating efficiency, economy and effectiveness. That's evaluation. I'm talking about the establishments of the estimates, the pre-estimate review, the structuring of the estimates themselves, and it says here under General Administration that it provides administrative support to the Treasury Board. So I interpret this to mean that all administration to the Treasury Board is in Item 1. I don't know which subheading it is. So I'm right on the right resolution, Mr. Chairman.\$

MR. CRAIK: There's two people in there, Mr. Chairman, and the rest would be an item in Vote No. 53.

MR. CHERNIACK: So there are only two people who are working as administrative support to the Treasury Board.

MR. CRAIK: Yes.

MR. CHERNIACK: Now, the last sentence under the description under General Administration reads: "Provides information on administrative policy to government departments, agencies, and Crown corporations." That sentence is new; it was not there last year. Could the minister elaborate on what changes have brought about the purpose in describing that.

MR. CRAIK: That's the administrative group that was brought in, 4 in number, from the Management Committee.

MR. CHERNIACK: That's more than the 2 people then.

MR. CRAIK: Yes, that's Harry Taylor and company.

MR. CHERNIACK: And company. And that would then come under the Administration item (c).

MR. CRAIK: That's under (c); right. Mr. Chairman, they are not specifically Treasury Board. None of these are specifically Treasury Board, but they function for Treasury Board.

MR. CHERNIACK: I understand then, that specifically Treasury Board are 2 people, as the minister indicated, under the Executive (b)(1). I think that's what he said, that there are 2 people supplying administrative support to the Treasury Board.

MR. CRAIK: Well, there are 2 people earmarked specifically as Treasury Board. The support people come primarily from Vote 53, Program Analysis and Review and the Administrative Services group that you see here to some extent do as well.

MR. CHAIRMAN: 1.(b)(1) —pass; 1.(b)(2)Other Expenditures, \$50,000 —pass; 1.(c) — the Honourable Member for Brandon East.

MR. EVANS: There is percentage-wise, a substantial increase in that item. Could the minister explain what is in this item?

MR. CRAIK: Other Expenditures?

MR. CHAIRMAN: Yes, 1.(b)(2) — the Honourable Minister.

MR. CRAIK: Well, there is no new SMYs involved in that. There is some inflation, some stationery and printing, there is some travel increase in cost; we're probably going to have to travel abroad to do some more borrowing this year, and so on. There's nothing other than the regular increase in costs and salaries, stationery and printing, postage and telephone, automobile or/and travel, and miscellaneous is up by \$1,000, and I can't tell you what the miscellaneous is.

MR. CHAIRMAN: 1.(b) — the Honourable Member for Brandon East.

MR. EVANS: Well, the reason I raise it is because it's far greater than inflation. You've got approximately \$15,000 increase, \$15,000 on \$34,500, that's about 40 percent, 45 percent increase, and it doesn't include salaries, because salaries is the item above.

MR. CRAIK: Well, one thing we did find was that the former minister in the job paid for his coffee machine out of Urban Affairs; we now have to pay for it out of Finance.

MR. CHAIRMAN: 1.(b)(2) —pass; 1.(c)(1)Administration Services — the Member for St. Johns.

MR. CHERNIACK: The left hand side, that is the current fiscal year, has been adjusted from the previous Estimates, and there has been an elimination of Budget Branch, and there appears to be with that there still is a certain amount of money which must have been drawn from somewhere, I guess Executive Council. I wonder if the minister could give us a breakdown of how the \$329,500 has been restructured, recapped, how much came in there, and is it the Budget Branch that was swallowed into that, and how much of that is expected to have been spent.

MR. CRAIK: There has been two changes then. The Budget Branch group has gone out of this section and over into Program Analysis, and coming in instead has been the Administrative Policy Branch from Management Committee, so I don't know how the numbers worked out, but one group is in and the other group is out.

MR. CHERNIACK: There is an increase of some \$200,000, where last year it was shown at \$116,700 for this item (c), it's now \$329,000, so there is \$200,000 increase, I think, and I am wondering how that broke out of the Executive Council, which I assume is where it came from.

MR. CRAIK: Well, at least half of it is evident there. We'll find the rest of it.

MR. CHERNIACK: No rush, Mr Chairman, could it be put on record whenever it's found.

MR. CHAIRMAN: Fine. 1.(c)(1)(a) \$167,500 —pass; 1.(c)(1)(b) Other Expenditures, \$45,700 —pass; 1.(c)(2)(a)Salaries, \$85,500 —pass; 1.(c)(2)(b)Other Expenditures, \$21,700 —pass; 1.(d) — the Honourable Member for St. Johns.

MR. CHERNIACK: It's pretty clear that last year or this current year, \$450,000 was allocated to the Tritschler Commission, Hydro Commission, \$450,000.00. Is there anything expected to be spent

in this coming fiscal year starting next month?

MR. CRAIK: Primarily this amount.

MR. CHERNIACK: \$10,000.00?

MR. CRAIK: Yes.

MR. CHERNIACK: So the government is expecting that there will be no more than \$10,000 needed to complete the work of the Tritschler Commission.

MR. CRAIK: I expect that that will probably — of course, at the time that these were drawn, we showed \$10,000 at the drawing of the Estimates. We undoubtedly are going to exceed that and it will exceed the \$10,000.00.

MR. CHERNIACK: Mr. Chairman, now I am not sure, but I have the impression that there was a Special Warrant passed for the Hydro Commission in the last period of time. Am I wrong about that?

MR. CRAIK: There was, in January.

MR. CHERNIACK: Then I think that there was more than \$450,000 because last year for this current year, there was \$150,000 shown in the Estimates and if one looks at Supplementary Supply of last year, I think there is \$300,000 there for Hydro, totalling \$450,000 in last year's Estimates and plus supplementary. Now if there was more money allocated by special warrant in January, then obviously this \$450,000 figure is increased by the amount of that special warrant and any others.

MR. CRAIK: I think that is correct.

MR. CHERNIACK: How much?

MR. CRAIK: The special warrant?

MR. CHERNIACK: Yes.

MR. CRAIK: About the same amount, approximately; \$500,000, in January.

MR. CHERNIACK: We're now into \$950,000 for the Tritschler Commission for this current fiscal year, and the minister is saying that he expects it will be more than \$10,000 in the coming year, in which case I assume it would have to be either by way of supplementary supply or by special warrant. That is correct, is it?

MR. CRAIK: I would expect there will be supplementary supply because it's the amount shown here. This year the funds lapse at the end of the year; there will be no carry-forward of any amounts for this purpose, so it's clear that there will be more than the \$10,000 amount here.

MR. CHERNIACK: Can we expect that the \$950,000 allocated for this year will be spent pretty well in this year, or is there a substantial amount expected to lapse?

MR. CRAIK: No, not that we're aware of.

MR. CHERNIACK: But clearly it is money that will lapse. It's not money that has somehow been put into some sort of a trust fund or a Tritschler special account or anything like that.

MR. CRAIK: No, I am afraid not.

MR. CHAIRMAN: 1.(d) — the Honourable Member for Brandon East.

MR. EVANS: Well then, to recap. Adding the 450, this special warrant that was referred to, plus this \$10,000, I would gather then that we are looking at an approximate cost of the Tritschler Inquiry, approximately \$1 million or perhaps exceeding \$1 million. Is that correct?

MR. CRAIK: Yes.

MR. EVANS: Would those moneys of approximately \$1 million for the Tritschler Inquiry be essentially on Salaries or are there other expenditures involved in that \$1 million?

MR. CRAIK: Well, Mr. Chairman, I can't answer that specifically. I would presume that most of it is for consulting fee purposes likely.

MR. EVANS: Would the Legislature eventually be able to obtain a breakdown of the expenditures by the Tritschler Inquiry when it's completed. I could repeat that, yes. When the Inquiry is completed, would the government ensure that the Legislature receive a breakdown of the expenditures by the commission: salaries, travel costs, any other consulting fees, any other expenditures that that commission would have undertaken? In other words, I don't imagine that that would come in the report of the Inquiry itself but would the honourable minister assure us that we would be able to get a breakdown of those expenditures at some time in the future?

MR. CRAIK: Well, I am sure the member would, yes. I would think that first of all he would want to receive the report.

MR. EVANS: This brings me to my next question. Has the minister any idea when this report may be turned in, or handed in, or prepared and issued to the public?

MR. CRAIK: We have now received the first report last week on the amended terms of reference of the study, but it hasn't yet been examined by the government. We will make that report available to the Legislature as soon as possible, and certainly with the legislation that will be brought in to clarify the terms of reference of the Hydro as opposed to the Public Utility Board and the government, and the relationship between the three; and of course the final report itself will be made available as soon as possible.

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: Well, would the Minister have any approximate idea, then, when the Commission will terminate its activities, at which point there will be no further expenditure involved — further expenditure of money involved? As I understand it, one preliminary report has been handed in — perhaps some other work has to be done, but when would the Minister estimate that this inquiry would not be requiring any further funds of the taxpayers?

MR. CRAIK: Well, Mr. Chairman, I can't speak for the Commissioner, except that I do expect that the report will be in by the summer; whether or not it will be in before the end of the Legislative Session, I don't know.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, this is a Royal Commission which has already made a report, I'm wondering why it's being held up? Is there some justification for holding up a report of the Royal Commission? It certainly won't be held up indefinitely, I assume. I wonder why it isn't just issued? Has Mr. Tritschler made a report? I wonder why it has to be studied?

MR. CRAIK: Well, it involved changes in the legislation and the amended terms of reference were fairly specific and dealt with the legislation of the Hydro and the rd, Public Utility Boathe resolution of the conflicts in the legislation, and as the member may recall, we asked the Commission Inquiry to look specifically at recommendations for the mechanism for rate setting and we received this matter a few days ago. We haven't had time to review it, but having reviewed it, we will then have to give consideration to the changes in the legislation. The amended terms of reference dealt with legislative requirements rather, as opposed to the broader terms of reference of the Commission's undertaking.

MR. CHERNIACK: Mr. Chairman, I understand the nature or the purpose of that first report. I also appreciate that the government may or may not accept all or parts of the recommendation. My question is, why does it have to be studied before it's released, as it will not be changed — I have no doubt it won't be changed — so the report has been issued; it is being studied; surely it would be helpful to good government for all parties concerned to have access to the report as

soon as possible so that they, themselves, can start studying the recommendations and form opinions. And when I say all parties concerned, I really mean all parties, like the Utility Board, the Hydro, the Manitoba Environment Council, the Ratepayers' Association, whoever they are, and most of all, all the members of the Legislature, so I really don't know why it's being held up at all? I'm wondering whether the Minister's given consideration to releasing the report as being the report of Mr. Tritschler, not binding the government in any way whatsoever?

MR. CRAIK: Well, to repeat, Mr. Chairman, it deals specifically with legislation that will require a message from the Lieutenant-Governor to bring legislation into the House, and on that basis the government will have to review it and consider the legislation that goes along with it.

MR. CHERNIACK: Mr. Chairman, I guess I'm not getting my point across, it seems that I'm not, because I believe that that report is not a report secret or confidential to the government. I assume that it's a report which is made by an independent Royal Commission which has made a recommendation, and I assume again that the government, whether it agrees with it or not, certainly is not going to alter it; not accept responsibility for it; nor conceal it — I don't mean that word — or not publish it, so why isn't it available to us now so that we could be studying it the same time as government is studying, and certainly when legislation comes in, it will have to come with the approval of the Lieutenant-Governor and be the responsibility of the government. I again ask, if there is any reason why it can't be made available today?

MR. CRAIK: Well, Mr. Chairman, undoubtedly the convoluted mind of the Member for St. Johns would lead him to believe that we would either conceal or change the report; naturally we expect that of him. He can be assured that it will neither be concealed nor changed. We received it in the last few days; it's being considered by government, and it will be made available as soon as the government's had an opportunity to deal with it. It requires changes in legislation; the legislation that is going to be changed is going to require some financial undertakings as far as the government's concerned, without doubt, and it will be brought into the House. We'll make it available at the earliest possible date, and quite frankly the government hasn't even had an opportunity to review the report at this time, although I can say that the report is very concise and I believe will be very helpful to the members of the Legislature, and we'll make it available just as soon as we have a chance to have a look at it.

MR. CHERNIACK: Mr. Chairman, please note that I'm not rising to respond to the insults that the Minister is throwing out at me. Please note that.

And having done that, Mr. Chairman, can we then point out to the Minister that the earliest possible occasion when the report should be published is yesterday, or two days ago. The mere suggestion that the government has to study it before it issues it or publishes it would seem to indicate that the government feels insecure in some way, because if the report is done, and I made it clear that I do not expect that the government has the slightest opportunity or intention of changing it or of suppressing it, then the mere need to read it surely should not keep it away from the availability to the public and to the legislators and to the people in various organizations that are concerned about it.

So, I no longer care whether the Minister decides to publish it or not, I just make the point that here is a document which is a public document, paid for by taxpayers' money, done by an independent Royal Commission, and we do not yet have it available.

Having made that comment, I want to ask the Minister: several weeks ago I asked him whether he and/or any of the members of the former Conservative government, that is the 1968-69 government, had been interviewed by the Commissioner or by his Counsel in relation to the terms of reference and/or in relation to the then government's policy of Hydro development? I ask him that again now.

MR. CRAIK: Well, Mr. Chairman, I took the question as notice, and I gave the member the answer in the House.

MR. CHERNIACK: Mr. Chairman, the answer I heard was that this Minister himself talked to the Commissioner about the terms of reference and he said, I believe, about the administrative setup of the Commission, and that he sent this question to Mr. Tritschler. Now, frankly, Mr. Chairman, I do not understand why it is necessary for Mr. Tritschler to tell us whether or not Mr. Scott or Mr. Birt talked to the Minister of Highways. I don't understand why it is necessary for Mr. Tritschler to tell that to the Minister. He sits around the table at least once a week with colleagues of his, who were his colleagues as Members of the Treasury Bench back in 1968-69. He did not answer

the question in relation to any discussion that they may have had with Mr. Scott, Mr. Birt, Mr. Tritschler, in reference to the points I asked about. So, although he said he answered me, he did not answer the question, he said he sent it on to the Commissioner.

MR. CRAIK: Mr. Chairman, I'm trying to remember the first question that the member slid off of, and I can't remember it, but we'll go back to it if necessary. If the member wants to know what any specific member or individual did, he can ask them. I took his question as notice and referred it to the Commissioner to ask him; I sent him a copy of the Hansard and asked him: here is the question asked, if you talk to anybody, you are the source; if somebody did the interviewing, if you did the interviewing, do you want to reply to this? When I get an answer from the Commissioner, I'll advise the member.

MR. CHERNIACK: Well then, Mr. Chairman, it appears that it is up to Mr. Tritschler to answer the question I've asked. I did not ask it of him, and when the Minister took it as notice I have the impression that I asked the question to him at a time when the First Minister was away, and I have the impression that I asked it in a general way and that the Minister, when he took the question as notice took it on behalf of his colleagues, and that his colleagues would respond. —(Interjection)— Well, apparently the Minister now says that he did not take it on behalf of any of his colleagues, but only took it in some fashion for himself, and he's asked Mr. Tritschler to respond. I therefore have to leave it at that, but I have to assume that he is now saying to me, if you want to know whether any other member of that former Cabinet — I would guess that there are not more than four of them in the Cabinet today — that they have to be asked individually.

