

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 22, 1978

Time: 8:00 p.m.

SUPPLY — FINANCE

MR. CHAIRMAN, Mr. Warren Steen: Gentlemen, we have a quorum. Finance 1.(b)(1)—pass — the Member for St. Johns.

MR. CHERNIACK: Thank you, Mr. Chairman. Firstly, could the Minister inform us what function was transferred to Executive Council as shown on the reconciliation statement? — \$370,100.00.

MR. CHAIRMAN: The Minister of Finance.

MR. CRAIK: Mr. Chairman, it will take me a minute or two oo . . . Mr. Chairman, until we get organized on these specifics, I suggest that we . . .

MR. CHERNIACK: Sure, Mr. Chairman. I'm sure the Minister isn't looking it up so I can direct my question to him which is really his question and not that directly of the others who are involved in looking up the answer to the previous question.

Could the Minister tell us what waste, management and horror stories he found in the Department of Finance?

MR. CRAIK: Mr. Chairman, on the first one, it's transfer of personnel from Financeto the Management Committee of MEIS, Manitoba Employment Information Services.

MR. CHERNIACK: How many? \$370,000 worth. The question was asked: How many personnel were moved?

MR. CRAIK: Four SMY transferred and Other Expenditures of \$325,000.00.

MR. CHERNIACK: Well, Mr. Chairman, I'm more interested in the answer to the second question. I'll repeat it. What waste, mismanagement and horror stories did the Minister find in the Department of Finance?

MR. CRAIK: Well, Mr. Chairman, we've gone over the change in the staff of the Finance Department totals and the reduction in the staff in total is approximately 15 from last year to this year. The largest proportion of those are due to the changes in the SMY requirements for the taxes, death taxes, the mineral acreage tax, and the shifts, some small reduction, two or three in the Property Tax Credit Department. Those are the basic changes in the staff requirements of the Department of Finance. The Department of Finance, as the member I think probably recognites, is basically a service department that services the other departments of government and if we were looking for horror stories, it's unlikely we would look in that service department since the Provincial Auditor has recognized in the past that the Finance Department role, if anything, has been one that has been under-rated and under-renognized in terms of its function in government and it's not likely we would look within the Department. It's more likely that if you are looking for horror stories that the Member for St. Johns is concerned about, that the operations of the Finance Department is more likely to ferret out those stories. If there's been any weakness in the total operation of government, it's been in the lack of role of the function of the Finance Department over the years.

MR. CHERNIACK: Mr. Chairman, I appreciate the Minister's answer. I put him in partnership with his leader in being two of those who have been saying all along that there is a terrible story to be told which will be revealed in the Estimates to indicate the terrible waste and mismangement by the previous government which would be sufficient, when corrected, to justify substantial reductions in taxation without reductions in program. Mr. Chairman, I don't know if the Minister

wants to deny my suggesting that that is the kind of stories he has been spreading. If he wants to deny it, I'll accept his denial because I don't have with me proof that he said it but if he wants to support his leader, who no doubt has said it more than once, then would he please indicate to us were, as Minister of Finance, he can find justification for that statement in view of the fact that he probably knows that in just about every department, we have asked this question that I asked and in hardly any department has anything come up of any great significance although probably there has been a certain amount of waste that takes place in any large operation the size of a government which deals with so many services.

So I'm asking the Minister, straightforward, direct, what, through his department, has he been able to find in terms of waste, mismanagement and horror stories that would be revealed in the Estimates?

MR. CRAIK: Mr. Chairman, as I've indicated in relation to the Finance Department itself, I don't think the Member for St. Johns is looking for something within the department, it's more likely to be in the department's role or lack of role in the function of government that has allowed the other stories to take place over a period of time, and I think more specifically, one would have to look and ask the question as to why the primary function of financial control in the government was so watered down over the period of time when there was no need for it to be watered down and no necessity for that to happen, or it got to the point where you had a management committee that sat with one group of Cabinet Ministers, as it did in the former administration. You had another group that sat as a Winter Works project to initiate other programs. You had another Public Works group that had a revolving fund of a million dollars where they could initiate programs without necessarily the knowledge of yet the other two functioning. You had a third group that met weekly as a Cabinet. You had a Finance Department with a Comptroller that was supposedly in charge and had knowledge of all the things that were happening and you had yet a fifth, the Auditor, who once a year told the other four what was going wrong and nobody paid any attention.

So if you want to look within Finance itself and look for a horror story, you're not going to find it, but you're going to find when you look to Finance — you say why, during the total picture, did Finance not have a grasp on the other four? And you had yet a sixth, the Planning Priorities Department that was creating yet another batch of undertakings for the line departments to undertake, which they would immediately shed off, send off to either Management, Winter Works, Public Works or yet another one with your one clearing house once a week, Cabinet, maybe by accident receiving the recommendations of all of these and trying to co-ordinate them, but in fact a multitude of responsibilities with no central function of controlling the flow of the dollars, the commitment of dollars, and names attached to groups or committees of the Cabinet that did not in fact really have an overview of entirely what was happening. And your Finance Department, which could have done it, was never in the position of actually being put in the position of doing it.

So, Mr. Chairman, don't look within, but look at the total structure of where the Finance Department may well have been in controlling the dollar flow in all of these things that were happening. And that's where your stories will come from.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, it's interesting that this Minister, who must know that we've covered by far more than half and almost all of the departments in government, is still hoping that we will find something. He said, "It's more likely to be found in, you must look in other departments to find it." I'm telling him, the Minister of Finance, who, after several months or more in government as Minister of Finance, is being asked to tell us about the horror stories in government's financial operations. He has now described to us a form of decentralized government with which he doesn't agree, and in seven months I assume his department now has complete control, and should have after seven months, of all the operations, of all the financial operations of government, so that clearly, by the time we're here a year from now, his department will be accountable for every penny of mismanagement throughout government. But speaking about now, what we are trying to find out is what happened last year to justify the accusations that were made, and all the promises that were made and not kept, about reduction of taxation and no reduction of program because of correction of waste. I'm asking the Minister, "What did he find" I'm not asking him to indicate to us?" where to look to find what he claims is somewhere, I'm saying to him that now that he has control of a department which he says should be in control of all government financial operations, what has he found to justify these extravagant statements that he, and the Premier of Manitoba, have been making?

MR. CRAIK: Mr. Chairman, I've tried to tell the Member for St. Johns that the biggest thing that has been found is an absolute contradiction in administration in having a number of disparate groups of departments and delegations from Cabinet that do not in fact know what the other was

doing a great deal of the time.

MR. CHERNIACK: Would you classify that? How many dollars?

MR. CRAIK: Well, Mr. Chairman, let me ask you, for instance if he wants a specific, one I inherited, Manitoba Energy Council, a wood gasification program, in fact, two wood gasification programs, a hydrogen heavy water program, a solar collector on the roof, all of which in romantic terms all sound very good. But what was the objective, what was the time frame within which the objective was to be met?

Take those four projects, any one of the four, there was not one for any one of the four that could tell me, as a Minister, what the objective of the program was, what the likelihood was of meeting it, what the dollar commitment was going to be to achieve that goal if it was a realistic goal, and when we could be likely to expect an end result upon which government could base a decision to move forward onto the next step. Not one of any of the four, and those were the four that I met in one very small department.

What was the objective of the former government when it built the colex in Churchill, which we all agree was a very desirable social objective, to build the complex of Churchill in conjunction with some assistance from the Federal Government? Did they know at the time that it was going to cost a million dollars a year to run it? My information is that they did not know, but I don't know if that's the case because they didn't ask the question, or if they did ask the question got the answer that said devil-may-care, we're going ahead anyway, because that is what we're faced with, and the Provincial Government is being asked for

500,000 a year to run the maintenance on it. Now, was that a planned program of the former government? I find no evidence that that was the plan of the former government. What of the provincial garage that has already come up for a significant amount of political discussion? Was a complete cost benefit study done on that, or was it one of those crude growth projects that used to be referred to at one time by the former government — that governments did when they got into an unemployment situation, where they plowed millions of dollars into Public Works? Was that the case? How far do you have to go to point out the projects? Where do we stop?

The general impression from a finance point of view is, that although many projects were well intentioned from the point of view of the social objective of creating jobs and well intended from the point of view of a social objective of providing amenities in the community that could not otherwise have afforded those things, had they really sat down and figured out and integrated into their thinking, any cost benefit analysis into any of it? You don't even have to use the fancy words "cost benefit", all you have to do is, can you really afford it down the line? That's the stories that come out of the Finance overview of the operations of government and, just to repeat again, you're not going to find them within the Department of Finance, you're going to find them within the lack of a role of a Finance Department in the operations of the government; a fairly small government too, representing the government of only a million people, which really isn't all that complicated to do.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, will the Minister be prepared to quantify these things which he claims were a waste and certify that they were a waste? Is he prepared to say that these four energy conservation experiments, about which I know nothing, except I think I've heard something about some solar heating up on top — is he prepared to say that this is wasted money, and if so, is he prepared to put a figure on it so we'll know what he's talking about? Because I have to tell him that until now I have not received an impression of any size or quantity of wasteless management. In every other department, the Ministers have said, "I in the main have found that the department is well run. I have found that the money is spent under proper conditions and I am satisfied that waste does not exist in my department." Now, I'm paraphrasing what has been said by a number of Ministers; this Minister wants to continue to mouth the words that he and his Premier have been using. Is he prepared to put it on paper in such a way that we know what he's talking about instead of the vague generalities that we read in the Task Force report and in his own utterances?

MR. CRAIK: Mr. Chairman, the Member for St. Johns has asked me for some examples . . .

MR. CHERNIACK: Well, I'm asking for quantification.\$

MR. CRAIK: On a point of order, you asked me for specific examples. I gave you four out of energy.

MR. CHERNIACK: I'm asking for your list of . . .

MR. CRAIK: If you want the Wood-Gasification Program, there are wood-gasification programs that are years old that are running in New Brunswick; there are programs running in other provinces. The information could have been gleaned from those and applied to Manitoba. Why you would carry that out as a function of government and not through a research organization, I don't know. But you did and you obviously don't know that you did.

The Hydrogen Heavy Water Project, why again you would try and carry that out through some function of an off-shoot of a committee of Cabinet, a scientifically based technical project, I don't know. You know, you do know. All I can say is, that the project on the roof, fine, we'll carry it on and if within a year it can produce the technical results that are of benefit to the person in Manitoba who wants to integrate solar energy into his house, or into some other application; we'll carry it on and provide that information. I haven't been able to determine yet that that information is going to be available in a year. I do know that from work that has been done for the last 20 years in the United States and in Israel and other parts where you have a high intensity of solar energy, where the information is not greatly different from what they're attempting to collect here and located on the roof of the Legislative Building, that a person can go out and design a solar home now based on most of that information that's available and expect certain results. However, the government chose to spend \$200,000 or \$170,000, whatever it was, in capital costs at the time, in that vicinity, and carry it on to collect more information.

Public relations-wise, it's a good move, lots of exposure. Perhaps is a good move from that point of view by the government, but as a move to collect scientific and technical data and information, it's a lost leader. Now as I say, with that investment we'll carry it on. We'll get the information in a year. If they can say to John Doe citizen in Manitoba, that if you build yourself a solar collector you can expect certain results, then it will be money well spent. I have found nothing in the reports that indicate to me that that was the objective of that undertaking. I have found no objective for that project other than to draw to public attention, the importance of solar energy in Manitoba, and perhaps from that point of view, that is what the intended experiment was for. If that's the case, I didn't hear it from the former government. I don't think it was, I think they just wandered into it. Just like they wandered into heavy water, hydrogen, wood-gasification and all the other things that I've found in the purview of responsibility of specific undertakings.

Now, the Member for St. Johns is talking about where in Finance did you find it? — I repeat, Finance's role is an overview role on the function of the financial undertakings and checks and balances that are to be carried out in government. If he wants more examples, there's plenty of examples around. I simply repeat that the examination in my opinion, is that the former government did not have a grasp on all the things that were happening in government. They were split into committees — they had a Management Committee, they had a Winter Works Committee, they had a Public Works Committee — not a committee, a Public Works Fund under the responsibility of the Minister of Public Works who could initiate projects under his own likes or dislikes, perhaps with the approval of Cabinet, perhaps not with the approval of Cabinet, if he so desired. Those were all the indications — Capital Works projects that could be undertaken by schools, by hospitals, by Public Works, all of these in response to the whims and initiatives of the individual departments, the individual Ministers, with no overall real knowledge of what was happening to the dollar commitment or the cash flow.

MR. CHERNIACK & Mr. Chairman, I'm going to step down in a minute and resume questions to him, but I want to make clear to the Minister, I did not expect him to find any mismanagement waste in the Department of Finance. He is the one who's been doing most of the talking, and as Finance Minister he should be the one who knows most about what he's talking about, and when he's making statements such as what went on in terms of authorizations or not, that does not help one bit to understand what it is he's talking about waste and mismanagement. He may not agree with the management methods used, but I'm more interested in knowing where is there waste, and I want him to say, "Is there waste in that solar thing up on top, or is there not?" I didn't ask for examples, or if he thinks I did let me clarify. I want him to quantify the amount of waste and mismanagement he found which justified the promise that he made, and his Premier made, to say that they will be able to finance a continuation of program without reduction in program and with reduction of revenue. That's what I want to find out and I don't want examples because he's been dragging examples in, I think he put a figure on one of them, no figures on the others. It's almost as if he were part of the CFI sell-out where that government not only let it happen, but rushed and pleaded and begged the people to come and draw \$100 million out of the people of Manitoba. So let's not draw comparisons along those lines, let's talk about what waste and mismanagement he has found, what he can correct, and not examples but how much was there involved in all that

he was doing. And at this stage, Mr. Chairman, I'll step back and I'd like to put my name at the bottom of the list please.