MR. CRAIK: Mr. Chairman, if the Member for St. Johns thinks I'm going to run around and take a poll and ask who was interviewed by the Commissioner, he's dead wrong. I have no intention of doing it. I took his question as notice and I referred it to the Commissioner, and it seems to me from a simple arithmetic point of view, if the Commissioner was going to interview any number of people, the right person to go to would be the Commissioner and ask him who he interviewed. Now, if the member thinks that's wrong, you know, just let him say in simple terms, but that's what I did. Instead of this, he has got to go around in his usual slippery pattern — you know, did he or didn't he take the question — I didn't take any question on behalf of any of my colleagues. I told you in the House of the discussions I'd had, and the primary discussions I had with regard to the terms of reference was with regards to the Public Utility Board. Now do we want to go all through it again, or do you want to wait until I have a reply from the Commissioner and table it?

MR. CHERNIACK: Do you notice I'm not rising to the insults of the Honourable the Minister.

MR. CRAIK: Why don't we just go out in the hall and we'll settle it.

MR. CHERNIACK: Are you suggesting a fight? Are you? What do you mean out in the hall?

MR. CRAIK: I wouldn't waste my time.

MR. CHAIRMAN: Order please, order please. Can we keep to the subject please.

MR. CRAIK: You crawled under the table after the last meeting to have a discussion; we'll go out in the hall and have another one.

MR. CHAIRMAN: Order please. The Member for St. Johns.

MR. CHERNIACK: Now I feel like it's a Matter of Privilege.

I, out of courtesy to the Minister, asked to speak to him privately about matters that I did not want to raise publicly, but I guess I'll have to, and that is what happened.

Now, Mr. Chairman, let's get it exactly clear. There was no intention on my part to find out

all the people that Mr. Tritschler spoke to. I never asked for that, and the Minister never undertook to find that out. So he is now bringing it out as if I asked for that — I never did. I spoke about Members of the Treasury Bench, of whom I think there are probably four or maybe five. I asked if any of them had talked to Mr. Tritschler or his Counsel. I still don't know whether the Minister, for example, answering for himself alone, spoke to Counsel to discuss the terms of reference or the policies. He hasn't answered that, he said he spoke to Mr. Tritschler. I don't know, I'd like to know — did he speak to Mr. Scott, did he speak to Mr. Birt — and the fact that he thinks that it means running around to the other four colleagues with whom he meets very frequently is too big a burden for him, then, of course, I can't expect him to handle that which is too much for him to do.

MR. CHAIRMAN: The Member for Seven Oaks.

MR. MILLER: Mr. Chairman, I am concerned about the Minister's reply with regard to the preliminary report received from the Tritschler Commission, and which, as he says, he is not prepared to release at this time to the public the results of the preliminary reports of the Tritschler Commission, because the government has to consider the report first. Well, my experience is that when commissions are appointed. This is not an in-House exercise by staff who are asked to review something or other and come up with a recommendation, and which the government might feel that it is in-House and therefore should not be made available. This is a commission appointed to look into a matter, the terms of reference of which were presented by government, and Justice Tritschler is doing just that. Surely when he makes a report to the government, whether it be preliminary or final, that then becomes a public information. It should become public information the moment it's released. The fact that from that may flow legislation — you know all Royal Commissions everywhere, some legislation does indeed flow from it. But that doesn't mean that the commission reports are held up, or considered, or anything else.

The purpose of appointing a commission, a study of this kind, is perhaps to point up areas where legislation should flow from that. But it doesn't follow that it must, and it's not something that I can for the world of me, can understand why the government would hold it back because it's considering the report and its implications, and what may flow from it. A report of this kind should be, in my opinion, made public at the very first opportunity, and that is when the government receives it. And then whatever flows from it, it may flow this year, it flow next year, may flow for the next three or four years in the way of legislation. You just don't hold up something while the government is considering what its import is, what its meanings are, what may flow from it, what it may lead to. That's something for the entire community to be involved in through the publication of the report and recommendations if any.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Well, Mr. Chairman, I agree with the Member for Seven Oaks, and it will be made available. To repeat, the legislation that emanates from this is fairly specific and will require a basic change in terms of the government with some financial implications on the part of the government, and therefore is somewhat different from the basic terms of reference of the commission, and therefore has been received in the last — well, it was received last week. We haven't had an opportunity to review it; it will be made available just as soon as possible, and it certainly will be made available as soon as there are legislative changes in the formative stages, and proposed to the House.

MR. CHAIRMAN: The Member for Seven Oaks.

MR. MILLER: Well, this is what bothers me, the words that are being used. The Cabinet has to review the report; they have to read it the same as everybody else, but to review it implies, perhaps some suggested changes or something, and, you know, the term review is something I just don't understand. The other is that it has to wait until . . . because it will lead to legislation, the government chooses to hold it back until it's ready with the legislation. I differ with the Minister. Sure, it may lead to legislation, as does every Royal Commission ever appointed anywhere in Canada, lead to legislation, maybe, but the governments don't hold back on the report itself. The legislation that may flow you can agonize over for the next twelve months as far as I'm concerned — you have to draw it up, not I. But the report itself is public information, it should be public information, from which you can then draw all the legislation you want. And at that time you need the message, you need everything else that goes with it, and it will be debated in the House, but the report itself, because it's a Royal Commission, is really a report to the people of Manitoba and not to any particular

government.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Well, I think the member's points are well taken. I don't want to include his slippery friend from St. Johns.

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: Perhaps we didn't get a clear understanding of what kind of report that the government has in its possession from the Tritschler inquiry. Perhaps we're talking about a preliminary report that is going to be subject to change by the inquiry; I mean, there are such things as preliminary reports. And perhaps this is the reason, because you know, there is a point here. One cannot deny that the government of the day must study, it needs time, particularly if legislation is involved, and no one is questioning that. The point that has been made by my colleagues here is that the release of this document to the public of Manitoba in no way precludes the government from doing what it has to do, to study the documents, to prepare legislation or whatever else it has to do. One does not preclude the other. And that's the essential point, obviously.

So I'm wondering, because I don't think the answer really is satisfactory, Mr. Chairman that we're getting. I'm wondering then, perhaps we're not talking about the final report in the Tritschler inquiry; are we talking perhaps about a preliminary report that at some point it's going —(Interjection)—

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: Okay, well, my question was whether it was a preliminary or a final report. I'm now being advised that this is a final report, but only on part of the terms of reference of the inquiry. Well, if that is the case, unless we're wrong here, if that is the case, you know, there simply isn't, by any stretch of the imagination, by any degree of reasonableness, there is no reason for holding up the release of the report, because certainly you're not proposing that that report be changed. I don't know what there is to be gained or lost by issuing the report, because the release of the report does no way preclude the government doing what it has to do.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Well, Mr. Chairman, with this great degree of interest, I think that we should with all haste have the report public.

MR. DEPUTY CHAIRMAN: 1.(d)—pass. Resolution 48: 2. Treasury Division, \$1,292,000; (a) Salaries \$310,500—pass. Other expenditures, \$154,000—pass. The Honourable Member for Seven Oaks.

MR. MILLER: I notice there's no increase at all in any shape; as a matter of fact, there's a slight decrease. Is that due to less people being involved, or less space being taken up, or what?

MR. CRAIK: There's about a \$3,000 reduction in computer services and that's the major, the only, other than that the items are all the same, fringe benefits, fees, office equipment, printing, stationery, telephone, computer services, automobiles, publications, bank charges, freight and so on. The only item, the biggest item is a \$3,000 reduction in computer services. That reduces from \$15,200 to \$12,000.00.

MR. DEPUTY CHAIRMAN: 1.b)—pass. The Honourable Member for Brandon East.

MR. EVANS: Mr. Chairman, this is the division, according to the description that borrows and invests money on behalf of the government, so I guess this is the appropriate area to discuss the borrowing policy of this government. And recently, in the past several months we've learned of several major borrowings by this government. Earlier in 1978, I believe, in January of 1978, there was \$68 million borrowed from Japan, \$68 million worth of Japanese yen for a twelve-year period, and then another \$57.5 million borrowed from Switzerland, I believe, for a fifteen-year term. And then in August of 1978, another \$65 million borrowed for a five-year term. This was from Switzerland.

Now these borrowings were made outside of Canada, and then in October, the government for

some reason or other, switched to borrowing from the Alberta Heritage Fund, which charges an interest rate considerably higher than the interest rates available in certain foreign capital markets. And for my understanding, if we borrow, wherever we borrow, in this case from the Alberta Heritage Fund, and pay at a higher rate of interest than we could borrow elsewhere, then we're requiring the people of Manitoba, the taxpayers of Manitoba, to pay out unnecessary amounts of money in interest, interest which doesn't help us in any which way. As a matter of fact, in the first four months of the Alberta loan, that is the Heritage Fund loan, I understand it's cost the taxpayers \$1.4 million in interest additional and \$5.1 million in principle additional. This is additionality by making the loan in Alberta, and in Canada, rather than in the cheapest money market or capital market that was available to us, and I do not understand, then, why the government of Manitoba would want to borrow from the Alberta Heritage Fund and impose upon the taxpayers of Manitoba unnecessary interest charges, unnecessary outlays in principle because, well I can't say because, I don't know what the rationale is. I simply do not understand why this government would want to borrow and simply pay out more interest payments. I can't see the rationale for it.

There was a suggestion made by the Minister, I believe, in one public statement, that I read that the government was concerned about devaluation of the Canadian dollar. Because of the Canadian dollar devalued, then of course it tends to become more costly to borrow abroad. But, Mr. Chairman; the Canadian dollar is now 84 cents, 85 cents. It has a long, long way to go, I would submit, before it becomes economic to begin to borrow from the Alberta Heritage Fund. So I'd like to know what is the basis of borrowing in a market that is costing the taxpayers of Manitoba additional millions of dollars of interest payments, for no benefit to the people of Manitoba.

MR. DEPUTY CHAIRMAN: The Honourable Minister.

MR. CRAIK: Mr. Chairman, the Heritage Fund loan was made at 9 ¾ percent of interest Canadian money. The most recent loan was last December — the most issue we've done is in American dollars at roughly the same rate, 9 ¾ percent, 9 1/2; I think it worked out to 9.66 with the discount. 9.78 in Heritage. But the interest payments, as you recognize, the last one was in American dollars, and the interest payments back in the servicing of the loan, of course, are in American dollars. So by the time you factor that in, the interest rate may well be above that, but you never know really what it is until it comes times to the maturity of the loan.

At the present time, the Province of Manitoba has roughly \$2 billion worth of foreign debt. That debt was accumulated principally during the eight years when the member himself was a member of the Cabinet, and those bond issues were done. The present government did three issues following, immediately on coming into office; I guess one was done in the interregnum period, which was under way at the point of signing before the government changed, there was a yen issue done in January, a Swiss issue done in April, and then short-term Swiss issue in June, and by that time the government having evaluated its borrowing policy, decided that they would not pursue further foreign borrowings. At the present time, out of the \$2 billion that were borrowed, the average maturity date of those issues is probably in the order of 10 to 12 years. The American issues tend to be in the order of 25 years, while the European ones and Japanese ones tend to be shorter, more in the order of 5 to 15 years. With the change in the currency over the period of 18 months, the principal obligation is such that if the currencies do not change from what they are today, that \$2 billion of foreign debt is closer to \$2.6 billion. That's on principal; not on the interest charges that have to be paid. It's a calculated risk as to whether you want to continue to put all your eggs in that basket.

The advice that seems to come back from people who are in this business with a lot more experience than I have, or the present government has, seems to be that it would not be a good move to go further. When we did calculation last October, although many of those debts, bond issues that were done by the government, of which the Member for Brandon East was a member, the interest rates on the surface were perhaps 2 to 3 or 4 percent lower than Canadian rates or maybe 1 to 4 percent lower, depending on where you borrow it, whether it was in the States or in Japan. And incidentally, I should point out that right now we can borrow on Switzerland at a rate of under 2 percent. You know, if you want to use that yardstick as your only yardstick, that when we came down to evaluate it, what, on surface, on those bond issues that were done in that in that eight year period — I don't single those out simply because it was the administration of the Brandon East member, but they happen to be all the ones that were in the negative position, at the time we did late last fall. The interest rate on some on the surface were at 6 to 8 percent, and in fact, if the currencies do not shift back, turn out to be a 25 percent rate by the time you pay the interest charges along the way and pay the final debt. So that causes pause for some pretty sober thought, and did, and that is why we decided that our policy had to be, to not put any more eggs in that basket. And that's when of course we went, at that point in time, for the

Canadian loan issue which was from the Alberta Heritage Fund at 9.75 percent.

Now I think the Member for Brandon East will find some people perhaps that he knows at the University here that will tell you that at least when you borrow Canadian, you owe it to yourself, and that's not a bad argument to take and has a lot of validity with some economists. If you want to hang your hat on that argument, you can, but I think the more solid argument is that at the present time, although you don't know what the currencies are going to do into the future, anything you do in that is a guessing game. You're guessing the Canadian economy as opposed to the American and all the other offshore currencies that you borrowed in. And at the present time, Manitoba is, if the currencies do not change at the point of maturity of all the issues, actually is in the hole by \$600 and some million at this point in time. Now every time the Canadian dollar improves by one cent against the American dollar, our debt goes down on paper. It's a question of how far you want to go in exposing yourself to those sorts of fluctuations. The policy of the government is, as a result of this examination and having had time to get our sea legs after having come into office, had a chance to look at it, get some outside advice, get some inside advice, and try and decide what we had to do in terms of a policy for the province, was that we should try and round off the bond obligations, the debt obligations of the province.

We don't have any alternative if we're going to mount a capital program whether it's for Hydro or telephones or internal government programs for Highways, but to borrow, and we're probably going to have to borrow in the coming year somewhere in the order of \$300 million. Now, a lot of that can be considered self-sustaining and not long-term debt, but it all turns out to be debt of the million people of Manitoba, whether it's Hydro or telephones or the province. Our policy, having looked at this is, that with \$2 billion of the roughly \$4 billion of total debt, some 50 percent at least of our total debt and debt guarantee of the province being offshore, and with it going up and down like a yo-yo every time the American dollar changes. For instance, the change between yesterday and today was \$26 million for Manitoba, that change in the American exchange rate. It's not only the American, because the offshore is tied in to the American; the Swiss franc, the German mark, and the Japanese yen, the units of account, the Hong Kong dollars, and all those issues that were done that the Member for Brandon East is really advocating. All of those are tied in, so that when they shift in relation to the American dollar, they shift in relation to us, but they don't shift in relation to the other debts; when we shift in relation to the American dollar, we shift in relation to every debt offshore. So our policy has been to first of all try and go Canadian, and if the disadvantage is too great, as a second choice, you go American. And if the American is at some point in time considered to be out of reach, then we may be forced to go elsewhere — and that very fundamentally is the course of action that we're on.

We feel that we can go American with greater ease than we can go offshore, because at least we're selling pretty substantial amounts of power to the United States, generating a revenue in the United States that can pay for that debt in the United States. We also, of course, have very close ties to them as a neighbour and the exchange rates are a little more predictable, but the exchange rates for Swiss francs, and German marks, and Japanese yen, and all the rest, are so far beyond our reach that it's like playing Russian roulette. So, that's about the long and the short of it. The Member for Brandon East makes reference to comments that I have made, comments that have been made publicly really, I presume, in reply to some public critics over the policy of borrowing Canadian, but my own personal opinion is that if we can borrow Canadian at reasonable rates, that's where we ought to be borrowing, and if we can't, we ought to be looking to United States, and if there's a third choice, we ought to be looking offshore.