MR. CHAIRMAN: The Member for Transcona.

MR. PARASIUK: Mr. Chairman, I was rather intrigued by the Minister of Finance commenting about the fact that there were something in the order of three or four, possibly five Cabinet committees and he said this was unwieldy and he implied that shouldn't exist.

I turn to Page 65 of the Task Force Report and I notice that Conrad .— . and his assistant Riley the Minister responsible for the Task Force, on Page 65 of Volume I, sets up a system with six Cabinet committees. There is one on Crown corporations, one on government administration, another one called Finance and Inter-governmental Fiscal Relations, another Cabinet committee on Personnel Administration, another on Legislation and Policy Development, another on Northern Affairs. Each one of these has a staff of people.

This supposedly is set up on the Bank of Commerce model of management. It's rather interesting that there are six Cabinet committees. Now is the Minister of Finance trying to imply that if there is a number of Cabinet committees at the centre that this somehow is bad management, because their Task Force on management, their top gun supposedly in the area of management, is recommending something more complicated than what existed before. And he doesn't because I don't think Mr. Riley, nor the Minister responsible for the Task Force, did enough homework to find out that there are, in addition to that, presently under the Conservative Administration, a Management Committee, a Land Use Cabinet Committee, a Native Land Claims Committee, so we've got nine Cabinet committees if this thing is implemented. So I find a whole set of contradictions in what is coming out of the Conservative Administration regarding management.

Now, it wouldn't be bad if you knew who in fact was running the show there because we have a number of people putting forward statements as to what constitutes good management, drawing diagrams, offering examples, never quantifying it but shooting from the hip. Now I would think that if in fact you do have technical people who supposedly were involved in preparing this Task Force, or if you have technical people who supposedly are involved in the Department of Finance, that they would provide the documentation.

The Minister brings out the term "Benefit Cost Analysis." Now ideally I guess it would be ideal to have a benefit cost analysis of every program. Well, you know, one of the most contentious programs that I think the Conservative Administration had to deal with was the Day Care Program. There were a lot of people who thought that possibly it could be horribly slashed. Now the Conservative Administration after some time and having told groups that came to petition it that they were analyzing the program, in fact came up with something which in a sense was a dollar increase and probably was a continuation of the program as existed last year if you take into account inflation. Now since this obviously is one of the programs that the Conservative Administration had time to analyze, it had told people it was analyzing, would the Minister be prepared to table the benefit cost analysis that was used by the Conservative Administration in determining what the level of estimates for the Day Care Program for 1978-79 should be?

MR. CHAIRMAN: The Minister of Finance.

MR. CRAIK: Well, Mr. Chairman, the former head of the Planning and Priorities Committee of Cabinet might well have the question reversed and ask him whether it's possible to put a benefit cost analysis on programs in the social areas to the same extent that there is on the technical areas. The questions to which I referred are in the technical area where benefit cost analysis are the usual application, not to the same extent as it applied in the areas that apply to the social fields because there's a wide area of discretion that is more likely to be applied in that area.

But, Mr. Chairman, before we leave this topic, you know, I don't think we should avoid the reverse of the question as to the Member for St. Johns asked us to, you know, what are the horror stories? One of the greatest horror stories was the whole Planning and Priorities Committee of Cabinet which was headed up by the Member for Transcona and which we were able to fold up without a murmur coming out of any lack of function of government. —(Interjection)— Yes, Mr. Chairman, it's probably the biggest mistake that was ever made was initiating that, and when the former government left in 1969 it had a total staff of roughly three or four people and that way it was fulfilling its intended function which is to bring Cabinet Ministers to discuss the different matters that were important to government. And from there it grew like "Topsy" into a multi-headed monster headed by the Member for Transcona who's the former head of it as the chief bureaucrat of the province into 70 or 80 people, or whatever the numbers were, which have now been changed, in some cases cease the function and in other cases to integrate it into the line departments.

I can only say that from what I've seen, in the case of the integration of the line departments,

Thursday, June 22, 1978

it has been a very wise move. We finished today a discussion with the four Western Ministers responsible for Indian Services Financing including, the Province of Ontario, and it was headed up by a former participant or member of the Planning and Priorities Committee, and the function is basically a financial function. I think we inherited two or three people from the former committee.

I think that it's a very natural withdrawal into the departments and a very important move that they get back into the line departments, but one of the worst horror stories was the functioning of that Planning and Priorities Committee as it grew and became the multi-headed monster it was. It was probably as responsible for the defeat of the former New Democratic Party as government as anything in the province because it turned the line departments so completely against the government that they will never probably realize the extent to which they lost the vast majority of support of the Civil Service.

Now in that case the horror story worked to their own detriment because they realized that this function of government which was foisting off onto the line departments their own self-created projects and then rapidly moving on to their next dream, were foisting off onto the line departments, in many cases impossible functions that immediately became money consuming functions that had lost the drive of the instigators of the function in the first place, while the planning group moved on to yet another dream to create yet another project to then foist off onto another line department. And the line departments were so demoralized by this operation of government, this Planning and Priorities Committee, that they lost, by and large, from the people that had to assume the responsibility at the top for the administration of it, they lost, in my estimation the vast majority of any sympathy for government direction that existed when the former government first took office. And probably their greatest mistake that they ever made as a government was allowing that Planning and Priorities Committee to become the government, as a matter of fact, not only the line department, the alienation of the line departments, but the alienation of the former members of the former caucus of the former government. That's how bad it was.

MR. CHAIRMAN: The Member for Transcona.

MR. PARASIUK: Mr. Chairman, I find it very interesting that the Minister of Finance, the Minister who traditionally has been the Minister with the most factual basis to whatever he would say, would go off and continue to hypothesize without any facts. He's not only hypothesizing on how the past administration operated, but he's now hypothesizing on how the past New Democratic Party Caucus operated, and I think it shows a lot for the factual depth of the Minister who has consistently refused to provide any documentation or any evidence with respect to the things that he says.

Now, the only thing that he provided of a factual nature was, in fact, the group which is doing work right now on negotiating with the Federal Government regarding cost-sharing of Indian services, or services to Treaty Indian people.

Now, this was an area that's obviously very critical because the Federal Government, consistently over a period of years, has been sliding out of footing the bill in the health area, in the education area, in the municipal affairs area, and it's the type of thing that doesn't fall nicely into a department and it requires a group to determine what, in fact, the position of government, not the position of a department but what the position of government /t, should be with respect to that problem. Consequently a group was started up within the central organization which defined a problem, which did analytical work — the best that's ever been done in the country, and that's been acknowledged by everyone involved in the field — and indicated that there might be a shortfall of something in the order of \$35 million. That's a figure that escalates over the years, but then it'll be getting higher than \$35 million, it's probably higher than that this year, and that therefore provides some very solid ground, provides some very solid ground for negotiating with the Federal Government in order to try and deal with that problem. Because the Government of Manitoba was able to define that problem and communicate it to the other provinces we were able, as a small province, to mobilize support across the country with respect to this issue. We were able to make it an issue because Alberta, British Columbia, Saskatchewan and Ontario supported that position, and the Minister can shake his head, but that doesn't mean that it's not true, because, you know, an affirmative or negative shake of a Minister's head when he provides no documentation, when he consistently has been wrong, doesn't amount to very much, and that's quite unfortunate. That's very unfortunate when that happens.

Now, I'm glad that the Minister has, in his staff, a group of people who are carrying on that particular task, because in fact, that could do a lot. That could do a great deal to reduce any type of financial pressures that we might find ourselves in, because if you start taking \$35 million or \$40 million a year you're talking about a very big chunk out of the budget, right at the margin.

Another area, Mr. Chairman, is an area that relates to the sales tax. I wonder, and I had asked

that question before of the Minister of Finance when we were dealing with the Budget and I noticed that he conveniently ducked it at that time, but I asked him quite specifically whether in fact his department had done any analysis to determine, from a governmental point of view, whether it would be better to accept the Federal proposal for a 3 percent reduction in sales tax over six months, or the other proposal which was accepted by other provinces of a 2 percent reduction over 9 months. I thought that was quite critical because given the flow of farm cash income, and given the fact that our biggest or largest shopping period is in the fall, leading up to Christmas, it struck me as rather strange that the Government of Manitoba would decide not to have a lower sales tax in the months of October, November and December.

Now, this is an area that obviously requires analysis. It could have been done by the Department of Finance, possibly it was. We, in the past, as a group in the Planning Secretariate, and it enjoyed a very good working relationship with staff of the Department of Finance. And I can say that from my impressions, and the Minister can say it from his particular advantage point, and given his track record of honest consistency, that he found it different. And that's fair enough, that's his particular perception of what took place, but when he refers specifically, specifically to the group doing work on Federal cost-sharing of Indian services, he has picked an example which is a good one, it demonstrates the need for a central agency to define problems from a governmental perspective, and to do the necessary analysis to get the ball rolling. I think it proves a need for one.

I notice that this government has established a Cabinet Committee on land claims. It's a Cabinet Committee on land claims, it's not a Departmental Committee on land claims. Conceivably it could have been put in the Department of Mines and Natural Resources, but it wasn't. It was a Cabinet Committee. Why? I assume because it's somewhat easier to co-ordinate activity if you establish a Cabinet Committee to look at it. It may turn out that in two or three years that Cabinet Committee will cease to exist and they may get back and look at another area.

I notice that there is a Land Use Committee, conceivably that could be in the Department of Municipal Affairs. I'm glad that the government, again, but that was established upon recommendation of groups who decided that it would be best if it was done that way. Now, the Attorney-General, the Minister of Municipal Affairs, points out that that was contained in Legislation so therefore it couldn't be changed. Now, the Minister, of course, has taken other Legislation and seen fit that it could be changed quite easily to make it correspond to those things that he felt were administratively more efficient. —(Interjection)—

No, I didn't want you to do either, I think it's a wise Act, I'm glad you've maintained it. And the point is, I think that the rest of the government probably thinks it was a good idea to keep it as a Land Use Committee. In fact, I'm quite surprised that the person who might be considered the greatest anarchist of the Conservative caucus is the Chairman of that committee, the person who doesn't believe in any government interference whatsoever recognizes the need for some land use guidelines —(Interjection)— That's right. And he has undertaken that position. I was somewhat surprised that he's undertaken it, but again, he's undertaken it as Chairman of a Cabinet Committee. He doesn't even have a portfolio as such. He doesn't even have a portfolio as such, but he's taken it on as a Cabinet Committee responsibility.

So, I would hate for this government to somehow try and paint itself into a straightjacket administratively where they would not consider establishing Cabinet Committees. .

I would hope that you look, without a jaundiced eye, at the proposals put forward on Page 65, even though there are six Cabinet Committees it may turn out to be a somewhat effective system, so you should look at it seriously and try it possibly, and be held accountable for your decisions there. But don't start off with a blind eye and say, oh, no, we can't have any type of central organization, because I think that is a great mistake administratively.

MR. CRAIK: Well, Mr. Chairman, the Member has made quite a number of points in his comments. One point he makes is the statistics to back up the comments. Unfortunately for the Member for Transcona is he'll probably realize at some point in time that the Ministers are also politicians. And I'm telling him, as a politician who's been on the scene through a couple of terms, I'll repeat that he, as the former senior bureaucrat of the former government, probably lost the former government more votes than any other single man in Manitoba, simply because of the operation of the Planning and Priorities Committee. I tell him that advisedly because he can absorb it, and if, in fact, in some point in time in the future, if he ever ends up back in government, he can perhaps recall it and apply it to his own usefulness, if and when that time ever comes. —(Interjection)—

So, Mr. Chairman, it would be a little awkward to provide the statistics to demonstrate to the Member for Transcona that, in fact, he was one of the greatest liabilities to the former government because of the loss of confidence of the Civil Service in the former government, but I'll say that as a politician and there'll be no problem in him getting a similar opinion from a number of other people who lived through eight years of the former government.

Mr. Chairman, the operation of the —(Interjection)— The Member for St. Johns says, "cheap

shots", maybe that's necessary once in a while.

MR. CHERNIACK: Cheap shots on your part are always necessary for your support.

MR. CRAIK: Maybe, Mr. Chairman, that's necessary once in a while, or maybe in the long run the Member for St. Johns will recognize that necessity. He's pretty good at it himself when the time calls for it.

As to whether or not we went to 2 percent versus 3 percent for the sales tax, the 2 percent proposal was proposed by the Federal Government. There were two provinces that decided for their own purposes that it was more equitable to go to 2 percent, spreading the percent over the nine months rather than the six months, and the balance of the provinces the Maritimes, Ontario, and Manitoba went with the Federal Government proposal for the 3 percent over the shorter term of the six months. So that Saskatchewan and British Columbia went for 2 percent spread over at least nine months, and whether or not they both continue it beyond the nine months is up to their discretion. Whether or not in the long run it proves to be wise or otherwise time will tell.

As far as the Cabinet Committees are concerned, the Cabinet Committees that have been formed are somewhat different than the Cabinet Committees of Planning and Priorities, and Management Committee, and other Committees of the former government. It's not the intent nor the likelihood, in any way, shape or form, of any of the Cabinet Committees that have been formed to create their establishments or bureaucracies numbering in the order of 60 or 70 people. The purpose of the Cabinet Committees that have been formed, whether it's Land Claims Committees, whether it's Polar Gas Pipeline Committee, or whether it's the Land Use Committee, the purpose in those cases is to, in fact, be what the name says, a Cabinet Committee, to bring together the departmental interest, not to create a new and separate operation and function of government, but simply to be a clearing house for the various interests that are required to be brought together when you address some of these problems. One of the best examples is the one today, where the various provinces are meeting to look at the financing of the transfer of social services for Indians, whether they're on reserve or off reserve, and it embraces the four departments. But it is not the intent to do other than bring together their particular concerns with regard to that service.

MR. CHAIRMAN: The Member for Rock Lake.

MR. HENRY J. EINAR ON: Mr. Chairman, I don't want to prolong the debate any more than necessary, but I've been listening to the comments from the honourable gentlemen opposite and found it rather interesting to note when they ask about some of the horror stories, and try to ask us to document them in figures and so on. But, Mr. Chairman, also it was mentioned about the Civil Service, and I think possibly while we have no proof, Mr. Chairman, the Minister in answering to the Member for Transcona, I, for one, can certainly back up the Minister's comments when he talked about the demoralization of many of the Civil Service, that certainly was true because I had many of them discuss various aspects of government when the NDP were in power.

But, Mr. Chairman, I wanted to pose one question, having listened to the Member for St. Johns. Perhaps the Minister can't answer the question, and if he doesn't want to he may know the answer, but I recall when the Member for St. Johns was the Minister of Finance of his previous government and he saw fit to resign as that Minister. I've often wondered, Mr. Chairman, what was his reason for resigning? I would like to ask the Minister of Finance if he can enlighten us in any way as to why the Member for St. Johns saw fit to resign from the executive of that important portfolio which he is questioning the present Minister of Finance? Mr. Chairman, the Minister may want to answer it, or maybe he does not care to do so, but I just throw that question out to him, Mr. Chairman.

MR. CHAIRMAN: The Minister of Finance. The present Minister of Finance, I mean.

MR. CRAIK: If there's one question that I don't have any comment on, Mr. Chairman, it would be that question.

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: Thank you, Mr. Chairman, I feel a bit sorry for the Minister of Finance at the moment. I think he's a bit embarrassed by the direct question put to him by my colleague, the Member for St. Johns, as to just what horror stories do exist in the Department of Finance. You know, where is the great mismanagement? Where are those millions of dollars that are to supposedly be lost, and so on? And as my colleague, the Member for St. Johns has said, we have gone department by department, asking Minister after Minister, and we're getting relatively the same answer, that

Thursday, June 22, 1978

the departments have been generally well run, the staff are competent and efficient and well qualified, and that they there really are no horror stories. And I think we're getting the same answer from the Minister.

MR. McKENZIE: Saul, Sam made a fortune as a Minister.

MR. EVANS: Mr. Chairman, I always enjoy listening to the Member for Roblin but I would like to make some remarks.

MR. CHAIRMAN: Order please. Would all members of the committee try and resist from having personal conversations and allow the recognized speaker to carry on. The Member for St. Johns.

MR. CHERNIACK: On a matter of privilege. The Member for Roblin has just said that Mr. Uskiw, who is the Member for Lac du Bonnet, made a fortune as Minister. I want to know whether he said that or whether he wanted to say that for the record. Because that's what I think I heard him say, across the table.

A MEMBER: That's what I heard him say.

MR. McKENZIE: . . . always . . . Honourable Member for St. Johns knows that he is

MR. McKENZIE: I have no microphone.

MR. MILLER: But you said it; didn't you?

MR. McKENZIE: I have no microphone.

MR. MILLER: You don't need a microphone to say it.

MR. McKENZIE: No. Carry on with the Estimates.

MR. CHAIRMAN: The Honourable Member for St. Johns, on . . .

MR. CHERNIACK: I raised a matter of privilege on behalf of a member who was absent from this room and I wanted to go on record that the member has not taken the microphone to respond to what I say he said, and apparently others heard him as well. I think he should either withdraw that statement or make it public that he did not make such a statement, in spite of the fact that some of us believe that we heard him.

MR. McKENZIE: Mr. Chairman, if anything I say is on the record, I will substantiate it. If it's on the record and it's on this recording system, I will substantiate it.

MR. CHERNIACK: Good. You talk to Henry, he knows how to . . .

MR. McKENZIE: Carry on.

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: Mr. Chairman, with the co-operation of the Member for Roblin, I would like to make some remarks, Mr. Chairman. I am always glad to listen to the Member for Roblin when he wants to have the floor and I promise that I won't interrupt him.

I think the Minister of Finance is a bit embarrassed when he is being asked what horror stories are there in the Department of Finance. He really couldn't find any. He did spend some considerable time talking about governmental organization and talking in very general terms about the committee system and the value of the committee system, and so on.

I just want to comment, Mr. Chairman, that you know there are many, many ways to organize government. There is no one particular set of departments that are an ideal set of departments, and you can have many, many committees; you can have few committees. There is no magical formula. Whether you set up three committees or six committees, or five committees, surely the point is to get the job done.

So I am suggesting, Mr. Chairman, that there are many, many, many ways to organize government and I don't think that the Minister of Finance's deviation into governmental organization in any way

Thursday, June 22, 1978

substantiates the statement made by his leader that there are horror stories to be found in the departments when you go department by department, because we have not — at least I have not — heard of any horror stories.

Now, the Minister did make reference to one group that he has in his department, namely the Manitoba Energy Council.

Mr. Chairman, I find it very difficult to talk with the Member for Rock Lake, who has a much louder voice than I have. I am sorry to say that; I wish I had a loud voice like he has but I cannot participate with that interruption.

MR. CHAIRMAN: Would all members please let the Member for Brandon East carry on without interruptions?

MR. EVANS: The Minister of Finance said he could not find horror stories — if I heard him properly — in his department but then he went on to talk about some energy research projects. And I really am amazed at his reference to these. I am very, very amazed at that, Mr. Chairman. For one thing, you know the Manitoba Energy Council last year, its total budget was \$154,000 and I see this year the government, the Minister, is asking for an additional \$100,000.00. He wants \$253,400.00. He wants even more money this year.

But you know he makes reference to specific projects and asks what are the objectives, what are the purposes and so on. He made reference to the hydrogenation process. Well, I would like to remind the Honourable Minister that a few years ago there was a very, very great scare in this country. In fact, there is still a great fear in Canada as to future potential natural gas supplies. There was also a point, I would remind the Minister, and he knows this — he surely should know this — that with our fairly abundant supply of hydro-electricity that there was a possibility of making hydrogen from electricity. This hydrogen therefore being able to supplement the natural gas supply. Now, this is a known process but it's a matter of how commercially, how commercially feasible, this particular effort, this particular project, could be in the Province of Manitoba, given the costs that we have to look at, given our consumer demand and so on.

I point out to the Minister that that particular research project was jointly financed, not only with the Federal Government, if I remember properly, but also with the Trans-Canada Pipeline Limited, who was very interested in this project and is still interested in this project.

I would say that if those other agencies saw fit to put up their money, each putting in a third, if my memory serves me correctly, I would say that there must be some pretty substantial purpose and valuable objective in that type of a study. It was a very practical thing, and it is a very practical thing — a possibility of making hydrogen gas, which would supplement a natural gas supply, using a renewable resource, namely hydro-electricity. I am hoping that eventually . . . I am not privy to any of the results or anything. For all I know, the process of investigation, the research, is still going on, but I would certainly believe that that is a very worthwhile project. For the Minister to make reference to that as a horror story really boggles the mind; it really does. I would say don't argue with me; argue with the energy engineers, the Trans-Canada Pipeline, the Federal Department of Energy, as well as some of our own experts in the government, who are more qualified than I will ever be in this area, who recommended that this was a very, very worthwhile type of research to engage in.

The Minister also made reference to the solar energy project, which involves solar collectors on the roof of this building. I would say to him that if he wants to argue about the objectives and purposes — because he questions them — I would like him to debate and discuss this with the people in the Solar Energy Society of Canada, because it was they who were very, very highly supportive of this type of project in the Province of Manitoba. Solar energy collectors and the solar energy system is an old system and there is not that much new, in a sense, to be found in some of the processes but what is of interest is just exactly how our weather conditions affect the collection of energy from the sun, in this particular climate, given our particular number of days or hours of sunshine and so on. The case was made that there was a very great deal to be learned by collecting data here in Manitoba.

The other point I would make, Mr. Chairman, and the Minister should know this, that this building has a large collection or water storage system that was put in place when the building was built, around the time of or before the First World War, whenever the building was constructed. It was to have its own water system. One of the key factors in solar energy is to have a storage facility. And of course water is one of the common types of storing medium that is used in solar energy projects and this building has a large water storage reservoir in the upper echelons of the building. This is one reason why it was possible to put a solar energy project here for relatively few dollars. If you had to put in all the storage facilities, all the piping facilities and so on, it would be an extremely expensive project. But given that all of those facilities were in place, \$170,000 — if that's the final figure; I don't remember but I believe this is what the Minister of Finance referred to — \$170,000

is a relatively small expenditure when you look at the total costs of the infrastructure if you had to put it all there in the first place.

But I say, you know, talk to the Solar Energy Society, if he has doubts. Talk to Dr. Roy Chant, who is at the University of Manitoba — Ray Chant, rather, pardon me, Dr. Ray Chant of the University of Manitoba's industrial development office, who worked on the project and advised the government, in his capacity not only from the university but also in his capacity of being a member of the Solar Energy Society. You talk to the engineers in the Department of Public Works. Talk to the Federal Government because the Federal Government is paying a large chunk of the cost of this particular project.

So I say for the Minister of Finance to point to these projects, which are in the total scheme of government spending, relatively minor expenditures supported by other governments, other agencies, private enterprise and supported in the spirit of trying to cope with the problem of dwindling energy supplies, I think shows very poor judgment on the part of the Minister.

Now, the Minister has in his budget this year an additional item. As I said, his Energy Council item has gone up and I understand he is asking for \$120,000 for a Polar Gas study. I would say, you know, if he wants to question the judgment of having a hydrogenation process research go on — that type of scientific research go on — I would question the \$120,000 that you want to spend for Polar Gas, because, Mr. Chairman, this \$120,000, this is for one year. I don't know what he will want for next year or the year after. But you can talk to many many people in the gas pipeline business, in the gas production business, and they will tell you that the possibilities of Polar Gas Pipeline starting in the twentieth century are becoming very very remote. Maybe not. Maybe it's a twenty-first century project and not a twentieth century project. For some very good reasons, because there are some very are some very great technological difficulties in bringing natural gas from high Arctic through deep cold Arctic Ocean bringing natural gas from the high Arctic through deep cold Arctic Ocean water, and that is a very serious challenge facing the Polar Gas people, which they themselves will admit.

At the same time, with the increasing price of natural gas, there have been many new commercial finds in the Province of Alberta. So much so that we have producers in Canada now arguing, which is quite a switch from a couple of years ago, now arguing with the Federal Energy Board, the National Energy Board, that we should be permitted to export even greater quantities of natural gas to the United States. We are exporting about 40 percent of our annual Canadian production and they want to increase this, at least in the short-run.

So I'm saying, Mr. Chairman, that times do change. Factors vary. We are not living in a static society or static world. I would say that to spend \$120,000 in conjunction with Polar Gas, I could make a very good case that that is waste, and that is mismanagement, and that is a very bad value judgment made by the Minister, because the Polar Gas Project is so remote, so far in the future, that for us to spend money at this time in our history is, in effect, throwing it out the window. So, you know, I could come a year from now or two years from now and say, "You know this is a terrible horror story." I don't know whether I would say that it's a horror story, because I'm sure the Minister is very sincere and he is using his best judgment. He is making a value judgment that \$120,000 should be spent in conjunction with the Polar Gas Project.

I haven't got the details. I haven't got the expert advice as he has, but I am saying from what general knowledge we have now, the Polar Gas Project is becoming more and more remote, and I think a very good case could be made for not spending any of that \$120,000.00. Polar Gas has a lot of very wealthy supporters that have millions and millions of dollars in United States and eastern Canada, and elsewhere, and I would say that it is very well capable of looking after itself. And even though these dollars — the \$120,000 — may be for other than direct involvement with the company, nevertheless I would say that we're talking about something that is becoming more and more remote.