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: Well, Mr. Chairman, I would think that the Minister of Finance would want to borrow where we pay the least amount of interest charge. We're always talking about the size of the debt and the amount of interest that taxpayers incur because of this debt. Surely common business sense dictates that this government, or any government of Manitoba, will seek just as a business enterprise would seek, to borrow at the very best interest rate, namely the very lowest rate of interest. And I gather from the Minister's remarks, that the reason that the government decided to borrow from the Alberta Heritage Fund, was, if I understood him properly, was to spread the risk, that it was felt at that time you didn't want to put all your eggs in one basket because we are living in a world of flexible or floating exchange rates, and because all the currencies more or less that we have borrowed or would be borrowing in, are subject to the fluctuation. And therefore, because of that danger of possible further devaluation of the Canadian dollar vis-a-vis some of these foreign currencies including American, then possibly we shouldn't take the risk, we should borrow in Canada. That's what I understand the Minister to say. At that time we he said, as I understood, borrow from Alberta because we want to hedge our bets, in so many words, we don't want to undertake

this risk. But the fact is, that when we borrowed from Alberta, as I understand, the differential was so great that the Canadian dollar would have to drop — that is in terms of American — from what it was, 84, 85 cents down to somewhere in the mid to high 50's; in other words, it would have to drop by around 30 cents.

Now I realize that the yen can fluctuate differently than the American dollar vis-a-vis the Canadian dollar, and the Swiss franc can change differently vis-a-vis the Canadian dollar than the American. But the point I am making, Mr. Chairman, is that there was such a gap in the estimated value of the Canadian dollar vis-a-vis foreign currencies, and I will talk in terms of American because this is what most people think of and can understand, that it would seem to me that it was a rather foolish move for the government to make, to go out to Alberta and pay out millions of dollars of interest — for what? — because you are afraid the Canadian dollar may devalue. But I suggest, Mr. Chairman, the Canadian dollar would not be required to devalue by one or two pennies, it would have to be devalued by about 30 cents, which is a great 25 to 30 cents.

MR. CRAIK: Against what currency?

MR. EVANS: Well, I'm talking in terms of American, but I realize you can talk in relationship of the yen to the Canadian dollar, or to the Swiss to the Canadian dollar; I realize that. I am talking in terms of American because most people have an understanding of the American dollar vis-a-vis the Canadian dollar. There is no question about it. As I said, there has been one estimate that we've already paid \$6.5 million more than we should have in interest charges to the Alberta Heritage Fund, making Premier Lougheed richer than he already is, making us poorer than we need to be because we made this decision. We made the decision because we're afraid of devaluation, we're afraid of the risk. Although subsequently we seem to be prepared to take the risk, because now, as you've already explained, we're going I guess you said into the American markets and we're borrowing there. So, presumably, you have decided that it probably isn't worth paying that additional interest charge by borrowing within Canada. While it may be admirable to talk in terms of spreading your risk, there's nothing wrong with spreading your risk, but we're talking about a case, we're talking about a situation where we're borrowing at an interest charge that's far in excess of what should have happened, and I simply say that it's not good business practice. It's simply not prudent to have borrowed this amount of money from the Alberta Heritage Fund at this particular rate of interest.

I appreciate that when you borrow in foreign markets with the floating rate, you're always in the world of speculation in a sense, you're always in a world of risk that you're undertaking because of a change that might occur over which you have no control. So you have to make a calculation. But my point, Mr. Chairman, is that the calculation, the spread in this calculation, is so phenomenal, that I just don't understand the rationale of a government that prides itself on being good managers of the tax payers' money. I just don't understand the rationale for that particular loan.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Well, dealing with two items, Mr. Chairman. First of all, the Alberta loan was, as it turned out, is a much more economic loan than the last one we did, which was American. I don't know where the member gets his arithmetic from, because the Alberta loan we did in December at 9.75 percent paid back in Canadian dollars is a more effective loan than the one we've just finished in the United States, in Euro dollars. And I don't know where you get this idea that you can spread by 30 cents either. We're already ahead of the game by having done the Alberta Heritage Loan ahead of the most recent loan we did, and there hasn't been a spread of more than one cent. So, granted the interest rates have changed slightly, but we're ahead of the game already. I don't know where you get this idea that somehow we'd have been better off going elsewhere. But the Alberta loan was one of the best moves that we've made, is certainly better than we could do in any market today, right now.

I can tell you, just to add a little more icing to your cake, that during the loans that you made while you were in government, there isn't one of them that is lower in effective interest rate than that Alberta loan. There isn't a one. Every single one. Now you may end up, the Province may end up, the people of Manitoba may end up, if the currencies shift back, that at the present time, every one of them has an effective interest rate in excess of ten percent. I don't know where you get your arithmetic. I don't know the reference you're referring to, I've made public comment on this, I don't know where he gets his arithmetic, and I've said that. But at the present time you're behind the eight ball on every loan. Every one is higher than the Alberta Heritage Loan. No doubt about it. But that doesn't mean you're going to end up there in the long run. If the currencies shift back, maybe the thing will rectify itself. But at the present time Hydro's in a problem, the

Telephone System is in a problem, witness the recent Public Utilities Board hearings, and the problem is the interest payments. There's seven — eight million dollars, whatever it is I indicated here, in additional debt servicing just to pay the interest charges on those things this year. That's without paying back any of the principal. Hopefully, the principal won't end up being a problem. But we don't know that. It's anybody's guess as to what those currencies do.

you mentioned floating rate and if you have to take an issue of floating rate, I don't know of any other rate. You buy on their terms and you pay back on their terms. When you borrow Canadian dollars, you pay back in Canadian dollars. You borrow in American dollars, you pay back in American. You borrow in yen, you do the same. It's the same in all the other currencies as far as I know, unless you get some special arrangement, that seems to be the way it goes. So you're at their mercy. So you say, well, if you have to go at floating rate . . . well as far as I know every rate is floating. If that's the terminology you want to use. You buy on their terms and you pay back on their terms. That's the name of the game. I think you should disabuse yourself of the fact that somehow buying in Canada is necessarily more expensive borrowing in Canada. And certainly there's ironclad evidence right now that it hasn't been the best policy because every single bond issue that was done in the period when the Member for Brandon East was in government has an effective interest rate that is in excess of ten percent if the currencies don't shift back to where they were before. I haven't seen any economists in the world making projections that would indicate that that's likely to happen. That evidence is not there. I haven't seen it. That the currencies are going to shift back to where they were eighteen months ago or two years ago.

MR. CHAIRMAN: I wonder if I could draw the Member's attention to Page 38. Are we dealing with the public debt situation now, or is this. . . are we still . . . fine, that's fine. The Member from Brandon East. My apologies. I was just clarifying the position.

MR. EVANS: We're dealing with the actual act of borrowing. Well the Minister has an advantage. He has a staff, and he's got all the numbers, and we have the odd press release and the odd bit of calculation that some people may be able to do. But it seems to me that at the time that the Alberta loan was taken, from the information I have at any rate, it was a very poor business decision to make. Now, obviously as the currency rates change, the value of the Canadian dollar *vis a vis* any other currency in which we happen to borrow changes, obviously that will have a tendency to change our particular position. But obviously it seems that the government now feels that it is a good thing to borrow outside of Canada, because this is, as you've indicated yourself, this is what you're doing now. So if you're telling me that it was a good deal to borrow from Alberta, how come you're borrowing from outside of Canada right now?

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: The Canadian interest rate changed five days after we did the Alberta loan. The Canadian interest rate right now is 10.5 roughly. —

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: Well, could the Minister elaborate on that statement about the Canadian interest rate having changed five days after the Alberta loan . . .

MR. CRAIK: We did the loan, we got in under . . . the interest rate being at 9.75, and within a matter of days it changed, it shifted. And most of the financial community could sense the shift happening, and we moved rapidly enough to get it done before it shifted. And as a result, had we done that loan a week later, we'd have been paying ten percent.

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: Mr. Chairman, that isn't my point. My point is, from the information I have, that it would have been wiser to borrow not in Canada, but outside of Canada, so we have to look at what was happening to interest rates outside of Canada, not what was happening to interest rates inside of Canada.

MR. CRAIK: That, of course, is . . . your philosophy is similar to that of the Federal Government. They want to encourage us, of course, to borrow offshore or outside of Canada at least to bolster the economy by bringing borrowed money into the country. If you want to adopt that policy, that's fine. At the present time the spread between Canadian and American rates is probably around

three-quarters of one percent. And if you want to gamble that the Canadian dollar is going to improve in relation to the American, you'd probably be wise to go American. We went American on the last issue, which is within the last month, but that doesn't necessarily mean that we would want to do it all. It's a spread that's fairly narrow. There's no advantage in going to the States.

MR. EVANS: I want to state that the philosophy of the Federal Government that the honourable minister referred to — I wouldn't call it a philosophy, it's not a philosophy, it's a policy — the policy is simply to try to protect, if you will, or prevent the Canadian dollar, maybe that's a better term, from becoming more devalued than it might otherwise, because there has been a cessation of direct long term investment in Canada, which has over the many years tended to keep the Canadian dollar higher than it would have been otherwise. This direct investment has fallen off, and this is one of the factors, just one I repeat, of why you've had a sagging Canadian dollar the last many, many months. The Federal Government is borrowing offshore to step in and fill that gap, in effect, to fill in the breach, to try to sustain the dollar from falling, to try to prevent it from falling any further. Now, that's a policy judgement they have to make. There is some advantage in having a low valued Canadian dollar, which we've discussed earlier this evening, and that is it stimulates manufacturing, it stimulates exports from Canada and curtails imports. Although that very act in itself will then subsequently have an upward pressure on the dollar. But the policy that Provincial Government should follow, I would submit, Mr. Chairman, is very from a provincial, from a parochial, provincial point of view, simply to borrow wherever in whatever amounts you need, from that money market or capital market in which you get the very best rate of interest. And I'm not so certain that when the decision was made last year to borrow from Alberta, that that was the best decision, that you were borrowing within Canada when you should have been borrowing outside of Canada, and previous to that you were borrowing outside of Canada when perhaps you should have been borrowing in Canada.

I want to state categorically, then, that the policy should be not one of who buys our power, not one of maintaining the debt within Canada, because that is not a problem for the Provincial Government. It should be simply and straightforwardly a policy of borrowing so we have as small a rate, as small an interest burden that we can possibly obtain. We want to keep our interest charges as low as possible, and that should be it. It does involve some calculation, and I'm just suggesting that some of the calculations seem to me to be very shaky. And therefore it's confusing to me why certain decisions were made that we've been discussing.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, this is probably a never-ending discussion. The Minister has enunciated the policy of his government as to borrowing and it's no different from the policy of the previous government, and it's no different from the policy of that which preceded the previous government. In 1969 one of the first problems I faced was the fact that the preceding Finance Minister, Gurney Evans, had borrowed Deutsche mark on a short term loan, and it was coming due, and the exchange rate was such that it was a tremendous apparent loss due to the exchange rate. What we did was carry out the policy which I understood had been in effect by the previous government, and that is we rolled it over and borrowed again. We borrowed Deutsche mark again to pay off the other loan, and all of this at a reduced interest rate, which meant that we had the benefit of a spread of time, at a reduced interest rate, to compensate for what was not Gurney Evans' mistake at all. Because at the time he borrowed, he borrowed considering the same policy which I believe is not unique to Manitoba or to any philosophic bent of any government in Canada. It's such common sense, that I believe every government in Canada would borrow first Canadian, second U.S., which has the closest relationship from the standpoint of exchange, and thirdly, would borrow in foreign markets always bearing in mind, the risk involved in exchange rates as against the interest rates.

Now the minister says that he could borrow Swiss money today at 2 percent, and he says that the Canadian market is 10.5; I think he said that. Now if that is the case, I am not sure, I'm really not sure, whether he shouldn't be borrowing at 2 percent rate depending on the term, and depending on the trend. Now, he admits that he and nobody else really knows the trend in the exchange rate. If we were all that wise, we would all be millionaires simply on the basis of knowing if we can speculate on the exchange rate. But, for anybody to talk about losses related to exchange rate without taking into account the benefit in interest, is not giving the complete picture of how it is; the impact in the long run.

Also, although we repay our loan in Canadian dollars, that's almost 100 percent true; it's not quite 100 percent true because if Hydro sells power to United States, it collects U.S. dollars, and some of those U.S. dollars will be used to repay loans of any kind.

I think this is a non-productive discussion if there is no change in policy except for political purposes, and for political purposes I guess this is not the forum. But the allegations about the errors are really not correct because I don't believe, in my experience, that at any time was a loan made of any kind, without a measure taken of the market in all other available markets.

There is one point that the minister made in a letter he wrote which did influence to a small degree, foreign borrowing, and that is the statement that he made: "It is factors other than interest and exchange rates that have to be considered as well. For a province such as Manitoba, which has a substantial burden of outstanding debt as well as continuing borrowing requirements, it is desirable to maintain access to a number of markets, domestic and foreign, to ensure that funds for refinancing or for new initiatives are available when they are required." Mr. Chairman, I am sure that I said that in words of a similar kind. I know that the Member for Seven Oaks made similar statements, and I am sure Guernev Evans made similar statements. I am sure that Duff Roblin would probably. . . —(Interjection)— The Member for Seven Oaks suggested they were probably all written by the same people, and that's true. I don't expect that the minister will stop saying: "During the NDP time, there was tremendous losses." I would expect him to give the full picture of the fact that these are projections based on assumptions, and to give a fuller picture, to describe the differential in interest rates.

I would like to know, Mr. Chairman, the Heritage loan at 9.85 percent I think, fully effective rate of 9.85 percent, how that would measure up in terms of the potential exchange loss of that Swiss loan of 2 percent, or any other loan that could have been made for and at the time. I am assuming that this Conservative government is not borrowing from Conservative Alberta because they are the same political stripe. I would like to assume, and I do assume, that this government is looking for its best deal at the time, and for that reason I imagine, they went out on the Euro dollar market just recently, and for that reason, they went out on the Swiss market and announced they had a very good rate of interest. As I see in April, 1978, Mr. Lyon is quoted as saying: "We are particularly encouraged to have such a very good rate of interest," and when they borrowed Swiss on August 4th, Mr. Craik is quoted as saying: "That the loan was signed at a very good rate." I am assuming that that is correct; I never questioned that, nor do I question the policy. I reiterate it's the same policy as we followed.

It so happened that the exchange rate now is adverse, but I would like to know the extent to which it would have to deteriorate to make the Alberta loan a better loan than the Swiss loan made at the same time or now. And I would think there would have to be a very substantial deterioration in the Canadian dollar from here on in to justify a differential in rate between 9.85 paid to Alberta in Canadian dollars, and 2 percent paid on the Swiss market. I don't know. The Member for Brandon East used the figure of 30 cents; he may be right, I really don't know, Mr. Chairman. I would be interested to find out, but more academically interested, because I am assuming that no Minister of Finance would foolishly just go ahead and borrow without measuring the whole market and doing exactly what the minister said is being done and which I assure him, was our policy as well. And he doesn't have to take my word; he is not inclined to take my word for anything really, but let him check with other people in his own administration, that the principle was you borrow Canadian first. If the market is better U.S., you borrow U.S.; if the market is better foreign, you go foreign. He says putting all the money in one basket — the fact is that there is quite a mix. Apparently, and I haven't checked these figures, but I think he said that about half the money is foreign and of that I would see that there is units of accounts: Swiss, Japanese, Deutsche mark, Hong Kong, and of course Euro dollars, and that is a pretty full basket.