So, Mr. Chairman, the Minister really hasn't answered . . . Well, I guess he has answered the Member for St. Johns, because he has said in effect there are no horror stories in the Department of Finance. It is very well run. It has some excellent people. It has some competent people, and even the new branch that he has got, the Manitoba Energy Council, has some excellent people. It's a very, very small agency. I think all of three people, and maybe a secretary — three professional people, if I recall properly. It has a very small budget. And for him to begin to start pointing to that little agency and one or two very worthwhile projects as examples of the horror stories, I say I'm still waiting to hear about the horror stories, because those are not horror stories. I think we should have been faulted if we didn't try to, for instance, see if we could use electricity commercially in Manitoba to produce hydrogen to supplement natural gas supply. I think we could be faulted for not following that course of action.

I know we're not on this particular item, but the Minister raised it and used it in his examples of the horror stories. So I say, Mr. Chairman, . . . I'm still waiting to hear of the horror stories. We really haven't had any, I really feel sorry for the Minister, I really think he's embarrassed by the

whole matter. I'm sure he feels that his leader had never made these types of statements because we've gone through about 80 percent, I think there are only three departments left and I've heard the Minister of Health tell us that he inherited a very well run department, it was efficiently run under the NDP, it had good personnel. The Minister of Education told us the same thing, that he had inherited a good department and there were no horror stories. I heard him myself, there were no horror stories and that generally is the response we've had from every Minister and I think we're getting it also from the Minister of Finance but he's trying to fudge the matter by wandering around talking about governmental organization.

Well you can talk about governmental organization from now until doomsday because there's never any perfect governmental organization. There are many many ways to slice the cake and as I said it's a very fluid type of situation. At one time it may be good to organize the government in such a way -- five years hence there may be other reasons for having changes in departments, changes in committee. So that to me doesn't tell me anything about horror stories or anything about mismanagement. And as I repeat, surely you can't find horror stories in the Manitoba Energy Council. If that's your example of horror stories I'd say, Mr. Chairman, there are no horror stories. There simply are no horror store stories.

MR. CHAIRMAN: The Minister of Finance.

MR. CRAIK: Well, Mr. Chairman, first of all before we go further the Member for Brandon East has gone on at some length about the investment in the Polar Gas Pipeline studies and I want to say first of all, to agree with him, that I would agree that \$120,000 would be an overinvestment at this point in time in those studies. However, the fact is that the amount earmarked for that is roughly \$20,000 and not \$120,000.00. That is for the preparation for the intervention at the General Gas Hearings to be held in Ottawa by the National Energy Board this fall and more particularly there is possibility of the Polar Gas Hearings themselves occurring in early 1979, so we heard a fair lengthy oration on \$120,000.00. I want to agree with the member to the extent that I will agree that \$120,000 would be a little high.

As far as the solar roof is concerned, I don't disagree with the work that is going on on the solar roof, I just say that it's 20 years behind time. We're at the point now where the technology has reached the stage in other parts of the world where we should be building houses and not playing around on the roof and I would like to see us redirect our attentions and our energies towards seeing that John Doe citizen gets a chance to integrate it into his home and stop waving the flag.\$

I don't know whether he realized it or not on his Hydrogen Heavy Water studies, but all the indications I've had since about the first day I walked into the office, that it would be feasible if you could sell them power at less than 10 mills per kilowatt hour. So I don't know whether he ever really looked at that, took a hard look at the hard cold facts of life as to whether you could afford that kind of an experiment or not. It seems highly doubtful.

He keeps repeating this question of whether there are any horror stories in Finance or not. The Member for St. Johns I think agrees with me that the role of the department itself is not what's that question, or what the Department of Finance or myself as Minister of Finance may have observed in the other functions of government in the way of the horror stories. If you refer to Finance alone, I think the taxpayer regards, at least the observant taxpayer regards a deficit in the order of \$200 million as being a horror story, one that they can't go on with indefinitely without some sort of rectification and if you don't think it's a horror story then . . . and I know you don't. I know the Member for Brandon East does not because he persistently prevails upon us to enter into more studies, to throw more money at more projects, which incident days ally, Mr. Chairman, used to be referred to in pre-1969 by the former government, which was then opposition, as a crude growth philosophy and I've never seen a government yet that embraced and practiced the crude growth philosophy more than the former government between 1969 and 1977, that simply took dollars and threw them at public works projects whenever there was a slack period. And that has to be just the complete contradiction of the opposition that was provided when the government which I was very briefly with prior to that, practiced it. But it came through in spades by the government of 1969-77. When you've got a problem throw dollars at it, create public works projects and it really smacks of any sort of real planning on the part of government. So, I throw the ball back in his court on that score.

I still say that the biggest -- I don't know whether horror story is the right terminology for it or not, but certainly a \$200 million deficit or something in that order is one that's going to be of a pretty high priority concern at least to the taxpayers in Manitoba.

MR. CHAIRMAN: The Member for St. Vital.

Thursday, June 22, 1978

MR. D. JAMES WALDING: Mr. Chairman, I wanted to go back to a statement that the Minister made this afternoon when he referred to a speech that he'd made, either introduction of his budget or the tabling of the estimates when he said, that, had the government not made changes that the deficit would have been \$300 million higher. I wonder if the Minister would give us the basis for that figure please .

MR. CRAIK: Well, Mr. Chairman, upon assuming office in late October, one of the first requests was for a rundown of the preliminary estimates of expenditure that had been prepared and which normally are started for preparation well in advance of the time of the election at least, whenever the former government did it, whether it was July or August or September. In any event, the first preliminary rundown of the preliminary expenditure, estimates of expenditure by the various departments adding up the current account expenditures, plus the requests for capital expenditure, amounted to in excess of \$300 million. And the figure of \$300 million was deficit, the deficit amounted to in excess of \$300 million. The \$300 million figure was used by myself in the statements in the Legislature as a fairly conservative figure of the estimates that I received.

MR. WALDING: Can the Minister give the committee the dollar amounts for those two totals?

MR. CRAIK: Of the current account and the capital? Yes I think I could. I can get them for you.

MR. WALDING: You don't have them immediately to hand, I take it.

MR. CRAIK: Not at hand, but I'll dig them up.

MR. WALDING: Mr. Chairman, when the Minister says the first preliminary figures, can he tell me just what he's referring to? Is this the figures from the individual Ministers or are these the figures that are presented by the staffs to the individual Ministers?

MR. CIK: Well, Mr. Chairman, I would not know whether they had been presented to the Ministers or not of the former government.

MR. WALDING: Then, Mr. Chairman, I assume from that that what the Minister of Finance is referring to are those requests that had been or would be submitted to the Ministers by the departmental staffs. Would that be correct?

MR. CRAIK: Well, Mr. Chairman, I think the question had was whether they come from the former Ministers and my answer was, I do not know whether the former Ministers had examined them or not.

MR. WALDING: Let me put the question another way.

MR. CRAIK: The usual procedure is I gather for the department people to prepare them and submit them to the Minister and then they move on from there.

MR. WALDING: Now, are these the totals that the Minister is referring to? Those totals prepared by the departmental staffs.

MR. CIK: Well, I presume they are but whether or not they had been screened by any of the former Ministers, I can't answer the question only he and his colleagues will know that.

MR. WALDING: That's what I was trying to get from the Minister, Mr. Chairman, and I had asked similar questions of previous Ministers, some of whom indicated to me that they had examined the first prepared figures from their staffs and had in fact, reduced them somewhat before submitting them to Cabinet. What I'm trying to ascertain from the Minister of Finance is these figures that he has, do they come about as requests by Ministers of his government to Cabinet or are they from the departmental people?

MR. CRAIK: Well, Mr. Chairman, the figures that I refer to, the information that I requested as the Minister of Finance, and were presented to me, presumably from the collection of the estimates of the various departments.

MR. WALDING: These figures then would have come to the Minister of Finance from each individual

Minister I assume.

MR. CRAIK: Not necessarily, no, but would have emerged from the departmental considerations of estimates.

MR. WALDING: Were any of them then considered by Ministers of this government before being forwarded to the Minister of Finance?

MR. CRAIK: Not the first run.

MR. WALDING: I see. Will the Minister then be able to give us an indication of, first of all the preliminary figures that he saw and secondly, the total of the departmental estimates that the various Ministers brought to Cabinet?

MR. CRAIK: I'm sorry, I missed . . .

MR. WALDING: Mr. Chairman, the Minister has already undertaken to give us a total of the first preliminary figures that he saw.

MR. CRAIK: Yes, current versus capital. Current and capital, yes.

MR. WALDING: Both current and capital, right. Would he also undertake to give us the figures that the Ministers submitted to Cabinet?

MR. CRAIK: The Ministers of the new government or the old government?

MR. WALDING: The new government, Mr. Chairman.

MR. CRAIK: I don't know that we would have that. I can tell you the first go around of estimates that was considered by Management Committee as presented by the departments, which presumably would represent the review of the various Ministers.

MR. WALDING: Well, Mr. Chairman, having no personal knowledge, I asked other Ministers if they could explain this system to me and they did explain that after the first preliminary estimates are submitted to the individual Minister, that they are usually examined and sometimes reduced. They are then submitted to Cabinet and to a committee of Cabinet where they are further examined and further cut and there can be large amounts cut from those ongoing estimates before we see the final figure in here. Can the Finance Minister confirm that this is the usual sequence of events and that this in fact took place?

MR. CRAIK: Well, there are about three different steps in arriving at the final figures. I shouldn't say exactly three because it may . . . There are about three go arounds on the estimates before you arrive at the final figures and each one is first screened.

MR. WALDING: And is it usual for the amount to be reduced at each go around?

MR. CRAIK: It's not unusual.

MR. WALDING: Was this a similar process to what occurred in the years 1966-69 when the Minister was previously a member of the Cabinet?

MR. CRAIK: I wasn't a member of the Treasury Board at the time, so I'm not too familiar with the procedures that were used. I presume that they're not greatly different, but they are substantially different to the extent that the Management Committee, in more recent years, has done its own analysis of the various Estimates of the department.

MR. WALDING: Mr. Chairman, I'm told by my colleagues who were in the Cabinet for up to eight years that a very similar sequence of events happened when Cabinet sat down to consider the departmental Estimates, that every year this same process went down from a preliminary figure, which was somewhere up there, and at each stage it was cut down and cut down until the final realistic figures were presented to the Legislature in the Estimate Book.

So, I'd like to ask the Minister then, that knowing that that system happened this year, and that he was in a position to find out what had happened the previous few years, how realistic really

was it to tell the Legislature that had those preliminary Estimates gone through that there would have been an additional deficit of \$300 million, when he knows very well, or should have known very well, that there was not the slightest chance of those preliminary Estimates going through as prepared?

MR. CRAIK: Because such is not the case, Mr. Chairman. The \$300 million figure was well within the realm of possibility, and probably quite realistic because we were already faced with the potential in early November of a \$225 million deficit for the 1977-78 year. So, \$300 million for the subsequent year was well within the realm of possibility, and very much a likelihood if the procedures of the former government had been carried on.

MR. WALDING: Mr. Chairman, I don't really understand what the previous deficit has to do with this year's when the Minister is referring to preliminary Estimates coming in from the departments. Is he suggesting then that it was unlikely that this government would have cut them down, that they would have simply accepted the request from each individual department?

MR. CRAIK: Well, I think that's highly likely, but just to repeat again, the figure that I originally received, as a result of the request, preliminary indications of the departmental requests for Estimates for the current fiscal year 1978-79, were well in excess of \$300 million. In the expectation that the normal procedure is to reduce them somewhat the figure that I used of \$300 million was reduced, and I think that in view of the fact that the previous government had spent last year, or was well on the road to spending \$225 million, that the \$300 million figure was well within likelihood.

MR. WALDING: Can the Minister indicate to the committee when he formed that impression that there would be an additional \$300 million deficit?

MR. CRAIK: November 9th.

MR. WALDING: Can the Minister indicate to the committee when Cabinet completed its deliberations and finally agreed on the figure that is published in the Estimates Book?

MR. CRAIK: Well into the calendar year 1978.

MR. WALDING: I believe the Minister has told us on previous occasions, or maybe told the House, that the Department of Finance was receiving frequent and regular reports from Ottawa with new revenue forecasts for the province. I presume that by the time Cabinet had finished its Estimates review that it would have had a much more accurate picture than it had on November the 9th.

MR. CRAIK: Well, the member is probably alluding to the fact that the projected deficit of 225 was reprojected to 181 at a later date in the first quarter of 1978. Those changes were due in part to the reduction of expenditures of somewhat in the order of \$15 million as a result of the restraint program and the balance as a result of cost-shared receipts from the Federal Government.

The receipts, however, from Revenue Canada, the income tax receipts, did not change substantially from the information that were provided to the former government in late September of 1977. And while we were receiving on-going notifications by the Federal Government of the shared-cost receipts, the shared-cost receipts can move around somewhat, there was never any indication by the Federal Government that total shared-cost receipts were going to reach a certain level by the end of the fiscal year. However, there was a very firm indication, at the Minister of Finance's meeting in Ottawa on October 7th, that confirmed the late September information that the revenues from income tax were going to be some \$50 million less than those projected for that fiscal year. So, the member can take it as he likes. I would remind him that we're now talking about the 1978-79 Estimates.

MR. WALDING: I have no further questions at the moment.

MR. CHAIRMAN: The Member for Roblin.