Now in retrospect, with hindsight, anybody could be extremely clever. even appear to be extremely clever. But in the end, I think that the judgment relating to borrowing has to be current judgment, not retrospective, and not forecasting the future. If the minister can justify the Heritage loan at 9.85 percent compared with Swiss at 2, on the current basis, without projecting a further deterioration of the Canadian dollar, I would like to know that, because I don't think that is so. I think that he has to guess at a deterioration, and if there is going to be a deterioration, maybe he ought to be prepaying some of the loans now. Most of them are prepayable, with a penalty. And maybe if he is projecting a further deterioration of the Canadian dollar then he ought to be looking at t prepayment of foreign loans — if he is right — because I can see now, the way he has thrown that figure out a couple of times tonight, that \$600 million, that this is going to be repeating itself. And as it repeats itself and regurgitates itself, I would like to think that it will carry with it the full picture. Inflation is a factor. You know that, Mr. Chairman, because when you repay and repay inflated dollars, then it costs you less automatically. And interest is a factor related to time. Interest and time are always related.

So, I would like to think that in the future, when the minister gives all this kind of information that he will have his staff do the honest research that would give the fuller picture and would redound to the benefit of the credit of Manitoba and not be used as a political device.

MR. CHAIRMAN: The Honourable Minister.

MR. CRAIK: Well, Mr. Chairman, it would be gratifying to know that you could solve the predictions by research, but I think that anybody that has been involved in this knows that research itself is not enough benefit to allow you to make the decisions. I come back to the Member for St. Johns, who says that he inherited a similar picture. I think that it's really a matter of balance in total. I doubt that he found upon assumption of his responsibilities that 50 percent of his debt obligation was in foreign currencies, but that may be case. I doubt that there were offshore obligations that even touched this. I do know that the former government went for 3 or 4 years, and never did a Canadian issue at all, that the foreign obligations were too high. It's not possible, and I think he knows that to compare the 2 percent Swiss franc now was the 9.75 Canadian issue. We have since then, of course, done an equivalent 9.6 percent Euro dollar issue instead of going to the offshore market, and made the decision on it. The inflation rate in Switzerland is 1 percent. Last year it was zero percent. If you can judge it on that, you can tell the currencies are likely to carry on with some different rates if that carries on.

However, you would be interested to know that some jurisdictions have had 90day money offered from the Swiss banks at zero percent interest, so your interest rate really doesn't mean a thing when you get down to talking about zero percent interest rate. The gamble there is that the currencies are going to shift sufficiently to in fact produce again, which is what the intent of an interest rate is to do.

So, Mr. Chairman, I think that the members will have to assume that if they want to judge whether or not 2 percent as opposed to a Canadian rate of 10 is a better buy. Don't let them forget the history of the events, the interest rates that were prevalent during the period of which fairly heavy offshore borrowing was done, during the period when there was heavy Hydro borrowing; during the years of the former administration, that where a lot of the foreign issues were borrowed in the 6 to 8 percent range, that in every case they are well in excess of a 10 percent equivalent rate providing the currencies don't shift back. And they would have to shift back a long distance now to get back under 10 percent equivalent interest rate. So that's the experience that guides.

Contrary to the Member for St. Johns comments, I haven't made a political issue of this matter. I brought it up tonight. It may well shift. It is certainly going to have to be contended with in the books, because the CIAC and others are demanding that this be taken into account in the bookkeeping of the province.

The American accounting systems where we do intend to borrow, demand that that obligation be shown right up front in the books. At least the Canadian Institute of Chartered Accountants aren't quite that demanding, and so it's not a question of even local choice. If we're going to borrow from here on in in the American market, that foreign debt obligation is going to have to be shown as if it were payable, not at the maturity of the debt, but paid at the end of the fiscal year. It's going to have to be shown at the end of every fiscal year, so it's not a question of us trying to create any sort of a picture that's not there, that picture is being demanded and the parameters of it are being set really by the people where we have to go to to borrow money. Now we haven't borrowed in the United States; we've borrowed Euro dollars, and they've been at rates that are slightly less than what we would have to pay in the United States. But when we do go back to the United States when the heavy Hydro works begin again, well we're going to have to show that foreign debt at the end as if it were payable at the end of every fiscal year, and we have no choice — that's it. The end of our fiscal year, March 31, 1979, is going to show us with \$600 million and some more debt, in fact, it shows as book value right now. —(Interjection)— We show it again, change it.

MR. CHAIRMAN: Order please. I beg the indulgence of the Committee while the recorder changes the tape master.

2.(b) — the Member for Brandon East.

MR. EVANS: Well, I don't have access to all the numbers or the staff that the Minister has, but my information is that in October of last year, the Alberta loan was 9.85 percent, effective, and my information is that if we had borrowed in Swiss francs we would have received a much lower rate of interest — we would have borrowed money at a much lower rate of interest — or if we borrowed from Japan, we would have borrowed at a much lower rate of interest; so therefore we would have saved Manitoba taxpayers a considerable amount— millions of dollars over the lifetime of the loan — it could have been millions of dollars, and maybe millions of dollars worth of interest charges.

The only justification you'd have for borrowing from Alberta instead of from Switzerland, is that you had to assume a 38 percent appreciation of the Swiss franc, at that time; or if you talk about the Japanese market, you'd have had to assume a 19 percent appreciation of the yen; in other words, a devaluation of the Canadian dollar that was going to occur vis-a-vis the Swiss franc and the Japanese yen. But in terms of appreciation, you would have had to assume a fairly drastic change in the exchange rate, and what has happened is that they have not appreciated at all, in fact they have depreciated in terms of the Canadian dollar. In other words, the Canadian dollar has become more valuable. So in the four months since that loan was made, the calculations I have are that we have lost \$1.4 million in interest payments, and \$5.1 million in principle, for a total of \$6.5 million.

Now, as I said, I don't have your staff; I don't have all the numbers; I'm relying on other sources; but there's no question that we borrowed in a very expensive market when we could have borrowed much more cheaply in Switzerland or in Japan at that time, as I understand. The only basis of borrowing in Canada, in Alberta, rather than in those two markets is that you were afraid there would be a significant and a very sharp and a very drastic drop in the value of the Canadian dollar. But that didn't occur. In fact, the reverse occurred in terms of those two currencies, so as a result there has been an unnecessary payment of several millions of dollars in interest, and that's the point I'm making.

And as the Member for St. Johns is stating, we're not talking about any political philosophy, it's simply a matter of common business sense — let's go to where we can get the best deal for the taxpayers in Manitoba — and it involves judgement, I agree, and I say that in this case, it seems to me a matter of mistaken judgement, I'm sorry to say.

MR. CHAIRMAN: 2.(b)—\$154,000—pass; 2.(c) Insurance Premiums— \$70,500—pass; 2.(d) Refunds—\$750,000 — the Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, on (d) there was a Supplementary Supply of \$1.3 million provided for this current year, which I believe is INCO, — I believe it was for International Nichol?

MR. CRAIK: I believe it was Air Canada.

MR. CHERNIACK: Air Canada, okay. Setting aside that \$1.3 million, which I assume is right, that supports last year's \$450,000 for Refunds. Why is there an increase this year to \$750,000, what is expected?

MR. CRAIK: Well, there are some outstanding cases yet, the INCO one is one of them. It's an estimate — the INCO one I believe is not settled yet — it's an estimate.

MR. CHERNIACK: I think INCO is fully in a Trust Account over \$4 million as I recall it, but I'm just wondering a substantial increase of this kind, would this be Refunds on Court Actions or Refunds — why should I speculate, Mr. Chairman? It is almost double what it was last year.

MR. CRAIK: Well, there's a collection of Refunds. Some of them are Court ordered Refunds, others are ones that are made on an assessment of the case, but they are an estimate on the total of the Refunds that are expected to be received.

MR. CHERNIACK: Does the Minister have any idea of how much, other than that one lump \$1.3 million, how much of last year's allocation will have been refunded in this year?

MR. CRAIK: Yes, there's some overpayments on Corporation Capital Tax, and overpayments on Succession Duties, two of those. Those are the main areas.

MR. CHERNIACK: Is that related to the fact that the government reduced the rates of taxation, or increased exemptions? In the case of Succession Duties of course it eliminated it; in the case of Corporate Capital Tax, it increased the exemption; is that why there are rebates?

MR. CRAIK: Apparently not. I guess a good amount of it is cases where they have not deducted their instalments on the Corporation Capital Tax, it's primarily a Corporation Capital Tax.

MR. CHERNIACK: They paid instalments, and then they paid the full tax? Because it was such a small tax, they didn't even notice.

MR. CRAIK: Yes, well perhaps I can read it to you: "It's Refunds of Revenue received in previous fiscal years, Financial Administration Act, Section 24(3) request for '79-80 has been reduced because of intention to change the legislation and provide all refunds to be charged in the current year's revenue instead of this appropriation, provision \$750,000 necessary to cover Refunds until legislation is changed."

So, that means it could be larger than the \$750,000, I presume, if we're taking it as an Expenditure. —(Interjection)—

well, the only thing I can tell you is it's an estimate, and the makeup of that, I presume, is mostly the Corporation Capital Tax Refunds: Gasoline tax, motor fuel tax, the usual ones that I'm sure you run across.

MR. CHERNIACK: I don't understand the reason for the substantial increase. I know the nature of Refunds but I don't know why the substantial increase, unless we are told that the \$450,000 last year was underestimated. I did ask how much was spent, or expected to be spent in this current year. Do you have that information as an indicator?

MR. CRAIK: We can get that for you.

MR. CHERNIACK: Well, then it may well explain why \$750,000 now. It may be that that is the amount, so that we'll have that information, and then we could probably discuss this again, because there is a substantial increase.

MR. CRAIK: I think that the reason it's \$450,000 at last year's vote, and shows up at one \$750,000, is the Air Canada, the added amount. —(Interjection)—

MR. CHERNIACK: Mr. Chairman, \$1.3 million was clearly in Supplementary Estimates last year.

MR. CRAIK: Well, I gather that the reason that it appears to be an increase is that, when the Estimates were drawn last year, it was intended to change The Financial Administration Act last year to do it, and it wasn't changed, and therefore the \$1.3 million was added to cover the added amount of the Air Canada one, and they brought it up to \$1,750,000.00. Had it been changed to \$450,000, the \$1.3 million would have come out of Revenue last year. It would have shown as a reduction in Revenue, rather than as an Expenditure.

Under The Financial Administration Act that will be coming into the House this year, if the Air Canada one came in this year and we required them to refund them \$1.3 million, it would show as a Reduced Revenue rather than Increased Expenditure.

But anyway, when you boil it down, the \$750,000 is a more representative yearly figure than the \$450,000.00.

MR. CHAIRMAN: The Member for Seven Oaks.

MR. MILLER: Mr. Chairman, I try to understand it. What the Minister is saying is, The Financial Administration Act, which is going to be changed - and we haven't got it yet — ut if that had been in effect last year, then there would have been no need for this . . .

MR. CRAIK: That's right, it would have been \$450,000.00.

MR. MILLER: It would have been \$450,000.00. The way you would have shown the Air Canada Refund would have been through a short fall in Revenue, rather than through an Expenditure.

MR. CRAIK: Yes.

MR. MILLER: Which raises a lot of questions in my mind as to how this thing is going to work in the future, but I guess we can argue that when you show us the Bill. It seems strange to me because this isn't this year's necessarily, this goes back a number of years. And, we could be making refunds for something a few years ago, and you will be, so why it should show as a drop in revenue in the fiscal year that we're dealing with, I'm not quite sure.

MR. CRAIK: Well, if it were a refund that we knew was coming in this year, it would already show as a decrease in revenue. This is to cover previous years' refunds. And I gather that the practice has been that when you know that you have a refund to make in the current year, you subtract

it from revenue.

MR. MILLER: That has always been the practice, if it's known within that fiscal year. Now if there was a payment as received within a fiscal year and the pay back is within that fiscal year, then I can understand that, because the revenue was received that year and the payment is received in the same year, so that that practice is going to be continued. We're not talking about pay backs, refunds from previous fiscal years, which are going to be shown as a reduction in revenue within an existing current year.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: The Member for Seven Oaks seems to understand it better than I do. I accept the fact, I don't know the law as it is today, but I agree with the concept that if money is received in a fiscal year and a rebate is made in the same fiscal year, then it could be a reduction in revenue in that year. But if moneys are received in one year, and refunded in the next year, is it contemplated that the revenue for the next year in which the refund takes place, will be reduced by the amount of the refund? —(Interjection)— Well, then it means in effect, that if taxpayer A pays nothing in a fiscal year, but receives a refund from moneys paid in in the previous year, that taxpayer A having received money rather than paid money will be shown as being a participant on the revenue side of the ledger, and that is what is proposed to be done.

MR. CRAIK: More conversely, I suppose you can say that it was a false revenue in the year in which it was received.

MR. CHERNIACK: Well fine, but you're not charging it back to that year, you can't, so you're charging it as a reduction in revenue from this current fiscal year. Now, are we now discussing a law which the minister is proposing to bring in, or are we discussing a practice that he is bringing in?

MR. CRAIK: No, it'll be in The Financial Administration Act.

MR. CHERNIACK: All right, so we'll debate it then, and there is no point in debating it now, Mr. Chairman. But is it then an explanation that this \$750,000 is going to be used as a sort of a catch-up to wipe the slate clean, so that we can start afresh with your proposed new Act?

MR. CRAIK: Well, it does provide an authority to make refunds until the legislation comes in — may not spend it.

MR. CHERNIACK: In the end I still don't know the extent to which the justification for the increase from 450 to 750, and my impression now is that we have yet to get the breakdown of the 450 so that we would know that maybe in effect it turns out to be \$700,000.00. Is that correct, is that the kind of information we are waiting for?

MR. CRAIK: Well, apparently the 450 was deemed to be low and the 750 was regarded for the period of time until about June, to probably be more realistic, and it's mostly corporation capital tax.

MR. CHERNIACK: One more question, Mr. Chairman. Is there any other item or any other place where the appropriation for a refund made at ministerial discretion will show up, or is this the item?

MR. CRAIK: Not that I know of.

MR. CHERNIACK: Well, then, this would be it.

MR. CRAIK: This would probably be it.

MR. CHERNIACK: Is there a distinction in the accounting between rebates that are worked out as becoming necessary to be made by the department as compared with ministerial discretion, a different set of accounting?

MR. CRAIK: I'm not sure what your question is again.

MR. CHERNIACK: Very often it's a matter of arithmetic, the example that Mr. Perry gave is the most obvious one. Somebody just paid more than his assessment should be, so he gets a refund. The minister probably doesn't even know that it happens — it happens. But then there is a different kind of a refund that takes place, which we have already discussed in the House, where under certain legislative authority an appeal lies to the minister, and the minister then exercises his authority under the Act and says, "Regardless of the department's decision, I vary the assessment and give a refund." Is there any difference in that account, Sir?

MR. CRAIK: Well, I'm not sure that I can tell you all the cases where the minister makes or does not make a decision or where the department makes it or doesn't make it. .

MR. CHERNIACK: That must mean it's all blended together and, therefore, it's not recognizably different.

MR. CRAIK: I know the minister doesn't see all the assessments that are made.

MR. CHERNIACK: Again, Mr. Chairman, this probably will be debatable when the bill comes in. Is it proposed then that if the minister exercises his discretion or judgment under an Act to reassess and thus create a refund separate from regular accounting practices, that that will be used to reduce revenue?

MR. CRAIK: That will be under the provisions of the new Act. I can tell you my desk is full of them, they're not probably the ones you think they are. They're the Mining Tax Act, and the Gasoline Tax Act, and Motor Fuel Tax Act, and Succession Duty Act in one or two cases, and a thousand different ones; but which ones come to my desk and which ones don't, I can't tell you. The ones come, I guess, where the department wants them to come and thinks they should come.

MR. CHAIRMAN: 2.(d) \$750,000—pass; 2.(e) \$7,000—pass.