MR. J. WALLY McKENZIE: Mr. Chairman, my questions on the Polar Gas, were already answered, but I'm wondering if the Minister can advise me if he inherited any studies on the full development of the Port of Churchill from the former government, or from the Federal Government, due to the many problems that's come to light in the delivery of grain through the Port of Vancouver or Prince Rupert? I'm wondering from the comments of the former Minister of Industry and Commerce if, in fact, the former government looked at the feasibility of additional facilities at the Port of Churchill

to hopefully compensate and give us a lever to pay back some of the obligations we have in there, if any of those studies were done or if any of the departments have inherited any studies on the feasibility of the further development of the Port of Churchill.

MR. CRAIK: Well, Mr. Chairman, it's just a case of carrying on and renewing and intensifying the efforts to expand the use of the Port of Churchill. The reduction of the NRC base there has caused a major problem in the reduction in the size of the total population of the Fort and the town. As a result of that the town population is now down to of the order of 1500 and could reduce well beyond that, in which case it's going to put, in terms of municipal services, it's going to put an intolerable load on the remaining people of the Town of Churchill, and in part, it's going to put basically an intolerable load on the Provincial Government to carry the services of that town unless there is an expansion by the Federal Government of their requirements for the port facilities because there's no indication of the re-establishment of the National Research Council activities at the base in Churchill.

So that apart from the Polar Gas Pipeline, which was pointed out by the former First Minister as being one of the stars on the horizon for the retention of some of the former buildings there for future use by the Polar Gas Pipeline interest— which I haven't seen any indication of since I've had any responsibility for it — that the only potential I see for basic expansion of the economic base of Churchill is the seaport itself, and that is grain, the movement of grain.

MR. EINARSON: Mr. Chairman, I wonder, and I certain know the problems from the west of getting our grain delivered through Vancouver, now they're talking about further development on Prince Rupert, but nevertheless, over the years, I can't recall any ships in Churchill, the turn-around period there, in most cases, is about 48 hours and they're loaded and gone. Maybe the government and an in-House committee of both parties, and with the help of the Fds we go back and press maybe f another terminal in that port. Rather than having two or three ships in we could bring in four or five, because the railway system has been able to deliver the grain historically over the years through the Churchill route. We certainly have problems at the west coast, and the problem of the farmer today is to get their grain delivered, and it's certainly not the answer to all the problems but it's certainly one that maybe a committee of the Legislature, with the guidance of the Minister and the government, that we should continue to pursue and press and see if maybe we shouldn't talk to the grain companies or to the Wheat Board and because Churchill's a port of this province, it's there, and it's going to be there forever, and maybe it's something that we could look after in the next four or five years and see if there isn't better cooperation with the Federal Government and at least we not backing off and forgetting that it's there.

MR. CRAIK: Well, I couldn't agree more with the Member for Roblin, and probably the approach is to work more actively through the likes of the Hudson Bay Route Association in order to achieve those ends.

MR. CHAIRMAN: The Member for Brandon Esst.

MR. EVANS: Thank you, Mr. Chairman. I would just say that although I believe the topic is out of order, the discussion on the Port of Churchill, I agree with my friend, the Member for Roblin. ii really believe that we should do everything we can to promote that port considering the grain handling difficulties that we are having on the west coast.

Just very very brieflh, I have something else I wanted to talk about on the department, but just for information of the committee. Manitoba, along with Saskatchewan and Alberta, has formed the Port Churchill Development Board, so the three prairie provinces together are attempting to support and promote the use of the Port of Churchill. And I might add that the Minister of Industry and Commerce has, and does meet, as I used to, with the other Western Ministers of Transport, from time to time with Mr. Lang, the Federal Minister, and that is a favourite topic. I might just say, in passing, Mr. Chairman, we're very pleased to get the support of both B.C. and Alberta in the promotion and development of the Port of Churchill. What's going on now is a multi-million dollar renovation program of the Churchill port, and also the CNR is spending several millions of dollars upgrading the rail line to take the new heavier hopper car.

Well, at any rate, I do share the thoughts of my friend from Roblin, but back to the Department of Finance. The Minister, in again trying to put his finger on the horror story said, well, maybe the biggest horror story is the deficit, you know, the multi-million dollar deficit. I want to preface my remarks by saying that I too believe in motherhood. I believe in efficiency of government spending. I believe in prudence. I believe that spending should only take place if it's for worthwhile projects. I don't believe in waste. I don't believe in superfluity of civil servants and so on, so we all agree on the same objectives. I would only point out to the Minister, he seems to think that for some

reason or other to have a deficit is a horror story. I want to advise the Minister that Manitoba is not the only province to have a deficit. There are other provinces, indeed there are other states and indeed the Federal Government has a large deficit.

I would only point out that in the last several years, the last few years, the Province of Manitoba obtained a double A rating and I would say that is a time when government spending was increasing, and I would suggest that the fact that we did achieve a double A rating for the first time in our history, is indicative of the economy of Manitoba was such that it could sustain a deficit of that order. As a matter of fact, I think if you talk to any expert in public finance, that expert would tell you that Manitoba is a long long way from its limit of borrowing. I think we're a long long way from our capacity to borrow. In other words, I think we can sell many more bonds, we can do a lot more borrowing if we really wanted to for worthwhile purposes, of course. So I just want to make that as an assertion because I think if you got any public finance expert or group of them together, they would tell you once they've studied the Manitoba situation, and I've had some comments from some of them, that we're a long way from our limit of borrowing capacity. As a matter of fact, maybe your own staff could advise you on that.

But I wanted to point out that if our deficit of the last year was a horror story, then the entire era of John G. Diefenbaker as Prime Minister of Canada was one big horror story because he had a deficit year after year while he was Prime Minister. I believe, I stand to be corrected, but I believe that every single year that John G. Diefenbaker was the Right Honourable Prime Minister of Canada he had a deficit and he had whopper of a deficit. He had a very big healthy deficit. Now why did John G. Diefenbaker and the Federal Conservative Government of the day, from I guess 1957 to 1962 have a big deficit. The reason they had a deficit was because Canada also had a great deal of unemployment. It had a major recession and this always happens. When you have a recession, your tax revenues fall off, your incomes fall off, your tax revenues fall off and indeed some of your other expenditures go up.

In the case of the Federal Government, the unemployment insurance payments go up obviously. In the case of the provincial governments, you have welfare costs going up. But the fact is that revenues do fall off . . . I've got everybody talking again.

Mr. Chairman, I guess somebody's been listening at sometime because we've got a lot of conversations going again. At any rate and I'm glad I've got the attention of the Member for Rock Lake in particular because I do want to discuss this question intelligently because the members of this committee and the members of the Conservative Government for the life of me, don't seem to appreciate that at some times it is good to have a deficit. It is good, in fact, it's necessary to have a deficit at some time. I'm not saying every year should have a deficit.

In Canada, we had deficits every year between 1957 and 1964 if you take the Canadian provinces and the Federal Government together, we had deficits every year, but, between the year 1965 and the year 1974 — now hark this — between 1965 and 1974 the governments of Canada collectively had surpluses each and every year. So we had a period of deficits and then we had it followed by a period of several years, year after year, of surpluses. So, I'm not suggesting we should have year in and year out forever and ever a deficit, I'm not suggesting that. But I'm saying at times of recession, governments are almost forced to go into a deficit position and that's what happened to Diefenbaker. I say that we're unfortunately today suffering a recession, we have been suffering a recession for some time and I would say that unless you do something very drastic in the way of cutting government spending, that you will continue having these deficits. And if you do cut the government spending, you're going to contribute to unemployment, you're going to reduce services as we've seen in the hospitals, the personal care homes and elsewhere in the province.

I'd like to point out that this Minister when he says about deficits being horror stories, of course, should recognize that he is contributing in some way to the deficit position for this current fiscal year when he has cut taxes. By cutting out gift taxes, by cutting out succession duties, by the reduction in sales tax — I know it was a Federal-Provincial agreement, but nevertheless by the reduction in sales tax — any reduction obviously of government revenues is going to in some way contribute to a deficit unless you do something else on the other side on the spending side. So really this Minister and this government has through the cutting of taxes made a fairly significant contribution I would submit, Mr. Chairman, to the amount of deficit that they are going to experience this year. And the Minister can't deny that, if he didn't have all these cuts, he'd have a smaller deficit. It's quite simple, it's quite straightforward, but I do plead with the Minister to understand that if you have a recession, or worse still a depression, you're going to end up with a deficit and that is a historical fact. It happened in Canada in the dirty thirties and as I said, it happened during the Diefenbaker era when there was a very serious recession as well. I would submit, Mr. Chairman, that we've got to learn something surely from the depressions and recessions of the past and that something is that government is the only vehicle that can do something to help offset the depression and the massive amount of unemployment.

I would say that John G. Diefenbaker recognized this and did it. He went into a lot of additional

deficit spending to stimulate the economy and I say today if the Federal Government which has got the biggest deficit of all was to try by next year to eliminate that deficit entirely, we would have a massive amount of additional unemployment in Canada. It would be an extremely serious — it's serious now, it would be a disaster. I would say categorically it would be a disaster if the Federal Government tried to eliminate its deficit by next year.

So I suggest, Mr. Chairman, that the Minister would do well to study a little bit of economics. He'd do very well to understand that deficits do arise automatically when there is a recession. He'd also do well to understand that he can, by discretion, add to the deficit if he so wishes as he has done by certain tax cuts. I'd also point out that if this province in the next year or two continues to try to reduce government spending, I'm going to suggest, Mr. Chairman, that this government will no doubt, there's no question in my mind, will contribute to the level of unemployment. I'm not trying to make a political speech, although nobody will agree with my observation but I'm doing a good job at it, I'm not trying to make a political speech, I'm simply saying let's recognize that government spending can be useful and can produce jobs, can create and generate income within the economy. And also let's recognize there's a lot of waste in the private sector too — God help us, there's a lot of waste. You and I, all of us we waste a lot, whether we waste it by buying unnecessary gadgets or changing the models of cars too often, or the companies through advertising. Let's face it, there's waste in the private sector as well.

I say that this province would do well if our Minister of Finance, the present of Minister of Finance would recognize the fact that having a deficit isn't necessarily a horror story, that deficits do occur automatically when you have recessions. You can also use your budgetary instruments, your spending and your taxing power to create jobs and this is the message I've been trying to get across — thus far unsuccessfully — but I submit to the Minister that it would do him well to study this matter and not to simply pass off the deficits of the last year or so as one of the horror stories. I say in all candor and as objectively as I can, that if you consider deficits of that magnitude to be a horror story, then you don't understand what the double A bond rating is and you haven't learned anything from Canadian economic history.

MR. CRAIK: Mr. Chairman, I think only to just underline. If I understand the member correctly, he's saying that in his opinion we should have a higher deficit than we've got this year.

MR. EVANS: I didn't make that statement that we should have a higher deficit, I said that I disagree with the Minister's statement when he pointed to last year's deficit as a horror story.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, I appreciate very much the comments made by the Member for Brandon East because he's brought this to a different level and shown a basic difference in philosophy which I think is the important element of politics and it's the important thing that should develop as between a government and its opposition. There are nevertheless some points I want to mention in addition to what Mr. Evans said.

Firstly, the Minister said, "Well you mean we should have a higher deficit." Well, he didn't hear the member, Mr. Evans, very well because Mr. Evans accused the Minister of giving up substantial revenues which would actually serve to reduce the deficit and we've had philosophic discussions on whether or not the government was right in reducing the revenues, but setting that aside, it should be admitted that those are revenues that were given up by the government and therefore, added to the deficit that's being projected by this government in this year. I don't think we should fudge it or try to deny it. It is a fact. The government thinks they did the right thing, we think they did the wrong thing, but the fact is that what they did will result in a reduction in revenue unless the government will go further and say, "Well, in the long run we're going to stimulate the economy, there'll be more money spent as a result of reduction in taxes. All the people who die will now spend more money instead of paying succession duties and that will be fine." I'm joking only because, Mr. Chairman, I don't believe it can be quantified. You can have your point of view, we can have our point of view. It would be rather difficult except as economic historians to really assess what is the true picture, but the temptation to point to Ontario is there and, therefore, I must point to Ontario to say that they are running very high deficits, much higher proportionately than we are running and have run, and they must agree with the principle of succession duty taxation because they still have it, and there is a difference as between two governments side by side, neighbours to each other, presumed the same philosophy who are approaching it differently.

Just to comment on the crude growth that the Minister referred to. As I recall it, we attacked the principle or the philosophy of crude growth of the free enterprise system that seems to think that as long as you have growth it's great, and we talked about the fact that the quality of life is important, that the differential between the high and the low incomes has to be reduced and

that, therefore, one just doesn't just go for crude growth, but one rather goes for a planned economy which does work to minimize the difference in incomes between people and which does work for the benefit of the people who have a lower opportunity to develop themselves as far as quality of life is concerned. And, therefore, when he says throwing money around to create public works, that has nothing to do with crude growth. That was openly discussed and clearly stated to be an effort to stimulate employment and again there could be a difference of opinion as to whether it's a good idea or a bad idea because there is no doubt that when one fights unemployment one can, in the same breath, increase inflation and there has to be a balance and there has to be a choice and I think that the government of Manitoba when it was New Democrat chose to see to it that they didn't tell individual people, you have to go on the street, you can't have work because we're fighting inflation and we said we will fight unemployment to the extent of not creating make-work jobs, but creating jobs and creating funds for those jobs of work that may be shelf work, that may be on-hand desirable work, but work which isn't of the utmost urgency except for the purpose of fighting unemployment and in doing so, possibly adding something to the inflation.

Now the Conservative Government is saying, we're fighting inflation, we are fighting a deficit, we will not have a deficit, therefore, we will reduce our expenditures and thus there is no doubt they are creating unemployment. They seem very proud of the unemployment they've created in the Civil Service. I don't think they ought to be proud. I don't criticize them as much for doing it as for the fact that they're saying it's great, we're cutting down on public works. So, we're cutting down on nurses and we're cutting down on all the people that are providing a service to people in order to reduce the costs.

And yet, Mr. Chairman, this government is already planning to have a deficit in this year in excess of \$150 million. I wouldn't be surprised if it wouldn't add up to \$200 million in deficit and this Minister talks about the horror story of a projected \$225 million deficit which was reduced to \$181 million deficit and we still have to probe and find out how long he knew the truth before he told the truth, but the fact is that now today, this government is facing a planned deficit of its own in excess of \$150 million easily. It's got \$114 million in crude black and white on its own statement of revenues and expenditures, where it is planning a deficit of \$114 million. It has indicated \$30 million that was not revealed anywhere until we started to probe and ask for it, and finally got another \$30 million in capital works, which is a carry-over from before, that adds up to \$144 million. There was \$2 million for something or other, there was some other money, it has been estimated that there's some \$15 million of additional money that has yet to be authorized or that will come through Supplementary Supply. For example, Mr. Chairman, we learned that the Ministry of Health has approved capital works in excess of \$8 million, which will be spent by hospitals, which will become a burden on taxpayers for the future, and that can be added. So, if I'm saying that we're going to be \$200 million, I'm not far wrong. Maybe it's \$175 million, that is now being planned, and the Minister shakes his head. Will he agree to \$150 million? He's not sure, but he says, no. Well, I've got \$144 million in his figures, so, I will tell him that on the base of \$144 million, it'll be over \$150 million.

All right, Mr. Chairman, we've discussed that. I'm sorry the Minister of the Task Force has left. He was here briefly, but I didn't have the floor at the time. I believe, Mr. Chairman, that this afternoon's exercise with the Member for Transcona, has had this Minister disassociate his department from the figures in the Task Force. I believe that he has not accepted any responsibility on his own behalf or that of his department, for the figure of \$400 million of deficit, and for the figure of, what is it, three times income tax revenue, I believe that the Minister was careful not to say he disagreed with the figures, but rather not to accept responsibility for them on his own behalf or on his department. Since that is my interpretation of what was said, I must say that I'm pleased, because I have tremendous respect for the competence and the integrity of the people in the Department of Finance, and, Mr. Chairman, there's usually an occasion when one pays tribute to one's co-workers, and I've had that opportunity as Minister of Finance, and now, as a Member of the Opposition, I could repeat that I do believe in their competence, I do believe in their integrity, that does not pass on to their political leadership of course. One can't expect me to go that far, but the fact is that I am glad to be able to say that I don't believe that they would be parties to giving a wrong impression or to misuse of figures, and therefore, I believe that they had nothing to do with the Task Force figures, and I'm happy that the Minister did not associate them with it.

However, the fact is that he used the figure of \$300 million, which I think, in the questioning by the Member for St. Vital, has shown that those figures were as meaningful as the figures that were used by Gurney Evans, his predecessor, when Gurney Evans described on one occasion the horrendous — and these are my words, not his, I don't remember his words, but they're on record because they were used right after this Minister gave his budget address this year, where he implied there was a great deal of blood letting from the original demands of departments. By the time the Cabinet got down to the hard rock figures that he was presenting, there was an awful lot of work done, and he was telling the truth. The only thing is that when the Federal Minister of Finance said

it, Mr. Stanfield laughed his head off, openly and publicly, because he said, "What government does not go through that process?" And the Minister now has admitted that the \$300 million figure which he says was conservative, was nevertheless based on figures given to him by departments, not reviewed by any Ministers to his knowledge and therefore are the figures which a department might hope to get and expect to be bargained down from.

The institution of the Management Committee of Cabinet is there in order to have an adversary position with the departments, and all of those who have seen Management Committee work and Cabinet work on Budgets, have seen that the Management Committee is usually there to support cuts — hardly ever recommends a program well enough to suggest increases, but is there on behalf of Cabinet to keep the expenditures to a minimum, and I think sometimes to the detriment of a government's program, presuming a government has a program, which I've yet to see develop in this current government.

Now, Mr. Chairman, there was a question asked of the Minister which he didn't quite answer. I think it was the Member for Transcona who said, "This government made a decision to drop three percent in sales tax for six months, rather than two percent for nine months." I think, I'm pretty sure he asked the Minister, what cost-benefit studies were carried out? Was there an evaluation made by his department, his advisors, who therefore came to him with a program, with an evaluation of the impact on the economy of Manitoba, or on the revenues of the province, as to the difference between the 2 percent for six months or the 3 percent for nine months, and I don't think I'm inclined to ask for a report on what was recommended lest the recommendation was contrary to the political decision. I recognize that the department might recommend one thing, and the political decision might be the opposite, so I don't want to embarrass the department nor the Minister to get involved as to whether there is a difference of opinion between him and the department, unless he wants to assert that the department, having made an investigation and evaluation and made a recommendation and he followed it, then if he claims he followed the recommendation I would feel entitled to question it further. So I hope he'll answer that question. What was the nature, not the advice, but the extent, of a cost-benefit study that had been done by his department or by the government before it made its decision on the 2 percent?

Now, Mr. Chairman, I do want to come to the deficit which this Minister talked about, the \$225 million, where that figure was used by the Task Force, I think, in a document which is dated just days before the Budget when this Minister announced the happy discovery of a \$50 million increase in revenues, and a no, — there was \$44 million of which . . .

MR. CRAIK: \$35 million.

MR. CHERNIACK: 15 and 35, and then 6 million another way. I'd like to know when the Minister learned these changes? I think we're entitled to know that. When did he learn from his officials these changes as they took place?

Now, at one stage he said, "Well you know these Estimates that we get from Ottawa change back and forth." The fact is he used them on one occasion, and is he now suggesting that he had them on another occasion and didn't use them because they can go back and forth, and therefore, he didn't use them. Because it obviously came as quite a shock to us to have the people in government talk about two and a quarter million, I think, 229 million, and using that figure time and again and again, and repetitiously, and suddenly having it reduced to 181 and some of them not even realizing that was still talking about \$225 million deficit. That kind of lack of honesty is one which I would like to explore. I'd like to know when did the Minister learn about that, because when we get down to \$180 million, we know that much of that was well beyond the positive action of a government.

So I go to one step further. This Minister, like the Task Force Minister, seems to believe that a government, any government, faced with a deficit, would in the following year, ignore the deficit and continue to spend on the same basis as before. And that, Mr. Chairman, is a foolish assumption.

Now, it may well be that the government today is loaded with the responsibility of coping with a greater reduction in revenue than had been expected in the previous year, and I can sympathize with that government. I could even say I'm glad I'm not the one that has to do it, but to imply that it wouldn't be done is also an assumption which is "unfair", is to put it mildly, but "foolish" is to put it, I think, in a more correct basis. I don't believe that one extrapolates the way the Minister for the Task Force did, or one takes the ballpark total figure of what has been requested, and assume that any subsequent year, that would be carried out by the same government or by a different government. I think that that should be laid to rest. I think that in the end we will be getting down to the kind of discussion that the Member for East Brandon was involved in today, talking about a philosophic approach and it would be a lot more helpful for the people of Manitoba to learn the differences between our parties, without the need to name-call and without the need to accuse.

To point out that there are differences, and I think it's pretty clear that it is likely that an NDP government would be spending money to create jobs today, where this government is not doing it.

The fact that an NDP government would be probably putting more money into student aid and into student work, summer work, than the Conservative Government, that's a fair assumption, and in that way, increasing the deficit. That's a fair assumption. On the other hand, it's a fair assumption to say that the NDP government would not have given up revenue to the extent that the Conservatives are doing. On that basis, we are back to talking in a philosophic approach and we are not throwing around the wild accusations that were thrown around — and I repeat the fact that very little money has been found in waste and extravagance or mismanagement by this government. In spite of their protestations that they would do so, in spite of their promises that they would be revealed, the fact is that this government is trapped by the assumption that they could have found so much in waste, that they could have continued all the programs that were worthwhile and not increase the deficit. Now they're finding differently, so they're cutting throats and programs and that is something that they should not blame on previous governments, but blame on their own problems which are there, which are real, with which I sympathize, and which they are tackling their way.

I guess all that ii've left by way of question, Mr. Chairman, is the one question as to the cost-benefit studies on the decision on the 2 percent or 3 percent reduction in sales tax, and also the challenge to the Minister to, in detail, refute my suggestion that the planned deficit for this government for this fiscal year is in excess of \$150 million?

MR. CRAIK: Mr. Chairman, there were a number of points made by the Member for St. Johns on a number of questions implicit, if not direct.

First of all, maybe I can deal with this accusation about lack of honesty, at least the term is a little less grating than being called a bald-faced liar. But coming —(Interjection)— which he never used, which is right, but I understand from reading the newspapers, which I haven't raised as a matter of privilege in the House, that I've been called a bald-faced liar on the matter. But let me first of all, deal with this issue in which you think that that sort of accusation is . . .

MR. CHAIRMAN: Order please. Order please. The Minister of Finance has the floor. The Member for St. Johns on a point of privilege.

MR. CHERNIACK: I'm beginning to think that some members believe that the Minister said that I am quoted as calling him a baldfaced liar, and I wanted to clarify that.

MR. CRAIK: No, not so. No, not so.

MR. CHERNIACK: Well, then will you tell your colleagues that you are not accusing me of saying that?

MR. CHAIRMAN: The Minister of Finance has the floor.

MR. CRAIK: The point that I want to clarify, if it's possible, and I'm not at all sure it's possible, because I think there's an intention to have it otherwise, a deliberate intention to have it otherwise, and it's this matter of \$30 million of capital carry forward.

I would ask the members opposite if they zill not accept the fact that if we had included the \$30 million of capital carry forward in order to compare it on a comparable basis either through the Reconciliation Statement in the Estimates or by inclusion last year, we would have had to add in last year, which we did not include, in excess of \$40 million in capital carried forward, which would in effect have put the projected deficit from last year up by that amount, which was not included last year. Now, I'm not asking you to publicly acknowledge it, I'm simply stating it because I think you know it, but you keep repeating it that somehow we did not add in the capital carry forward and that was a lack of honesty. Well, let me say this, that if we had done it in order to show it on a comparable basis to last year, we would have had to add in last year approximately \$43 million which we did not attribute to your spending last year which would have made your picture look not 225 or 181, it would have added another 43 million to whichever figure you use, but we did not include it in that figure. So it's a question of comparing apples to apples and oranges to oranges, but not one to the other and that has always been the case which you've refused to allow that point to be clarified and that is the issue.

MR. CHERNIACK: Would you permit a question?

MR. CRAIK: Mr. Chairman, I didn't interrupt the Member for St. Johns, he can come back. If he

disagrees he can make his point, but I'm making that point now to clarify it. You've said it, the opposition has said it six times if they've said it once; that we deluded or we expressed, or we're lacking in honesty because we did not include that 30 million. Well then they were lacking in not including 43 million the year before and 40 the year before that, and 28 the year before that and 50 the year before that. The fact of the matter is that capital carry forward is money that is committed to capitel projects in a year that is carried forward into the next year but it's carried forward because it's committed the year before. And that has happened every year, and that is exactly why we're going to combined accounts and that is why we're going to start lapsing capital, so every year from here on in you will know, but the capital carried forward this year is primarily for those projects which were committed by the former government and they will be all done.

But, if they really want to go back and use that technique and say, "Ah, but we want to lapse last year," we'll say, "Fine, we'll add in 30 million, but to compare it to last year, you add 43 in and you're going to look \$13 million worse than you did." So at least accept that, that you're not going to be able to get away with comparing one without comparing it to the other.

Now in the 2 percent versus the 3 percent on the sales tax, as far as the benefit-cost study is concerned, the negotiations on the alternatives on the sales tax went on for approximately three weeks. There was in all of this period the problem faced by all of the provinces in the old fashioned idea of budget confidentiality in the discussions and this isn't isn't exclusive at all in any way, shape or form to Manitoba, but most of them felt bound by that notion which the former Ministers of Finance here will have some sort of idea of. Ministers of Finance and governments have been in trouble before when they started getting open in their discussions about budget matters and that is one of the strictures whether it's old fashioned or not, I don't know, but we felt somewhat bound by it in the discussions and I think the other provinces did too.

And with regards to the 2 ½ percent versus the 3 percent, our understanding in discussion with the Federal Government was that that was basically the offer of the Federal Government. That was the name of the game and that was it. Now, the members opposite can say, "Well, you didn't do a very good job in negotiating. You should have tried to do something better." Well we did try first of all to suggest to them that perhaps the 2 percent reduction inasmuch as we had a 5 percent reduction would be adequate and that our equivalent of \$21 million roughly would be put into job creation programs and that way the absolute amount of the sales tax would be relatively equitable across the country and the beneficial effects would be equitable and so on. They said, "No dice."