MR. CHERNIACK: Mr. Chairman, we will be given the information that was promised in connection with (b).

MR. CRAIK: Oh, yes.

MR. CHERNIACK: Thank you.

MR. CHAIRMAN: 2.(e) \$7,000—pass; Resolution 48: Resolved that there be granted to Her Majesty a sum not exceeding \$1,292,000 for Finance, Treasury Division—pass. 3. Comptroller's Division

MR. MILLER: I move the Committee rise, otherwise we can call for a vote any one of these items. A vote can be taken after 10 o'clock. Do you want to do that?

A MEMBER: What do we have to do to have a vote?

MR. MILLER: Well, anyone can say Nay.

MR. CHERNIACK: Well, let's do it. Let's close it down. There's a motion that Committee rise. Is that a motion that has to be put?

MR. CHAIRMAN: Motion that Committee rise. Agreed? (Agreed) Committee rise.

SUPPLY — MINES, NATURAL RESOURCES AND ENVIRONMENT

MR. CHAIRMAN: I would direct the honourable members to Page 63 in the Main Estimates. We are on Resolution 81: Mines, Natural Resources and Environment. Item 1. Administration (a)(1) Minister's Compensation—pass — the Honourable Minister.

MR. RANSOM: Mr. Chairman, I just wanted to be certain that the Honourable Member for Burrows had completed his remarks before I rose. If I could respond, Mr. Chairman, more or less in order to the questions that have been raised this afternoon.

The Honourable Member for Fort Rouge had raised questions with respect to jurisdictional discussions, constitutional discussions, as they affected Resources between the province and the federal government and while I can assure, or inform the honourable member that we do have some concerns in the Resource area that we have publicly stated for some time with respect to non-deductibility of Royalties, for example, and that we have had some concerns with respect to Fisheries and the overlapping of jurisdiction then that exists in the Environmental area as the Legislation under The Fisheries Act is applied with respect to environment. So, we have some concern with those two issues, Mr. Chairman, but I think it would be more appropriate if the honourable member would discuss the constitutional issues under the Estimates of the Executive Council when the First Minister is dealing with it because it is something that must be dealt with as a whole, I believe, rather than an assemblage of parts so I would refer the honourable member to the Estimates of the Executive Council and the First Minister when they come up.

There was some reference to, or some questions about Park development, Mr. Chairman. The former Minister in charge of Parks, the Member for Burrows, had raised some concerns about possibly developing Parks, the further development of Parks in the Turtle Mountain area, and I should assure the honourable member that it is indeed a fine recreational and Park area that exists in the Turtle Mountain. I don't know whether he ever took the opportunity to journey out into the southwestern part of the province or not, Mr. Chairman, during his tenure in office. During that eight years we tended not to see them too much although there was rather a concentration of them in November, I believe it was, October, November of 1976 when they seemed to attract, the southwest attracted quite an assemblage of the former Administration's Cabinet Ministers then, but in any case I could tell the honourable member that there is a fine recreational area in the west end of Turtle Mountain which is in fact outside of the park. The Lake Metigoshe Development there has approximately, I believe, some 800 cottages in total around the lake on both sides of the border, Mr. Chairman. In addition, of course, that road provides access to the western end of Turtle Mountain Park and, of course, there is a very scenic drive through Turtle Mountain Park which may be entered either from the west end or from the Lake Max Road which the honourable member referred to. And, I might say that was one of the honourable member's better ideas, Mr. Chairman, when he suggested that perhaps we should have dealt with the Lake Max Road rather than with the Lake Metigoshe Road. And I would just like to say that although it was a rather good idea' it was one that we had struck on a year ago and that that item was actually in the estimates of the Honourable Minister of Highways last year and we do look forward to seeing the improved access to that park.

He also had some concerns about Rock Lake, Mr. Chairman, and he seemed to treat that in a rather cavalier, offhand fashion with respect to Rock Lake and I know that the Honourable Member for Rock Lake would be very concerned at the way that that item came out because it seemed to indicate that the quality of the recreational experience that was available at Rock Lake, the water quality in particular, was somewhat less than desirable and that he was raising the question of really, why would we be building a road to Rock Lake. I think that that is probably symptomatic of the way the honourable members opposite treated the southwest in particular. In that area the Honourable Member for Rock Lake had had concerns for some time about the quality of the water there. He recognized that there was a problem but he couldn't get any action he couldn't draw any action from the previous administration. So, I'm happy to say, Mr. Chairman, we have been able to draw some attention to the issue and the Fresh Water Institute from the university and to give credit where credit is due, to the Honourable Member for Fort Rouge. It's a federal government installation but we have asked them, have gotten their interest in the problem at Rock Lake; there is some research being done there and we expect to follow that up with some kind of program that will eventually help us address the basic problem there. So, there is a good reason for giving attention to that situation, not only from the road point of view, Mr. Chairman, but from the water quality point of view as well.

And I suppose that similarly if the honourable member was familiar with the situation in the Interlake and would know that those routes into the great Interlake recreational areas and on into northern Manitoba, that he would realize then, and the Honourable Member for St. George, no doubt, he is familiar with that area of course and I'm sure he's in favour of improving the transportation system there, Mr. Chairman. But the honourable members opposite, Mr. Chairman,

have had some difficulty in understanding the necessity of a proper transportation network. —(Interjection)— Yes, Mr. Chairman, I am responding to four questions that the Honourable Member for Burrows had put forward. And I'm just saying that the honourable members have had great difficulty in recognizing the importance of a proper transportation network and how that sort of infrastructure is necessary to maintain the economic base that generates the profits that are then able to be used to be taxed and to support the kinds of services that we all want to see provided for the citizens of the province.

Now, some of the honourable members opposite, like the Member for St. George, I'm sure recognizes that, but in general, Mr. Chairman, I'm afraid that it's not recognized by those honourable members.

The Honourable Member for St. George raised a question with respect to the Clean Environment Commission and a pollution problem at Fisher Branch, Mr. Chairman, and I believe that when I responded to him last year it had been pointed out that the legislation under which the previous government had attempted to collect the costs of cleaning up a spill in Brandon, that the legislation had proved to be *ultra vires* and they were unable to collect the costs of that clean-up, and it was therefore regarded as being an impossibility to go ahead under the same legislation and recover those costs in the Fisher Branch situation.

We did, however, introduce an amendment to the Clean Environment Act last session, as the honourable member recalls, but that legislation was not retroactive, and so we therefore are not going back to attempt to assess damages.

That particular situation has not come to my attention since the last session, really, as being any sort of ongoing or continuing problem, Mr. Chairman, and if there is some problem there that has not been brought to my attention then I would be happy to look into that for the honourable member. — (Interjection) —

Well, Mr. Chairman, the honourable member asked why would we not hold a hearing. There would have to be some reason to hold a hearing —(Interjection)— Well, the hearing that had been referred, I believe by the previous Minister of the Department, had been with the intention of recovering the costs and when the legislation was determined to be *ultra vires* there was no possibility of recovering the costs and therefore very little purpose in determining what the costs would be.

The Honourable Member for St. George also made some reference to Crown lands, Mr. Chairman. I was pleased to see him do that and point out that the productivity of land really is based upon a sort of good husbandry and management that people will give the land.

I think that's perhaps something that the honourable members opposite have not generally recognized, that the degree of management and husbandry that people are prepared to put into land depends upon that proprietary interest in land, that you do not get the same sort of management and husbandry put into land that belongs to the State as you do to land that belongs to an individual, that many people believe deeply that the basis of economic freedom and other freedoms is ownership of property and in particular, ownership of land, and many of the people that came to this country came here in order to be able to own land, and so we simply are going to further the opportunity for individual people to be able to own the land that they will operate, particular as farmers, Mr. Chairman.

And, while the honourable member raises a valid point with respect to access to the land for hunting, I think that he must also recognize that perhaps 90 percent of the land in the southwestern part of the province where hunting takes place is done on private property and that there is very little problem providing the proper controls of access are maintained, and I would expect that this would be the case wherever land is privately held as well. —(Interjection)— No, there are no guarantees. There are few guarantees in life, Mr. Chairman.

He also raised the question of damage compensation for, I believe, a crop of timothy in the Broad Valley area of the Interlake, and I must say I have some sympathy for the situation where the department does have some responsibility in that, as the honourable member pointed out, they introduced the — or at least, they didn't introduce Elk, they at least brought in some additional numbers there to enhance the population and that has no doubt led to some additional problems. Although there is a Damage Compensation Program in place, it is perhaps inadequate in the eyes of people who suffer damage of that type and, while I'm not making any promises as to what will be done, I certainly plan to review that very carefully and see if the situation warrants a change in the existing policies which we took over from the previous administration, Mr. Chairman.

Also the question of drainage in the Moosehorn area, I can point out to the honourable member that drainage, of course, and water management was one of those things that we said prior to assuming office that we would give more attention to than the previous Administration did, and I can understand that the honourable member is concerned about the level of drainage in his area and, although we have many requests now for a similar nature to what he has, I can assure him

that you all will be prioritized and as funds become available then the situation will be addressed, Mr. Chairman.

The Honourable Member for Flin Flon raised questions about jurisdiction at the Flin Flon Mine site and I wish to assure the honourable member, as I did privately, that we will certainly be attempting to resolve that what is acknowledged as an unsatisfactory situation.

His question concerning accidents, I would suggest that the inquiry into Mine Safety which is under way at present, we'll no doubt be making some recommendations and if that particular feature of delay in the inquest, if that is a problem, I'm sure that the Committee will recognize that and be making some recommendations to rectify the situation.

In the introductory remarks, Mr. Chairman, that the Honourable Member for Inkster made, he had some comments to make about the oil development, and I believe the line of reasoning that he was taking was that oil development, oil exploration, is only going to take place where there's oil. He said the government, the economy, the economic circumstances are really not going to make any difference. It's not going to make any difference whether NDP are in government or whether the Conservatives are in government, and he also said that, I believe, when we announced some changes in our regulations last December. He said that to the Press. He said that in his response to the Throne Speech, Mr. Chairman, and he has repeated it at the beginning of my Estimates Review. It is perhaps an understandable position for his to take but it is one that the facts simply do not bear out.

He also said at the time that he spoke on the Estimates that he was inclined to think that exploration was declining, Mr. Chairman, in Manitoba, and that of course is not true in terms of exploration. It is declining in terms of production by approximately 200,000 barrels a year, which is most unfortunate and which, I suppose, is to some extent at least a result of the policies of the previous Administration in that exploration was not at a sufficient level to discover and develop the reserves that would keep production at least up to the existing levels. And that, despite the fact that they of course had entered into a joint venture type of arrangement, and had expended some \$900,000 on investment, I believe, for a total recovery to date of approximately \$54,000, and an annual return expected to be in the range of perhaps \$20,000.00.

But in any case, exploration activity is increasing, Mr. Chairman, in that 1978 showed an increase to 22 wells drilled over 13 in 1977, which is still not anywhere close to the sort of level that we would like to see, but I think we have to recognize that the companies that would be interested in coming in and looking for oil, still are concerned about the sorts of policies that existed under the previous administration and they are concerned that when they hear statements such as has come from the Honourable Member for Inkster, the Honourable Member for Churchill with respect to nationalization of resource industries and taking back what they regard as belonging to the public even though perhaps it has been private initiative and capital that have developed it. That sort of thing, Mr. Chairman, is very tough to fight. It's tough to change the atmosphere so that the exploration and development companies are prepared to come back into the province and undertake the sort of exploration activity that is necessary for them to undertake. But in fact there are signs that that is happening, and that in 1978 the geophysical phase of exploration in the province amounted to a total expenditure of about \$2.75 million, whereas in 1977 it was \$1.15 million; in 1976 it was \$120,000; in 1975 it was \$11,000; and in the five years previous to that there were no expenditures on geophysical exploration.

I have some information, Mr. Chairman, which I must table in order to demonstrate just how wrong the theory of the Honourable Member for Inkster is when he says that exploration only takes place where there's oil, that it has nothing to do with government and the investment climate. And I have a map here, Mr. Chairman, which shows the number of oil wells that have been drilled in an area seven miles wide and 36 miles long in the very south-western part of Manitoba. —(Interjection)— The Honourable Member for Logan knows where it is — I'm glad he knows where it is.

Then we compare that with a 7 mile wide strip, Mr. Chairman, immediately adjacent to that but on the south side of the Internatioaal Boundary, located in North Dakota, and what we find, Mr. Chairman, and this is a very striking map, is that in that block of land in North Dakota, there have been a total of 335 wells drilled; there have been 120 producing wells discovered in that area. On the same size of an area, Mr. Chairman, in Manitoba, there have been a total of only 79 wells drilled and 21 producers. There are six times the number of producing wells in this block of land immediately south of the border as compared to the block of land immediately north of the border.

Now, there are only two conclusions that can be drawn from that, Mr. Chairman. One is that the formation in which the oil is found would run exactly along the 49th parallel, which —(Interjection)— Well, I would regard that as being unlikely — extremely unlikely, Mr. Chairman.

The other possibility is that the government and the investment climate is different, and Mr. Chairman, that is a very striking map, and I have tabled the one copy, I commend it to the Members of the Legislature to look at it carefully, because it does demonstrate very clearly what a difference the investment climate can make with respect to oil exploration.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Thank you, Mr. Chairman. I would begin by commenting first, I guess, on an axiom that has come to take on the sacredness, I suppose, of written in stone in this house and that is that the length and degree and detail of an answer is in reverse proportion to the significance of the question, which means that we are able to spend an awful lot more time talking about drops of oil in the ground than we may talk about in terms of policy issues that may have some long-term significance and importance in terms of the way that we conduct ourselves in this Province.

I say that by way of the Minister's response to the question I posed to him concerning his position on the issue of Federal/Provincial resource allocation. He seemed to indicate that while the Province in the past has expressed long-standing concerns about Fisheries and Environmental jurisdiction, he completely by-passed the issue central to the whole question, which is the position taken by this Province in recent constitutional discussions concerning the allocation of jurisdictions to Resource management, seeming to indicate that the First Minister, when we discussed this Department, would be better prepared to answer that. Well, Mr. Chairman, we have learned in this House how well prepared and interested the First Minister is in answering serious questions in a serious way.

I would rather, if I might, Mr. Chairman, put my trust in the Minister of Mines and Natural Resources, who, while he is rapidly acquiring the talents of obfuscation, may be still more inclined to deal directly with questions than to simply engage in baiting. And I think beyond that, it really is required for the Minister to be a little bit more serious and specific than he's prepared to do at this time. I don't think that he can simply pass off this issue of the Resource allocation and distribution of jurisdictions simply to some discussion on constitutional matters. That's not where it belongs. To my mind, a Minister of Mines and Natural Resources should have that as the paramount equation in determining his basic position on natural resource taxation, as well as resource management.

I find it hard to conceive that any Minister of Natural Resources could begin to plan any kind of policy, make any kind of projections for the future, do any kind of forecasting or anticipation without having some understanding and some commitment, at least some position, as to how he believes those resources should be taxed, and who should be taxing them, and who should be making decisions on the management of those. And it would seem to me that as the debate sort of swirls around the head of Canadians, that the Manitoba Minister is ducking that particular issue. And the statements he has made during the course of his Estimates, on what he intends to do about encouraging exploration and developing new resources, and providing for greater incentives, I would suggest to him, Mr. Chairman, are really irrelevant until he comes to grips with the fundamental issues. Does he have the power to do it, and will he have the power to do it?