Our next move was to, along with Saskatchewan and Quebec — I didn't talk directly to Quebec — but Saskatchewan to try and negotiate an arrangement whereby for those three provinces they want 2 ½ percent to ½ percent. We had delegations to Ottawa, staff people went down and came away with the story of no dice. None of the provinces were going to get that arrangement and that's it. By this time we were at Budget date and it was a case of we were back to the two to one.

Basically we agreed with the concept that a sales tax reduction at a time of requiring stimulation of the economy was as good a measure in total as there would be to achieve stimulation of the economy. It would cut across the income brackets better, of course, than thelikes of the settlement that's now emerging in Quebec and that all told, it wasn't a bad move.

As far as the benefit-cost ratio is concerned, the information was that we had from the only other experiment that had been done which was in Ontario two or three years ago, that we could expect a stimulative effect particularly if it was done across the country. We recognized in doing it that the watershed effect would bring more benefits to Ontario and that's why we tried to negotiate 2 ½ percent to ½ percent because there is a certain leakage effect because the commodities that are purchased tend to be the fridges, stoves, and automobiles and other things that are made there.

We could have taken that position and held tough and done the same as Quebec, but I think in total what happened was that Western Canada proved that by and large they're much more interested in a national interest, a Federal interest than almost any other of the provinces in Canada. When it really came down to the crunch, they all recognized the leakage, they recognized the watershed effect, they recognized that we bargained for two or three weeks. They knew that benefits were going to accrue more to some provinces than to others, but in spite of that, they were quite prepared to do it in the national interest and to co-operate with the Federal Government and in the final analysis to oive a tax break to the people of the respective provinces.

Now, it can be said and has been said, the Federal government has been accused of it being an election ploy because at that time they were probably contemplating an election in June. That allegation was made immediately; I haven't any comment to make on that whatsoever. Strictly on the basis of the stimulative effect to the economy, I'm not in disagreement with the concept of doing it. Whether it's constitutionally correct or not, is quite another argument that I haven't entered, but others have on the constitutional argument side. But in total that's the total picture of the negotiations

on the sales tax and we'll know in due course whether or not in fact it has been beneficial. I can say to the Member for St. Johns that another two or three months will prove an awful lot more than any beforehand benefit-cost study because there's nothing like having the real facts of life before you and learn from history. But it would appear from the Federal statistics and our own, that it is having a good stimulative effect. Whether or not in total it has been a good move only time will tell. But we took the gamble and having to do it over again, we'd do it again. Apart from the constitutional conflict, from a straight tax point of view, and stimulative point of view, putting money back into the taxpayers' pocket, doing it as equitably as possible — it's a fairly efficient means of doing it and we don't back away from that position at all.

Now as far as the Student Work Program is concerned, I happen to think that the program that we did undertake, the Private Sector Youth Employment Program, has worked very effectively. Again we're now going into the phase where we'll do the complete examination and we'll know next year how many new jobs were created out of the 3,000 to 4,000 job application forms that were filled and jobs that were filled out of it. That analysis will be done. I happen to think it's worked out extremely well; it's been a good program and that it has introduced students to permanent jobs rather than temporary jobs. We again, at this point in time, come to the conclusion that to do it over again, we'd do that over again too. It's been a good program and the results have been very satisfactory as far we're concerned.

MR. CHAIRMAN: The Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, I appreciate the answers by the Minister. Firstly, I want to clarify something. I understand him when he's talking about comparisons and I understand what is shown on these revenue sheets, I would have said. . . Now, I want to make something clear, I have not called the Minister a liar, I do not consider him to be a liar —(Interjection)— Pardon, no, no, just a minute. No, I said that the statement is less than honest and I'm going to support that statement because I don't mean it as a personal accusation against this Minister. I'm talking about the statement he presented as being less than honest. And the reason I'm doing that is this.

When we presented statements in the past on the old basis of separate capital and separate current, the statements were there, they were voted on, they were all clear. This government for its reason, and I don't challenge it — you know, it's a good idea, I think it's a good idea, others don't. To consolidate the two and to present the current and capital together should have done a couple of things.

One, it should have lapsed all capital and start from zero base budgeting and, therefore, the picture would have been complete and therefore, more honest. I said "less than honest" because had they lapsed it all and said, now this is what we're spending in the coming year, then we would know what they're spending in the coming year and I don't care what figures they would have used on the left side had they added 43 million or not. The fact is that that 43 million wasn't spent I'm told. And if that 43 million wasn't spent then it's not very meaningful to put it in there unless it were spent. But that's academic. I'm talking about the righthand column, I'm not talking about comparisons.

MR. CRAIK: It was spent.

MR. CHERNIACK: It was spent, well then maybe a different 40-odd million that I was talking about. The important thing to me is not the comparison, the important thing is that this Minister in his statement and in the press news bulletin made the statement that this year our total combined spending will be — and the figure was the one used in the Estimates of \$1,650,000,000 etc. It was later discovered, and I use that advisedly, later discovered that there was another 30 million that was going to be spent this year, used from former authority. And when I say less than honest, I think the honest statement would have been in that news release and in the Minister's statement that this government's total combined spending for this fiscal year will be 1.680 billion and some dollars made up of 1.650 billion as shown on the Estimates and 30 million of capital moneys authority carried forward. That would have been more honest and that's why I'm not calling the Minister a liar, I am saying that the statement was less than honest. And that I hope clarifies the fact that I'm not getting into an argument of comparisons last year or this year. I'm just talking about his statement, "total combined spending will be" and it turned out\$ to be 30 million more than what he said it was, and I assume he knew then that it was and that came out later.

Mr. Chairman, one other thing. I had asked him in relation to the sales tax to tell us whether there was a cost-benefit study made as between the two proposals and the alternatives which the provinces picked up. One 3 percent for six months, 2 percent for nine months. Was there a cost benefit comparative study of the two and he didn't answer that. The other question, much more important, is I asked him to challenge in detail and to show me where I'm wrong when I have shown

him I believe that this government will be paying out in this fiscal year a deficit in excess of \$150 million, based on the \$114 million which he admits plus additional moneys that we've learned about since this was printed, plus the \$30 million he's told us about — whether I am wrong in saying that the projected deficit in this fiscal year will be in excess of \$150 million, and if I'm wrong, could he spell out for me how I'm wrong?

MR. CRAIK: Mr. Chairman, let me put it this way. If, to repeat, we had done that, we would have had to add in capital carry forward last year, which would have added 43 to last year's deficit, another 43 which was not included in the figures that have been given out, any of the figures that have been given out.

The long and short of it is, that next year when the Estimates come out, in order to compare next year's with this year's, the capital carry forward for this year will have to be in this year. So if you are patient enough to wait until next year, you will see that that has happened.

MR. CHERNIACK: No, I'm not.

MR. CRAIK: Well, what else can you do? You have to compare this year with some year.

MR. CHERNIACK: I'll tell you, I'll tell you. My turn, and I'll tell you.

MR. CRAIK: Are you going to compare it to last year or next year? You pick your poison, it's either one, but you know, if we do include that this year, then last year would have been up by an amount of 43 million, and I don't know what else can be said. The deficit this year, in spite of the tax cuts would still have been a deficit, a very substantial deficit. The net result of the tax cuts we've made have not changed the fact that we would still have had on the combined accounts probably in excess of \$100 million deficit. What the opposition is telling me is that they think that the combined deficit this year should be higher than \$100 million, and that's what it boils down to.

There will be Supplementary Estimates, I have said that all along, they will probably be in the House within two weeks. We are in preparation now, we're gleaning through all the departments to round up the final figure for the Supplementary Estimates; they will be in the House probably within two weeks.

MR. CHERNIACK: Mr. Chairman, I want to disassociate myself from a discussion of comparisons. I want to talk about the righthand column. I want to talk about what the government is spending this year, and therefore what the deficit will be as a burden on future taxpayers. That's what I want to get at; I want to know the difference between April 1st on 1978, and March 31st of 1979, what will be the burden on the taxpayer carried forward into future years? I am not talking about comparisons, I am talking about the \$114 million admitted additional debt, non-sustaining, additional debt, \$114 million. I want the Minister to admit that that \$30 million figure compared any way you like, will be an additional debt into the following year, and he is shaking his head so let's spell that out.

There is an authority which the Minister has which is not a debt; it's an authority to spend, carried forward from previous years. I think there is something like \$38 million, or more, I'm not clear on that. But in any event, there is authority from previous years, accumulated from previous years, authority not spent, therefore not a debt. The Minister has told us it is going to be spent this year, \$30 million will be spent this year. That will be raised by creating debts. That means that that debt of \$30 million will be added to the \$114 million debt, which the Minister has told us already they are running into, so that we now know there is \$144 million of debt projected at the end of this fiscal year, plus his Supplementary Supply which he has yet to bring in, and he knows more of the figure than I could possibly know. But I'm saying that that's going to bring us into debt at the end of this fiscal year of \$150 million-plus, on his own figures. Now, won't he admit that that's true?

MR. CRAIK: Mr. Chairman, the Member for St. Johns has forgotten the amount of lapse that takes place, and the amount of lapse that is being predicted for this year is approximately equal to that \$30 million so that the net result is that when you read this next year in the Auditor's Report, the difference from \$114 million will be the amount of the Supplementary Supply plus any special warrants, plus anything that may have happened federally, provincially, on cost-sharing. But the \$30 million that he is referring to, will be approximately offset by the lapse rate. — (Interjection)— In a nutshell, I'm saying no to your question. The answer is, it will be \$114 million plus the Supplementary

Supply and any special warrants that may occur, because the \$30 million will be roughly offset by the lapse.

MR. CHERNIACK: Mr. Chairman, the Minister is now telling us that he is budgeting for lapsing of \$30 million. I have never heard of that before, I've never heard that; I know that there are items which lapse, I also know that there are unforeseen expenditures, and I am not sure that there is always a net lapse. I think if you are budgeting a net lapse, you should say so, because, Mr. Chairman, these Estimate figures are authority to this government to go out and take from the taxpayers, or borrow a total that is shown in these Estimates. And if they need \$30 million less, then they should have shown in their statement, less expected lapse \$30 million, therefore we don't need that much, therefore we will not be spending it. But they're not showing that, Mr. Chairman, because you never know. This tornado we had the other day could be repeated a few times in the next number of months, and you will then have an unexpected expenditure, so that I don't think it's valid to say, well, we'll have a lapse so it will eat itself up. Just like the Minister was talking about a \$229 million deficit, and later came up, and not shamefacedly but rather quietly said, well, that figure is now \$181 million, just that same way, so he can later at the end of this year say, well, the figures are different than expected. But I am saying that the budgeted figure, the figure which he is asking us to approve, is a total of what we're discussing now, in these Committees, \$1,650,657,800.00. He is asking for authority to spend that money and to spend it after it is taxed and raised in fees, user fees or what other revenue there is, and borrowed. And if he is now telling us he needs \$30 million less than this, then he should have said so, and asked for \$30 million less. But to ask for more than he needs and then say, well, we know we're spending another \$30 million and more, which he now admits they are spending, and then he is saying, well, you know, there will be lapses to take care of it.

May I ask him is it not now correct that when you take in that \$30 million of admitted planned expenditure, that the projected deficit will be in excess of \$150 million, less whatever money remains unspent. Is that a fair way to say it? Less whatever money remains unspent, plus whatever additional moneys as authorized by Supplementary Supply or by special warrant. Is that a fairer statement?

MR. CRAIK: Mr. Chairman, there is no way that I want to fall back on past practice here to justify an action, but I am just simply going to ask the Member for St. Johns, does he not realize that this is exactly what his government did for eight years? It's exactly the same thing. Mr. Chairman, the capital carry forward, on average, has averaged out to the lapse rate over that period of time, and if you take the long term history, it bounces around 1 ½ to 2 ½ percent and an average is always figured out around 2 percent, and that's approximately it; 2 percent works out to your capital carry forward in this particular case. Some years it doesn't quite work out, but on average — not by design but by otherwise — it has worked out and that's exactly the same practice as you applied. So don't accuse us of doing something that you didn't practice for fully eight years. Not only that, former governments practiced it for eight years or more before that.

Now what we are doing is changing the system so that in this transition year, that next year all of that is cut off and lapses. So next year, when you see the Estimates, you are going to lapse capital as well as current. Next year when you see the Estimates, you will see a comparison on the lefthand side that shows comparable to what is going to be lapsed next year so that you can apply the two by comparison. But the only way that we could compare this year with last year, was to do it the same way; whatever we did to one we had to do to the other. Now if we had lapsed the capital at the end of the last current year, and added \$30 million in, we would have had to add in \$43 million to compare it with last year; that's the way it is. You know, you're trying to suggest that we're doing something, playing the game by different rules — we're not — we're playing the game by the same rules that have applied for I don't know how long, it pre-dates your administration, it's exactly the same, so don't suggest that we're doing something different, we're not.