I would remind him, Mr. Chairman, of the impact of the Supreme Court decision on the Canadian Industrial Oil and Gas case in Saskatchewan in 1977, which suggested that the Provinces do not have the power, any power, in direct taxation. Which would suggest to me that, as he rightly said in his last comments, referring to the Member for Inkster, that the economic climate, in which I include the taxation policy, has a great deal to do with what is to be extracted and who's going to use it. Well, if in fact the Supreme Court has now told this Minister, along with other Provincial Resource Ministers, that they no longer have the capacity to do indirect taxation, that means that it reduces substantially the numbers of devices and incentives that he can employ in terms of a resource policy. And yet he tends to evade or avoid how and in what way the implication of that Supreme Court decision will have upon his economic plan for greater resource development.

I find it hard to conceive that somehow you could put together some even short-term plan without taking that question, do they have the power to employ indirect taxation, into account, because one of the impacts I would suggest to him that that Supreme Court decision has, and I would expect that the Supreme Court, if it follows its precedents, would make the same decision in the Potash case in Saskatchewan, would mean that the capacity of the Provincial Government to make plans on resource management is substantially changed. It really means you have to revert back to a high degree of taxation based upon royalties and production quotas because of the other tax problems going to the Federal Government. And if that is so, then the tendency, Mr. Chairman, would be to highly emphasize that kind of front-end resource development as opposed to being able to spin out a more conserving approach to it or a more management approach to it.

I would also suggest, Mr. Chairman, that in relation to the position taken by the Minister, I don't

quite understand the reluctance of this Government to tell us what his position is. It's been as if there's been a kind of a ghost of Christmas past hidden in those constitutional discussions. What are we hiding that's so nefarious? Are we hiding the fact that this Government disagrees fundamentally with the position taken by Mr. Lougheed and Mr. Clark? I hope so. I hope they wouldn't be so foolish as to agree to a total sort of giveaway of that particular constitutional power because, what it does mean, as they I'm sure are fully aware, that if they do agree with the position taken by those two gentlemen, it means the potential of Manitobans paying exorbitant prices for their energy will be implanted for all time. That would seem to me an issue that would be of some concern and consequence to the Minister of Resources.

And yet, Mr. Speaker, on a variety of occasions, last year in debates in this House, this year in questioning, and now in this Estimates we are being told wait. Well, we've been waiting a long time to be told what is the position of this Government on the fundamental issue of resource distribution. Do they want the provinces to have full powers over resources or do they not? — (Interjection) — Well, now we hear that they do. Well, out of the sort of murky vagueness of the opposite benches we hear a trilling voice saying: "We agree." Why isn't the Minister prepared to say that?

Why aren't they prepared then to make a more formal statement? Because if that's so, Mr. Chairman, I would suggest it becomes a matter of some important political debate in this Province' and this Legislature should not be lulled into a false sense of security by assuming that only members of the opposite caucus know what's going on, and that when the First Minister goes down to those meetings, in those closed sessions and says now look, don't let this out, but I really agree with Alberta, about its resource distribution. If that's the position they're taking, then that has a pretty powerful impact on what's going to happen in this Province.

It would also, Mr. Chairman, have the kind of question about revenue sharing on it. We are seeing increasing signs that the present arrangements in themselves are working substantially to the detriment of this Province, that the Agreements made in 1974 by the Federal/Provincial Governments, that the increased revenue derived from the International oil prices and energy prices should go into resource trust funds. And my historical reading of that position was that those resource trust funds shouldn't be for the exclusive use of the province in which they are contained. Certainly, my understanding of the so-called Heritage Fund was, yes, that they should be used for resource development, the benefits of which would be equally shared by all Canadians. Now here we have in the Province of Alberta sort of the biggest giveaway of all time, and it's \$100 thousand quiz show being repeated every day. How do you buy a vote? Let me count the ways. I mean, they're finding untold ways to buy money with all that sort of \$4.1 billion, \$5.1 billion. The question is, Mr. Chairman — (Interjection) — No. The fact of the matter is I would suggest to the Minister of Highways that he shouldn't be too gleeful about that, because when the province of Alberta comes with its 4 and 5 and 6 and \$7 billion fund and said, "We're going to buy this industry and, you know, transport it lock, stock and barrel to Edmonton or Calgary or Red Deer and I'm sorry, we're not charging property taxes this year and we're not going to charge royalty taxes this year and we sort of will give you a red carpet and three free months in Hawaii", and all of a sudden we're sort of left without much to hang onto, then I don't think any Minister of the Crown should be treating that proposition too lightly, because I've got news for him, Mr. Chairman. That's what's going on. There are corporate headhunters in this province, who are saying "Come on to the land of milk and honey, boy, cause we can give you all kinds of tax exemptions that those poor guys in Manitoba can't begin to offer you."

Now, it would seem to me, Mr. Chairman, that one of the requirements and responsibilities of a Minister of Resources, because he goes to those Constitutional Conferences, he attends the Federal-Provincial meetings, should be making proposals as to how those resource trust funds like the Heritage Fund can be used for the development of resources throughout Canada and particularly in the prairie region. We are a have-not province in relation now to Saskatchewan and Alberta. Well, I haven't heard any indication as to proposals by the province of Manitoba to their confreres in Alberta and Saskatchewan, sort of saying, "Okay, I'm not going to ask you to sort of share your wealth, come in here with bagfuls of dollar bills, but shouldn't we be thinking about how we jointly develop our resources, whether it be water — we all know that the prairie region is a highly delicate, fragile water basin, subject to tremendous swings in the pendulum in terms of drought and over-supply. All the agronomists and water scientists are telling us that in the next fifteen or twenty years, we're going to have substantial problems with water supplies in the prairies. Should we be making a proposal saying "You've got the money, we've got some talent so let's get together and develop a proper water policy for the prairie basin," because we're all tied in with Saskatchewan River and the Assiniboine River basins. In other words, we should be putting the proposition to those other resource Ministers about how we can in fact make it a true resource fund, not simply one that is simply designed for provincial give-away.

Mr. Chairman, that's why I'm asking the questions. I want to know, frankly, what is the position being taken by this government in relation to that central question? It's, frankly, getting a trifle frustrating to be constantly being told that someone else has the answer. And that's really what we're being told time and again, and I would have trusted, frankly, that this Minister of Resources who takes his responsibilities seriously, would have been prepared to give more than simply passing the buck to saying, "Well, some time in the future we'll get around to the Executive Council Estimates", and then maybe we can answer your question. And if we follow true to form, Mr. Chairman, I'm sure at that point in time the First Minister said, "Well, you had your chance in the Estimates on Natural Resources — why didn't you ask the question then?" I mean, we are getting used to those particular circular techniques of debate that are being employed by the First Minister.

I would also put forward, Mr. Chairman, and I would like to put this proposition to the First Minister, I don't think that his prescriptions, even the ones that he has latterly announced, are capable of any effectiveness in terms of the role between the public and private sector on mining and resource exploration and development, until he concludes a fairly clear position on the allocation between federal and provincial jurisdictions. He can't do one without the other. They are all part of the same formula. So he is only giving us half the equation at the present time. He's not giving us the full equation. And therefore, as we say, anybody who's gone to that second grade school of mathematics that the First Minister talks about, knows that a half of an equation ends up in nothing, and that's exactly what the economic policies will end up in, is nothing, unless he's able to resolve that particular arrangement.

So, Mr. Chairman, I would suggest that the Minister really at this point in time be prepared to give us a direct answer to the question of what has been the position taken by the province of Manitoba in its discussions at Federal-Provincial Conferences on the fundamental issue of who should manage the resources, who should distribute the resources, and who should garner the taxation from those resources. Three very simple questions, which I'm sure are easily answerable if they're prepared to answer it.

MR. CHAIRMAN: The Honourable Minister.

MR. RANSOM: Mr. Chairman, there are so many things in the short term that are pressing in terms of the resource policies within the province that beg to be accomplished, such as bringing the taxation levels into some kind of competitive position with other jurisdictions in Canada. Manitoba's marginal rate of taxation on mining, as I've said, when combined with the various federal taxes and provincial Income Taxes, amount to something like 73 percent, and it's that sort of thing that has really been most pressing in terms of trying to make those changes that would bring about the improvement, the necessary improvement in the investment climate in Manitoba. And those are the things that we've been addressing, along with some of the other regulatory sorts of things which have indicated in every way to the private sector that Manitoba was not a place where private investment and initiative were welcomed. Things like the compulsory participation agreements, etc.

We have been working with other provincial ministers and with the federal minister in addressing the problems that beset in particular the mining industry in Canada and a study was undertaken to try and determine what some of those difficulties were. We've had a number of meetings that have addressed those issues of taxation and have addressed the individual examples of situations that cause concern to the province such as the non-deductibility of provincial royalties. And even though the provinces have taken unanimous positions on that particular situation, the federal government refuses to be moved from its position. There also has been near unanimous concern about intrusions into what the provinces regard as their areas of jurisdiction with respect to resources, particularly uranium development and exploration. So that, in these very practical areas, Mr. Chairman, we have been working with our counterparts in other provinces, and with our federal counterpart as well.

Now, the Honourable Member for Fort Rouge apparently regards these short-term things rather lightly; he used the words I think, "A few drops of oil on the ground". That seems to be the amount of concern that he addresses to what we regard as a very real problem that bears on the immediate economic future of this province. Now I simply said that if he wished to discuss the more abstract items, the long-term constitutional issues, which involve more than just resource issues, then I refer him to recommend that he participate in debate of the Executive Council Estimates when the First Minister of course will be presenting them, and he is the person who has been participating to the greatest extent in these ongoing discussions and is clearly in the best position to discuss them.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Well, Mr. Chairman, I guess we could establish a second axiom and that is that when you want to evade an issue, call it abstract. I don't think there is anything abstract at all about a discussion of jurisdictions over resources, and it doesn't in any way discount some of the practical problems that the minister indicated are being discussed. But my position is, I don't think that the significance of those can be in any way laid against sort of the larger question, because any effort that he makes to try to create a more competitive atmosphere through the adjustment of taxation policies, is certainly coloured and conditioned by the question of who puts the tax down; who allocates the tax. And if the design of the minister, and if it's government policy as it is so stated, is to provide greater incentive in the resource field through its tax policies, then don't you think it would be logical to ask: "What can you do with your tax policies?" And it would seem to me, Mr. Chairman, that one of the issues that has been engaging the minister and some other members of the House has been the issue of — what are you trying to use your taxes for? I thank the Member for Inkster in sort of saying we should use our taxes to ensure that we get our fair share of the economic rent off resources, which is a legitimate question to ask, because those are one-time resources; they are not renewable, we can't get them back, and they are part of the sort of patrimony I suppose, of the province.

On the other hand, the Conservative Government is saying we shouldn't be too much worried about the recapture of those economic rents; we should be more concerned about incentives: incentives for economic development; incentives for growth; incentives for jobs. And yet I would suggest to them, and he can take the advice for what it's worth — he gets it for nothing so it might be worth that — that the whole question about tax incentives in the mining industry, we would have simply a reduction of taxes, doesn't necessarily increase employment in the province. It doesn't necessarily increase the wealth of the province. It's far more important, for example, in dealing with resource industries, to be looking at employment incentives and using your tax systems to try to multiply the number of jobs that those resource industries create as opposed to simply creating more economic rent wealth for the producers. And yet the ability to levy an employment incentive tax is certainly conditioned upon what jurisdiction has control.

And I would agree with the minister in part if he is saying: "My position on tax policy is that we should be trying to use those resources to provide more employment in the Province of Manitoba." I would say amen to that I would say that his present tax policies are not going to do that because the simple extraction of more resources has a very limited impact upon employment. It is not a labor intensive type of activity. Where you get the labor intensivity, is when you start going into the processing, manufacturing, refining, of those products. In order to get to that then you have to have some question as to who makes the decisions over the management of those and using your tax policies to bring that kind of condition about where you are talking to INCO and Sherritt-Gordon and sort of saying: "Look, rather than in return for some tax . . . we want you to substantially improve the refining processing of ore in the province or if you can't do that, let's start moving those nice offices you have in Toronto back in here. Why should the accounting department of INCO be in Toronto and not in Winnipeg?" But to do that, you need to have a greater degree of management over your resources and that is called into question under the present jurisdiction.

So I don't think we are raising abstract issues at all, Mr. Chairman, I think we are raising very real issues about economic policy in this province, and that if in fact the minister is the steward of those management policies and resources, I am suggesting to him that he would be much better off leveling with us about what the position of the government is, so that we have a more accurate appraisal of how effective those commitments will be.

It really isn't proper to ask us to give a fair judgment on his Estimates and upon his policies, if in fact he is keeping part of them hidden. How can you make a judgment when in fact part of — and a major part of those policies — are kept behind closed doors and we are being told we can do it later on. He said: "Listen to me, I want you to understand. I am trying to do something good. I've got a different approach to this thing. The Member for Inkster is wrong. I've tabled a map to show you how good it is." I'm saying to you, if you want that kind of judgment being employed and applied, then tell us exactly what you are up to. Don't keep the poker hand together; it doesn't do anybody any good.

And I would also suggest, Mr. Chairman, that I think the minister really then is — if he doesn't have any policies in position, which is maybe the real issue — maybe what we are really hiding is a big cipher or a big zero, then that would call into question many of those policy statements he has been making. Because those policy statements don't add up unless he can guarantee what kind of jurisdictions he thinks the Province of Manitoba is going to fight for or try to retain, and therefore what kind of taxation policies they will put into effect. And furthermore, what commitment

or what kind of bargaining position they are going to get into when he gets on the revenue sharing idea or the revenue sharing proposals dealing with resources.

Because I would suggest to him, and I again offer it from a reading of the historical evolution of resource policy going back to 1973-74 when the energies first took place, that the commitment to set up those large multiplying ever-growing larger trust funds in the Provinces of Alberta and Saskatchewan, were not designed to be solely and exclusively for the peculiar use of their residents without any sharing of benefits whatsoever with anybody else. My understanding quite clearly is that those resource funds were to be established for a broader base of resource development that would have a wider sharing of benefits. And it would seem to me only a logical consequence that we in this Province of Manitoba should be in the forefront of making that case. We are being asked by the spokesman from Alberta, and particularly when we go to federal-provincial conferences, that we stand up for western Canada. Well, it's all right to stand up for western Canada, but we are also the ones who are having to pay for that privilege. They are the ones who get the benefits. We don't even get the glory. They want us to join in, sort of a common front to demonstrate that it's now our turn in western Canada, and yet, where is our turn in the Prairie Region. We are the ones who are really being sort of the odd man out on that kind of arrangement.

So, Mr. Chairman, you can't blame me for wanting to know, saying, here is our opportunity, just try to make some kind of commitment. You know, the Premier, and others, the Minister of Resources, go to these meetings and are sort of saying we stand up, we think, with our other colleagues in the west, and if that is the case, I want to say where is our share then? Where is our share of those resources, and I don't necessarily mean asking Mr. Lougheed to come and wipe off our municipal debts like he has done in Alberta. But I would like to see him investing some of that money in resource development that will benefit the whole Prairie Region, or the whole western region. And we should be making that kind of case too. And maybe we are, Mr. Chairman. Let's be charitable for now and say maybe we are making it —(Interjection)— Yes, good example. I thank the Member for St. George for reminding me of how well we have shared from the benefits of that resource. You know, we've lost our regional airline. We are going to lose our medical research facilities next, because that is what the Premier says: "I'm going out there head-hunting; all those research facilities. I don't want to build my own; it takes too long, let's go and buy them ready placed. I can give them more money than anyone else can." Boy, we're getting ourselves into a very tough bargaining situation, and I suggest that the Minister of Mines and Natural Resources has got to give us some answers on this issue, and not just on — I apologize. I do not intend to demean his efforts in terms of some of the other efforts he's made, but I will say that those efforts are being built on a foundation of quicksand unless he gets some of these other conditions.

I would say, Mr. Chairman, that perhaps he has been so conditioned over the years to this kind of constant battle between, you know, the public and private sector — who should do more and who should do less — which has been the sort of kind of bell-wether debate in this province for the last ten years, that he has forgotten that there are other issues equally important between levels of the government, and you simply can't create an economic policy based upon whether it's the public or private sector or free enterprise, or socialism, or whatever. We all know what the slogan words are in that particular exchange.

It seems that we have lopped off an equally important quadrant of questions and issues that bear equally as much upon all these proposals he's put before us for the past two weeks, or past ten days, and yet we have not been told what the fundamental foundation of those elements are in terms of who has the jurisdiction; what is the distribution of powers going to be; who will be able to allow what taxation; what position does the province take in relation to the Supreme Court case on the Saskatchewan Oil and Gas Statutes? Again, it seems to me simple questions, presumably ones that this government has had to wrestle with and come up with some answers. We are simply asking why don't they fess up?

MR. CHAIRMAN: The Honourable Member for Burrows.

MR. HANUSCHAK: Mr. Chairman, I'm somewhat slow in rising to my feet because I thought the Honourable Minister may want to respond to the Honourable Member for Fort Rouge.

Firstly, I wish to thank the Honourable Minister for responding to some of my earlier concerns which I expressed earlier this afternoon. I must indicate, though, Mr. Chairman, that I am somewhat surprised that the Honourable Minister did not respond to them earlier, despite the fact that he had at least two or three opportunities to do so, however, that is water under the bridge and eventually he did, and he did indicate to me that the paving of Provincial Road 450 has nothing to do with Turtle Mountain Provincial Park — not really, because indirectly it does connect with an east-west road across it, but it was primarily to benefit the cottage owners at Lake Metigoshe

— and the upgrading of Provincial Road 518, well I'm not quite sure just how far that upgrading will continue in order to make it into a worthwhile tourist route. And the Minister did indicate that insofar as the Rock Lake problems are concerned, which are too the pollution problem leading to the algae growth, and of course because of the shallowness, the freezing of the water, and hence killing the fish.

But the Honourable Minister will be consulting with — I believe he said the Honourable Member for Fort Rouge, that the Honourable Member for Fort Rouge is involved, working with the Federal Agency that may come up with a solution to that particular problem. Well, Mr. Chairman, we'll certainly be looking forward to the results of that particular study and investigation, and what it will contribute toward the resolution of the problem in Rock Lake.

But, Mr. Chairman, I would like to get back to a matter which we had discussed earlier in the consideration of the Honourable Minister's Estimates, and which I do not believe that the Minister did reply or offer any response to our satisfaction. And we were debating at that time, Mr. Chairman, you may recall the Whiteshell Provincial Park, and I suppose related to it the development of other provincial parks and the development of recreational facilities for the people of Manitoba in general. And zeroing-in in particular on Whiteshell Provincial Park, the Honourable Minister's response on a number of occasions was that he is in the process of developing a plan for the Whiteshell Provincial Park, and that there will be ample opportunity for the people of Manitoba to examine that plan; to offer their response to it; to offer their suggestions, comments, criticisms; and so on and so forth.

Now, Mr. Chairman, perhaps the Honourable Minister misunderstood our concerns, our questions put to him at that time. We were not asking him, there and then, to tell us precisely and specifically the number of camp sites that will be developed at Falcon Lake, at West Hawk Lake, at the Big Whiteshell, Nutimik Lake, and so on and so forth, or the number of cottage sites, or whatever else, but what we were really asking him — and I'll repeat this again — is what are the general guidelines that he is being directed by and guided by in the development of provincial parks, and in particular in the development of the Whiteshell Park?

The Honourable Member for Flin Flon raises the question of bird sanctuaries — I don't know. The Honourable Minister of Mines will have to consult with his colleague the Minister of Chirps and Cheaps Economic Development, and he may advise him on that. What we wanted was the general guidelines that the Minister has for the development of our provincial parks, both in terms of their being ecological and environmental reserves and recreation areas, and striking some balance between the two and thus to serve the needs of the people of Manitoba. But not the specifics.

We appreciate, Mr. Chairman, that insofar as the specifics are concerned, where a particular camp site is going to be located, or where a parcel of land is going to be set aside for the building of a commercial enterprise, a restaurant, a hotel, a motel, condominiums I suppose, and what have you, that this will unravel itself later. But we wanted to know what the Minister's general guidelines are for the development of our parks, guidelines which he is the one who ought to be giving his Department because, Mr. Chairman, he is the one who ought to be giving those guidelines to his Department and not wait for his Department to be giving them to him, because, Mr. Chairman, I want to remind you and some of the other birds chirping in the backbench, that in 1977 when that gang ran they did not say to the people of Manitoba, "Elect us and give us a year, perhaps two year's time, or three year's time, and we will develop a plan and tell you how we are going to govern the province of Manitoba."

They ran on a platform that they said to the people of Manitoba, "We know how we're going to govern the province." So, Mr. Chairman, let the honourable minister then tell us what his philosophy is for the operation of our parks. — (Interjection) —

Now, the Honourable Member for Orchard, no, no, Pembina, I got talking about birds and orchards, and I guess it's a Freudian slip. I apologize for that, Mr. Chairman. So, Mr. Chairman, I want to impress upon you again that when the Conservative party ran for office, they assured the people of the province of Manitoba, that they had a platform, they had a plank for each and every department upon which they are going to operate it. And so, therefore, we want the honourable minister to tell us what his guidelines are, what his philosophy is for the operation and further development, if any, of the provincial parks system in the province of Manitoba.

Now I think, Mr. Chairman, that the honourable minister has a bit of a problem, because you will recall that his predecessor in the days when he was sitting on this side of the House, I believe over on the backbench, and a question that he put to me on two or three occasions was, "When are we going to open up the Whiteshell?" I must admit to you, Mr. Chairman, that at the time that he put that question to me, I wasn't quite sure that I fully understood it, —(Interjection)— no, I didn't, not until the last year when, you know, the whole thing became quite apparent what the honourable minister's predecessor, who is now the Minister of Fitness, Amateur Sport, and

else, what he meant. He meant opening up the Whiteshell as —(Interjections)— that's right permits for the building of condominiums and everything else. That's what he meant.

So, having inherited a portion of a department, you know, with that type of a background our provincial parks ought to be nothing more than sites for the construction of high density residential facilities and the like, then I appreciate that this creates a problem for a minister who may be more environmentally inclined, environmentally and ecologically inclined, than the direction in which his predecessor may have been inclined. So, as I've said, Mr. Chairman, we're not asking, you know, when we wanted to know what the honourable minister's plan is for the Whiteshell, and for the provincial parks in general, we're not asking for specifics, but we want to know what are his overall guidelines. Does the government feel that there is sufficient area of the province, of our resources — natural resources of the province — dedicated for recreational purposes, for preservation of our ecology, environment, and so forth? Do we need more or would we get by with less what types of use ought various areas of our provincial parks be dedicated? That's the type of answer that we want from the minister, Mr. Chairman, and I'm sure, Mr. Chairman, that the honourable minister should be able to respond to that in general terms and indicate to us, the type of guidance and direction that I would hope he is giving his department. I'm sure, Mr. Chairman, that when the honourable minister asks his department to prepare a plan for the Whiteshell, and knowing many of the staff that he has, I know that they would have intelligence enough to say to the minister, "Well, Mr. Minister, would you please indicate to us just within what general guidelines and parameters do you want us to develop a plan? You know, what purpose, role and function do you want the parks to serve in this province, and within those general parameters, we will develop a plan for you, but we want the philosophic guidance and direction from you, the politician, the policymaker."

Now, is the honourable minister suggesting that he wasn't able to give that type of direction to his department? Well, Mr. Chairman, I would hope not, and if he did, I would hope that he would tell us what the guidance and direction was of that kind which he gave to his department. You know, we would like to know to what extent the honourable minister is going to develop parks to preserve the ecology, and in keeping with that that brings into question the matter of wilderness parks. Are we going to move in that direction? Are we to preserve wilderness parks where there is a minimum of risk, or danger of the ecology being disturbed by the intrusion of man, coupled with the intrusion of man with motorized vehicles, the all-terrain vehicles, motorized boats, motor boats, what have you? This is the type of response that we would like from the minister, and again I repeat, Mr. Chairman, that we are not asking for specific details of the number of camp sites at campground A, B, C, and so on and so forth but the general guidelines that he is giving his department.

Now, as I had alluded to earlier, Mr. Chairman, I know that the present minister is on the horns of a dilemma. And the reason why he is in the horns of a dilemma, is because you will recall that at the time that he was assigned this portfolio, the previous department was split into a number of splinters — one, which was parks was assigned to him. And here he is faced with the problem of No. 1, having to preserve the ecology, and No. 2, cater to the recreational needs of the people of Manitoba. Then how is he going to reconcile the two? Now, I suppose if he bows in favour of the first, the preservation of our ecology, then no doubt, he would have the support of a fair number of his colleagues who would say, "Well, this is the easiest way, we've got parks, and let's make them all wild life natural preserves, keep the people out. That makes it least expensive, we don't have to spend any money, and thus we can reduce our estimates and in that manner show the people of Manitoba, or make it appear to the people of Manitoba, that we are in fact, saving them money.

But as I had mentioned to you, Mr. Chairman, you know, there was a division of the department, the three; of course, there is the Tourism Department, and the Tourism Department, Mr. Chairman, has its own axe to grind. The Tourism Department is interested in making money, and the Tourism Department to a large extent wants to have some bearing, some influence on the manner in which our park area is utilized, because that is the source, or a considerable source of our tourist dollars, is the access to and the utilization of our park facilities. But that, tourism is another portfolio. It is not this Minister's responsibility. So that is a dilemma that this Minister is faced with, that ought he dig his heels in the ground and say to government, to the province of Manitoba that I being an ecologist, an environmentalist, and this is what parks are all about, and this is the way parks will be run, and thus reduce the accessibility of tourists to the parks, or is he going to bend the other way and, really, in the end, allow the Tourism Department to run his parks, or is he going to strike some happy medium between those two extremes? That is, either running the parks himself or allowing Tourism to run them, or arrive at some compromise in-between.

Now, going to the other extreme of allowing Tourism to run the departments, to run the parks, well I'm not quite sure how those closer associated with Tourism Department would want to see the parks run. You know, Mr. Chairman, there's an organization known as the Tourist and Convention

Association of Manitoba, largely funded out of the public purse, as you no doubt know. At the present time, I would suspect well in excess of \$100,000; a couple of years ago it was in the order of \$105,000.00. And it puts out a publication called "Update, the Voice of the Private Sector" Update, the Voice of the Private Sector. Now, I don't know, Mr. Chairman, how many other voices within the private sector chorus this government funds. And, Mr. Chairman, it can't be both, because you know and every member in the backbench and the three benches over there, they know that if we're going to let the private sector run our parks, then the governing factor is going to be the almighty dollar. The almighty dollar, which appears in the pocket as profit. That is going to be the governing factor. And we know that, Mr. Chairman. And the Honourable Minister of Highways knows that fully well. He knows that fully well. We could tell by his response. He knows that. He knows that, Mr. Chairman.

MR. CHAIRMAN: I would ask the Honourable Members to just be a little quieter so that I can hear the Honourable Member's remarks so that I can rule whether they're relevant or irrelevant or repetitious or not repetitious. I'm having great difficulty. The Honourable Member for Burrows.

MR. HANUSCHAK: Thank you, Mr. Chairman. Mr. Chairman, you know, it's a question now insofar as the operation of our parks, and in view of the fact that the Honourable Minister hasn't indicated what his policy is with respect to the operation of his parks, it on, becomes very apparent that there is a battle going there is a battle on that side of the House between who ought to have the last word in the operation of our parks. Ought it be the government, ought it be the government, of whom I would suspect that the Honourable Member for Pembina would regard himself as one, or ought it be whoever the voice of the private sector is? Funded out of the public purse, or in whatever way, because it's quite obvious that they . . . You know the public sector isn't proud, it's not proud at all, it doesn't hesitate for one moment digging its grubby fingers into the public purse and taking whatever money it can out of there, as it has on many an occasion, Mr. Chairman, in the history of this country, of this province. And it probably wouldn't hesitate to do so again, whatever opportunity it gets. So Mr. Chairman, that is the battle that is on now. So therefore, Mr. Chairman, I do ask the Minister, and I'm sure that he would be able to outline to us in general terms the general thrust, direction in which he intends to move in the operation of our provincial parks.

The whole thing, it all started from a debate focussing in on the Whiteshell Provincial Park. If he wishes to limit his remarks to that park, fine. I would hope that he would be more general than that and indicate to us his philosophy as related to the operation, role and function of the provincial parks as they should serve the people of Manitoba in general, to all parks, which during the . . . whatever number of days they were debating his Estimates, we have not yet heard. All we had heard is that the Minister is developing a plan. But Mr. Chairman, may I suggest to you again that the plan is going to deal with specifics. But surely before we get to the specifics, we would like to know the thinking of the Minister. I'm not concerned about what figure some researcher is going to come up with, whether campsite A should accommodate 80 or 82 campsites. That's of no concern to me. I want to know what is the general direction that the Minister is giving his department insofar as developing a plan for the operation of our parks.

MR. CHAIRMAN: (1)—pass. The Honourable Leader of the Opposition.

MR. PAWLEY: Mr. Chairman, I don't wish to speak at this point if the Honourable Minister is intending to respond to the Member for Burrows, but possibly he could respond at the same time he responds to them to some of the questions that I wish to direct toward him.

I've had an opportunity to peruse a document which has been tabled by the Minister in this House as of today's date, dealing with wells, oil wells in the southwestern portion of Manitoba, and I'm sure that all honourable members will seize the opportunity at some point to peruse this map. I would like to ask the Honourable Minister first if he could indicate to me insofar as the producer wells indicated on the map, as to which of those wells were in fact put into producing capacity since October of 1977 up to the present time, or in fact did those, some 14 or 15 producing wells exist prior to October 1977?

MR. CHAIRMAN: The Honourable Minister.

MR. RANSOM: I would expect, Mr. Chairman, that most of those wells existed prior to October 1977, and that's precisely, of course the point that I was trying to make was that the climate must be changed and we must overcome the sort of fear that exists now that investors would

I simply was presenting the information, Mr. Chairman, to demonstrate that in fact there is an obvious and striking difference between the two jurisdictions.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. PAWLEY: I wonder as well if the Honourable Member could inform the House insofar as legend abandoned producer, if he could indicate how many of those wells would have been abandoned prior to 1970, and also how many would have been abandoned during the period 1970 to 1977. Possibly when the Minister proceeds to answer that last question he could also deal with those that are referred to as abandoned dry, whether or not that occurred prior to 1970 or subsequent to 1972 to 1977.

Chairman, then before we leave this subject, I notice that the Minister is choosing not to respond. I think what is important to be noted at this point is that the oil companies are going to go where the oil is, and that in fact if there is oil in any part of Manitoba, Alberta or Saskatchewan, they will proceed to develop that oil in those parts of western Canada. The Minister knows full well that the levels of taxation are not what deters or encourages the oil companies to develop the oil insofar as any particular jurisdiction. And certainly it was not the case here; the Minister himself acknowledged that in fact there were a number of producing wells that were developed here. He acknowledged that they were in fact developed during the periods of New Democratic Party government in Manitoba. If in fact more were not developed, then it was simply because there was not the capacity for oil production that would otherwise have been because of certain findings that have occurred.

Mr. Chairman, if the Minister is of the view that by offering some concessions, tax concessions, which I believe the Minister himself has suggested will be modest in nature, that suddenly there is going to be a flood of oil company activity in this part of Manitoba, then indeed he is a foolhardy visionary. And he is destined, not only to mislead himself with the consequences that that might bring insofar as his own confidence, but also unfortunately, much more important, Mr. Chairman, he will be misleading Manitobans. What is important is not whether or not the Minister is going to make some minor changes in taxation, but whether or not the oil is there the companies will follow.

And, Mr. Chairman, insofar as the New Democratic Party is concerned, it's our view that oil and natural resources, where they belong in any jurisdiction, certainly in Manitoba, that those oil and mineral resources are the property of the people, the people themselves, in the province. And that the benefits from those resources should accrue to Manitobans. And they ought not to be siphoned off to the interests of a few, a small group, but that there should be a proportionate share that is distributed fairly to all the people in the province. And of course this is where, Mr. Chairman, I believe there to be a very distinct philosophic difference between my friends opposite and my colleagues on this side, because it is our view that natural resources belong to the benefit of all the people, and that those natural resources should be distributed in such a way, the benefits of those natural resources, that the public at large will benefit by way of additional social and economic advantages.

My honourable friends across the way would make wholesale concessions because they are the friends of the oil and the mining companies; their record exposes themselves to be very much part and parcel of that vested interest group. And Mr. Chairman, as we proceed from this point on through this session in the forthcoming years, I believe, Mr. Chairman, that we will see more and more exposure as to where the government across the way stand on important natural resource issues. If it comes to a crunch, if it comes to a choice, the government, this province as it now exists, would choose between, yes, developing those resources and permitting the vast benefit of those resources, not to accrue to Manitobans as a whole, but to accrue to a small group which may in fact not be Canadian, may not be Manitoban, even though the public at large in Manitoba may benefit very, very little from that natural resource. So there is a distinct difference. There is a distinct difference. And this concession is not necessary. If it was necessary I could understand what my honourable friends are doing. I could understand their rationality if it was necessary in order to achieve development. But the development would occur regardless; if the oil was there, the oil companies will develop southwestern Manitoba. You don't have to give it away. You don't have to be Santa Claus to the oil and mining companies. They will come if there is the oil and mining resource there, and if there is a market for the oil and mining resource. You don't have to be Santa Claus, you don't have to be St. Nicholas. You can develop these resources in the interests of all Manitobans. But of course you won't do it. You won't do it. Just as you are tied and you are captives to the insurance companies, you're also tied and captive to the oil interests and the mining companies.

MR. CHAIRMAN: The Honourable Minister.

MR. RANSOM: Mr. Chairman, I never cease to be amazed by the remarkable ability of the Honourable Members opposite to look at a set of stark facts and somehow manage to attempt to interpret them, to put an interpretation on them which simply is not there. Just as they determined to beat the employment statistics, Mr. Chairman, they now take a set of facts such as we have before us here that speak for themselves, and show that there are six times more, six times the number of producing oil wells in that area of seven miles wide and thirty-six miles long south of the border as there are north of the border, Mr. Chairman. NXOW, THE Honourable Leader of the Opposition can only assume that there is some change in the formation, in the oil-bearing formation, that coincides exactly with the 49th parallel in order to arrive at his conclusion that he still puts forward, the companies will go where the oil is.

Mr. Chairman, the oil is clearly extending into Manitoba as well. It's simply that the activity has not been there. Now, he talks about the resources that belong to the people, Mr. Chairman, and the returns that the people should get. Well, they were in government for eight years, and during that period of time, they introduced some policies that put public investment into oil exploration. Well, they invested in excess of \$900,000.00. They have got in total a return of approximately \$54,000 maybe running to \$55,000 now. Their annual return on that is going to be \$20,000 a year on a \$900,000 investment. That's how far they got with their oil development policy in eight years, Mr. Chairman.

Now it happens that we do run a return now of approximately \$2.5 million in royalties every year, as a result of private capital being invested. Now, if there had been additional private capital invested, Mr. Chairman, and had developed some of the oil that undoubtedly exists in this area, the people of this province would be getting additional royalties and would be able to provide additional services with those royalties instead of making investments themselves, or not seeing the development take place at all. And the honourable gentlemen opposite can look at those facts and come up with a question such as, "Well, was it dry before 1970 or was it dry after?" Mr. Chairman, those facts speak for themselves.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. PAWLEY: Mr. Chairman, it's interesting how the Honourable Minister wishes to carefully prepare his own position for argument and to deal with a very selected geographic area. Why doesn't the Minister table in this House if he wishes to compare a small portion of Manitoba with a small portion of the United States across the boundary? Why doesn't he table the map for the province of Saskatchewan? The eastern strip of the province of Saskatchewan ruled by New Democratic Party government with enlightened policies towards resource development, with enlightened policies towards resource development and compare it He . will find, probably to his own astonishment and probably to his own bewilderment, but I would hope towards his enlightenment, that there has been a great deal of development in Saskatchewan without , Mr. Chairman, selling your soul, selling your soul to the oil companies. Saskatchewan has developed its oil resources as a result of a combination of private and public sector development. The oil companies have participated in Saskatchewan development; fine and good. But the people of Saskatchewan have realized a distinct benefit from that. But at the same time, Mr. Chairman, they have provided the alternative of a public sector involvement by way of Sask Oil; they have provided for the technique or the machinery by which the people of Saskatchewan through their own corporation can develop some of their own oil resourc.. I don't expect that from the Minister present. There'll be none of that from the government across the way until there's a different government in Manitoba. So I'm not even making it as a suggestion to the Minister, but he might wish to read up a little bit on what has happened in the province of Saskatchewan.

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

MR. URUSKI: Thank you , Mr. Chairman. I wanted to also make several comments with respect to an tem that the Minister answered me and as well to make only one brief comment with respect to the map that he has produced. He did not indicate that the announcement of increased exploration in North Dakota or this new find or additional find in the North Dakota fields was in 1977. Was it not? I wonder if the Minister would comment whether the increased exploration in North Dakota was obtained and made within the last two years. If it was made in that area withnn the last two years, then his comments that he has made earlier in the evening just go to show you, Sir, Mr. Chairman, demonstrate that the companies and the amount of companies there are in the U. S. will go and explore wherever there is oil, not wherever the taxation policies of the government of

the day is. They will go wherever there is oil. Is the Minister telling me and the Member for Lakeside that the oil companies are coming to the Interlake because there is oil to be found in the Interlake? Mr. Chairman, I doubt not. They will be there if there is oil, they will not be there because the Conservatives have changed the exploration and taxation policies of this province.

So the statements that the Minister has made have really enforced the comments of the Leader of the Opposition and the Member for Inkster in terms of the exploration companies, that they will go wherever the oil is, not what the taxation policies are, because the present taxation policies of the Conservative government are one of dependence, not independence on behalf of the residents of this province, they are one of total dependence on the oil companies.

Mr. Chairman, one of the issues that the Minister spoke about when he made comments with respect to the issue of the sale of Crown lands that I'm not sure has been explored during his Estimates, and I was not here for the bulk of them because I was in the other committee. Mr. Chairman, I believe it is incumbent on the Minister of Mines to indicate the position of the Conservative government, that they will take in terms of divesting themselves with respect to the Crown lands owned by all the people of this province.

I think the residents of this province want to know what are the basis for the divesting of the publicly owned lands to private hands; will they be by public tender, will all the people of the province have an opportunity to acquire or at least attempt to acquire lands that have been held in trust by and for all the people of this province or will they be turned over to those who are leasing them? I think the criteria that the government intends to undertake should be spelled out very clearly. You know, the Conservatives had a policy of leasing Crown lands prior to 1969, not necessarily to the farming community, but to the individual who was prepared to present the highest bid for those lands, whether he was a farmer or not, I don't believe made any difference in the handing out of lands during their tenure prior to 1969. It really depended on the size of his pocketbook, and what he was prepared to pay. Mr. Chairman, I think the government and the minister should spell out clearly whether those people who have life-time leases, long-term leases, whether those leases will be honored to the people who have management rights and have obtained that land through the needs formula that was established under the former government — whether these rights will be protected in their desire to rid the public of lands that have been in the public domain for many years, for decades, Mr. Chairman.

As well, I'd like to know from the minister whether or not the resource, that we have, the land resource, and heaven only knows that the Lord is not making any more of that resource. There is only one amount of that land. Are we going to divest ourselves, all the people of this province, and turn those lands over to a precious few that have control and title to that land to do as the minister has indicated as they see fit, and do much better management? And I want the minister to comment on a specific about the better management in private hands with respect to the land development that has been undertaken over the last couple years in the Sandilands area, where hundreds of acres of forest in a very delicate area of this province are being opened up to the detriment, I believe, of the area that that forest and that land is. There has been great concern expressed by departmental officials; the Minister of Mines is chirping from his seat indicating that they're growing fine alfalfa. They may well be doing or attempting to do just that, but there certainly is great ecological concern about the opening of that land in that area.

Mr. Chairman, the Minister of Mines in his commentary should indicate at what stage the negotiations are between the Province of Manitoba and the Local Government Districts of this province in terms of returning the Crown lands that were taken over historically as tax sale by those municipalities, and when those municipalities of the day went bankrupt and were turned over into Local Government Districts, and the administration of those lands subsequently reverted to the province, the negotiations have begun approximately a year-and-a-half ago, the minister should indicate as to what position the province is taking in those negotiations with the Local Government Districts. Again, are the lease rights of those farmers and those individuals who are leasing those lands being protected in the terms of the negotiations in the agreement that is taking place, or are those lands going to be sold from under those individuals who have those lease rights?

As well, Mr. Chairman, is the provincial government intending to allow the sale of the management areas — the wildlife management areas, in which there are some alternate uses of lands being used by farmers for haying purposes and the like? Is there an intent of the province to also allow those lands to be sold? I think the minister should comment with respect to the management and their intent on these resources.

MR. CHAIRMAN: (1)—pass; the Honourable Member for Flin Flon.

MR. BARROW: Thank you, Mr. Chairman. Mr. Chairman, I want to just comment on a few remarks made by the Minister of Transportation. He mentioned and it pertains to mines — he said there

is lots of employment, that Thompson were looking for miners; Flin Flon is also — (Interjection)— Yes, this afternoon, Mr. Chairman. You know you were insinuating the unemployment wasn't that bad by the figures. —(Interjection)— It is true, they are, and it sounds very attractive, Mr. Chairman. Flin Flon were also looking for miners. With all the unemployment in this province and they gave the figures this afternoon, it's high — they can't get men to work in those mines. There must be a reason; they've gone from as far west as Victoria and as far east as Newfoundland. —(Interjection)— And England, yes, yes, yes. Why is it, what is the problem? It's a rough life, it's a tough life, it's dirty, you get your hands dirty like we have often said, but they can't get the people. And one theory is that the youth of today are willing to do a day's work but they want a week's pay. The youth say the corporation want a week's work for a day's pay, but in between this and nothing financial, there's something wrong with companies that offer \$7.00, \$8.00 an hour, plus bonus, and can't get people to work. I think we should look into this, Mr. Chairman.

But what I wanted to talk about, Mr. Chairman, and it has been brought up in this House, is this inquiry board, Safety and Health, an inquiry to look into conditions and health in the mines, and I know the Minister of Transport will be very interested in this, because when he was Minister of Labour, that was his priority, was safety. He might neglect his cattle and his wife even, but safety was a thing with him, he did not neglect this. By the way, Mr. Speaker, I'm about the biggest liar

Mr. north of 54. Cowan, the Member for Churchill asked this question — he asked the minister if he had given any instructions to the mine inspectors not to appear before the Mining Safety Review Committee, which is or was currently holding meetings throughout the province. And, he said, "I understand he is considering taking a second round to some of the communities in northern Manitoba to come to the hearings." And the answer, "No, Mr. Chairman, no, the only instructions I have given to my department has been to provide whatever factual information is available." Then the Member for Churchill says, "Yes, and has the minister then given any specific instructions that the mining inspectors themselves should make themselves available to the Mining Safety Review Committee, either at the request of the company, the employer, or the employees?" "No, Mr. Chairman, I've made no such request." But neither does he say he didn't deny the right.

Well, one of the participants from the union approached the Member for Churchill to confirm that mining inspectors had been told not to appear before the Mining Safety Review Committee and told him that he could neither confirm nor deny it, but he would bring it up the first opportunity, which he did. "Why, I understand our people have been supplying information as requested by the commission," Mr. Minister of Mines said. He understood that our people, that's mine inspectors, have been supplying information as requested by the commission. Well, here is the truth of the matter, Mr. Chairman, "Avoid safety hearings inspectors told. Mine inspectors were instructed by their superiors to refrain from presenting a brief to the Manitoba Mining and Safety Review Committee." This was told to The Daily Reminder, the Flin Flon paper.

Just after the provincial government established a three member committee, I asked a Mines Branch official if they would present a brief. The official said, "We'd like to." But the official felt they would have to check with the higher-ups, that's the minister and his deputies, and so on. Since then I have been informed that the role of an inspector was to be that of a spectator. The facts would seem to bear this out, as there was no testimony from any of the department officials at the committee's hearings in Thompson, Leaf Rapids, Lynn Lake or Flin Flon yesterday. I would suspect that this is the minister or deputy minister's decision, that the inspectors not bring their information forward at their meetings. Although union and management briefs have been received by the Safety Review Committee in each of the mining communities, the hearings have been held, mine inspectors have not come forward with any information.

Claude Wright, a retired engineer, who was Chairman of the Review Committee, confirmed today that no briefs or presentation has been given by mine inspectors, and he confirmed that the inspectors have in fact been invited to come before the committee if they are very serious. Mr. Chairman, they were invited to come, but muzzled, and these inspectors, Mr. Chairman, these mining inspectors, working at this every day could give valuable information, information not available anywhere else, but were muzzled by the minister or his deputy minister.

However, Mr. Wright said he didn't think the situation is unusual. There must have been a Conservative chairman. —(Interjection)— Yes, that's known as passing the buck. He said the committees so far have received nothing from any government agency. The committee will meet with officials from the mine branch, he said. He will meet with these inspectors, Mr. Chairman, from the mine branch, he will meet with them but listen, he also said those meetings will be private, and he said that only if briefs or other presentations were made by branch officials at one of the last two public hearings, will their information be known in a manner similar to union and management information?

Mr. . Speaker, what can you say about this minister? I wouldn't be so forward as to say that

he lied. But, I would say he was very careless with the truth, and Mr. Chairman, the least you can do is penalize him 15 yards. Thank you, Mr. Chairman.

MR. CHAIRMAN: (1)—pass; (a)—pass; (1)—pass; Resolution 81—pass.

Thank you, gentlemen, that completes the Estimates of the Mines, Natural Resources and Environment.

The Honourable Acting Government House Leader.

MR. ENNS: There is a general disposition that the committee rise. I move that the committee rise.

MR. DEPUTY CHAIRMAN: Committee rise. Call in the aker.

The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again.

IN SESSION

MR. DEPUTY SPEAKER: The Honourable Member for Radisson.

MR. KOVNATS: Mr. Speaker, I beg to move, seconded by the Honourable Member for Wolseley, that the report of the Committee be received.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable House Leader.

MR. ENNS: Mr. Speaker, I move, seconded by the the Honourable, the Minister of Mines and Natural Resources that the House do now adjourn.

MOTION presented and carried and the House adjourned and stands adjourned until 2:30 tomorrow afternoon. (Wednesday)