MR. CHERNIACK: Mr. Chairman, the rules were changed by this government; the rules were changed by this government when they decided to have a consolidated statement. I don't fault them for it, I said that a number of times. The rules were changed, and I say that a more honest presentation would have been a complete lapsing of all authority, and then show what you intend to spend, so that when the Minister makes the statement which I have quoted a number of times, he has never denied his saying it, the Minister has said the total spending for this fiscal year, the total combined spending for this fiscal year, will be this figure, and he knows very well he is expecting to spend at least \$30 million more. . .

MR. CRAIK: No.

MR. CHERNIACK: . . . Yes, he is, but he's hoping that his unspent moneys will, on balance when you subtract his special warrants, that his Supplementary Supply will add up to the amount of the extra \$30 million that he knows very well he is going to spend. That is committed, and that is playing a game which I don't think we ever played.

MR. CRAIK: And which you played for eight years.

MR. CHERNIACK: I don't think we ever played that kind of a game. The fact is that when we had capital authority everybody knew it was capital authority, it was authorized, it was continuing, it did not lapse. That, everybody knew. But now the government — as I say I don't fault them for doing what they are doing, but they should have said, we are budgeting a deficit of \$150 million or \$144 million, because they were budgeting that. The fact that they were hoping that they wouldn't have to spend it all because there would be expenditures that aren't made, that's another thing. But the fact is that it has been clear, very clear, and I am still right, the budgeted deficit is over \$150 million.

MR. CRAIK: No.

MR. CHERNIACK: Yes it is, it's \$114 million plus \$30 million that we know is being spent from previous authority, plus additional moneys that are already admitted. Any reduction from that budgeted Estimate of excess of \$150 million, will come about by either higher revenues or less expenditures than predicted, and in the end they may be the same figure or less than is printed, but the budgeted expenditure, the planned expenditure by this government, is in excess of \$150 million. You can't deny that that's the planned expenditure. You hope that you won't spend it all — good for you, good housekeeping may help you do that or reduction in program — but that I believe is clear.

MR. CRAIK: Mr. Chairman, I am not going to reverse the negative compliment earlier, and say that the Member for St. Johns is dealing in dishonest statements, but as a matter of fact I am simply going to repeat that if what he says is true, he practiced the same thing for eight years exactly.

MR. CHAIRMAN: The Member for Transcona. He is first on my list.

MR. PARASIUK: Mr. Chairman, I would like to ask the Minister when the unaudited statements for the year-end March 31st, 1977 will be made available to the public — or March 3st, 1978?

MR. CRAIK: I indicated in the House that it would be early July. I expect it will be a couple of weeks yet.

MR. PARASIUK: Could he explain why it's going to be that late. I note that the unaudited statement for December 31st, 1977, was made available to the public on January 20th, 1978; is there any reason for this delay right now with respect to the unaudited statement for the year ending March 31st, 1978?

MR. CRAIK: Well, primarily because it's year-end. The books don't close until 20 days after the year end, and in addition to that, the entries that are made are being checked with the Provincial Auditor in this particular case because they have to bear some relationship to his final auditor's report.

MR. PARASIUK: Well, Mr. Chairman, I find it very strange that there was this incredible haste put on trying to get the unaudited statement for the year ending March 31, 1977, out within twenty days, and then we have this delay. Even if you took April 20th as the cutoff date, surely we should have had it by about May 5th or May 10th, and maybe we'd have an idea then what the lapse for the last fiscal year was — was there a lapse, was it \$30 million? If it was \$30 million, we'd then have a situation where the deficit last year wasn't \$181 million, but rather was \$150 million. Are you talking about a lapse on current account of money being unspent?

MR. CRAIK: There's always a lapse.

MR. PARASIUK: Well, if there's always a lapse, was the lapse something in the order of \$30

MR. CRAIK: Mr. Chairman, it will be contained in the statement.

MR. PARASIUK: Well, it's fairly important in determining what the Estimate was. First we were told there was a deficit of \$225 million, and people didn't indicate — and you yourself as Minister, when you talked about that figure never mentioned lapses then, you never talked about capital carry-forward, then — you never talked about those things.

MR. CRAIK: It's all included in that figure.

MR. PARASIUK: Now maybe you were talking as a politician and that's fair enough — you've talked about talking as a politician — but at the same time people want to know what the actual expenditures were.

MR. CRAIK: It's all included in the Estimate that was given you.

MR. PARASIUK: So you are saying that in the Estimate of \$181 million, you have included a lapse — a potential lapse — of \$30 million? Because you have indicated that for this fiscal year that we're in, we will probably have a lapse in expenditure in all the departments of something in the order of 2 percent, which would make the total something in the order of \$30 million. That's what you said would apply for this fiscal year that we're in. What about the fiscal year that we just finished? Surely we must have a lapse there too, and has that been accounted for?

MR. CIK: Yes.

MR. PARASIUK: Is it accounted for — that means that that \$181 million figure will not change?

MR. CRAIK: Well, when you say, not change, it could change, but it's not going to change as a result of that.

MR. PARASIUK: Well, how could you do that? You say you don't know what the lapse is, when I ask you what the lapse is, but now you say it has been taken into account and calculated into the \$181 million deficit.

MR. CRAIK: Yes.

MR. PARASIUK: Well, can you tell me what the lapse is?

MR. CRAIK: Well, in the order of 2 percent.

MR. PARASIUK: Well, you know we can't have an exact number of \$181 million and then have the Minister say he can't tell us what the lapse is.

MR. CRAIK: Well, you don't know until your accounts close.

MR. PARASIUK: Well, then, how do you come up with a year-end deficit of \$181 million for the last fiscal year?

MR. CRAIK: The same way you come up with any other projection.

MR. PARASIUK: You are saying then that this a projection, that you've made some estimate in making that projection of what the lapse is, and I'm asking you what the projected lapse is so I can compare it with the figures when they come out in three or four weeks, or five weeks?

MR. CRAIK: Well, Mr. Chairman, I suggest to the members that, since we're dealing with 1978-79 and since the 1977-78 statement will be out in a matter of a couple of weeks, that the members hold their breaths and look at it when it comes out, and then the auditor's statement will be out by early November — Public Accounts Committee will be called, and it will be thoroughly examined at that time.

MR. PARASIUK: Mr. Chairman, I was hoping that we'd have an opportunity to see the unaudited statement while the House was still sitting, because it would give an opportunity for us to debate

it.

MR. CRAIK: Are you suggesting that it's not going to sit for another two weeks?

MR. PARASIUK: No, I think most people are trying to act expeditiously. It's when you get that type of statement that — hold your breath and we'll pass out the statements afterwards — we've been told to hold our breaths in relation to asking questions on the Task Force, and then when I try to ask him today, people suggest that maybe — maybe I shouldn't be asking questions about the Task Force. I'm concerned about what the arithmetic was in arriving at the \$225 million deficit Estimate, which was later revised to \$181 million, which may, in fact, be revised again. Now I have not seen in the documentation that was provided to us — and I don't have it in front of me right now — any calculation of a lapse, and I can't remember seeing any entry in there for a lapse in fiscal year 1977-78. Now if the Minister is anticipating that possibly out of the over \$1.3 or \$1.4 billion that was spent in 1977-78, that something in the order of 2 percent, \$30 million, and the whole multitude of programs wasn't expended; \$50 here, \$300,000 there, and that's a normal situation; but if in fact he is expecting that, then I think he should let us know what it is, because I think it will have some bearing on that final deficit.

That's why I'm somewhat surprised that he doesn't have that material available now, and I'm also somewhat surprised that it's taking so long to get the unaudited statement in front of the public right now, because you know it was possible to get unaudited statements before the public when the Conservatives were trying to make hay on this subject, very quickly — it took 15 or 20 days — boom they were out in front of the public. Now when we're trying to get a very clear statement of as to what actually took place last year, we're finding that there are a number of reasons why in fact we may not be able to get these statements, maybe next November we can talk about them. Well, I think, you know, that you've had enough time to pull these together, and you should be in a position to present them before the House ends. Would you make that a commitment, and if in fact you did table them, where would we have the opportunity of discussing them? We wouldn't have the opportunity in Budget debate; we wouldn't have the opportunity in reviewing the Minister's Estimates, unless the Minister would like to say, "Let's hold open my salary." Let's hold open the Minister's salary until that time at which he presents the unaudited statements for the year ending 1977-78. Now, I think that's a fair enough proposition — I'd be willing to live with that. I think the Minister, if he wanted to give a very clear accounting of the financial state and the state of financial expenditures and revenues over the fiscal year 1977-78, would also agree to that proposal — I think members on this side would certainly be agreeable.

MR. CRAIK: Mr. Chairman, I am a little bit repulsed by this suggestion that is coming from the opposition. The last statement we got from the former government was made available to us about February 1 of the following year, and now the member sits there and his concern about whether it's one or two weeks off in June, of two months following the April 20th, May 20th, June 20th — two months after the closing of the books he's standing there making a speech to this government about not tabling the year end statement when the last statement tabled by the former government arrived not in June, but the following February 1, when it was demanded by the Leader of the Opposition in the House. Now, Mr. Chairman, that was probably one of the latest dates, but the normal sort of date, when we, in opposition, received the statement of the government was usually late November, December. That's when we got the accounts of the government. This government has undertaken to provide a preliminary unaudited statement quarterly, including the final quarter, which we intend to give out, so that will come out and it will come out just as soon as we can get it out — just as soon as we can get it out — and it will not be December, and it will not be February of next year.

MR. PARASIUK: Mr. Chairman, the Minister made that commitment when he provided the public with the unaudited statements in January, and all I'm asking him to do is remain consistent with that commitment.

MR. CRAIK: Why don't you read Hansard? I was asked in the House when it would come out, and I told you early July. I told you that a month ago.

MR. PARASIUK: No, I've taken a look at the length of time required to produce the other unaudited statements, and I am asking you if you are going to ensure that they will be available in sufficient time so that they could be discussed at this sitting of the Legislature?

MR. CRAIK: Mr. Chairman, I suggest to the member, if he really wants an answer to his question, which he doesn't, obviously . . .

MR. PARASIUK: Sure I do.

MR. CRAIK: It was asked in the House two weeks ago, when the unaudited quarterly statement would be out, and I said, "Early July."

MR. PARASIUK: Would the Minister now undertake to tell us what the lapse is, because I am quite certain that if he contacted his officials they would be in a position right now to tell him what the lapse is. He's prepared to make very definite projections as to what the lapse will be for the fiscal year that we're in at present, but he won't tell us what the lapse was for the year that ended a few months ago, and I find that very very surprising.

MR. CRAIK: Well, Mr. Chairman, we're dealing with 1978-79.

MR. PARASIUK: Well, you know, it appears that the Minister will only talk about 1977-78 when he feels he can score particular points, but then he evades it when people ask for the documentation, and I again think that as a Minister of Finance it is incumbent upon him to be prepared to back up his statements with facts. He still hasn't done it, and that's been the debate that's been going on throughout this sitting, and frankly it is a matter of credibility, and that's why people ask for the documentation and the substantiation, and if you don't provide it, fine, but recognize that you haven't substantiated the statements you have made.\$

I would like to ask you a bit more about the negotiations that took place with the Federal government over the sales tax reduction. You indicated that things were so rushed that you possibly couldn't do the Benefit-Cost Analysis, and then you did something a bit surprising — you ran down the concept. You said, you know, "Benefit-Cost Analyses are great things, but of course, you know, we'll get a chance to see what the real facts of life approach will yield us." Well fine, that's fair enough, but at the same time you can't have it both ways. You can't sit there and say, "Well, here we were, this past government wasn't doing as efficiently a detailed job of Benefit-Cost Analysis for alternative energy projects," and then we look at something like Benefit-Cost Analysis with respect to alternative forms of sales tax reductions as a stimulus of the economy, and we find that the two western provinces, the two other western provinces, chose the 2 percent reduction over nine months. They have an economy which is very similar to Manitoba's.

The economy of British Columbia, and especially Saskatchewan, is much more similar to that of Manitoba's than is the economy of Ontario, and surely, than is the economy of the Maritimes, and I can't, for the love of me, understand why we seem to have found ourselves in a position which is very similar to that of the Maritimes. Our economy is quite different — we may have made a mistake, and I think that we probably did have more of the flexibility then, and I think that maybe we hoped that we would have a bigger political impact by announcing a 3 percent reduction as opposed to a 2 percent reduction, over a longer period of time.

Secondly, and I can appreciate the Minister's statement that we tried to bargain with the Federal government to have one point utilized for direct job creation, and I find that to be a candid admission. That the policies that were followed by the past government was, in fact, the correct one with respect to stimulation of the economy — precisely because of leakage; precisely because sales tax reductions tend to help Ontario far more than they help other provinces. So what we are doing, in fact, is helping the Ontario economy somewhat, and we have held back with direct job creation programs, that I think could have been quite useful and quite beneficial in stimulating the economy, especially over the summer months, and especially with respect to young people.

Now the Minister can point to the private sector job employment program or the employment program, — there was one last year, it was operational. It worked, and people took advantage of it, and it had some effect. There were also a number of other job creation programs that were in place and that worked as well, and the past administration had an open mind with respect to job creation and looked at all alternatives. This one seems to have taken a very narrow approach and has looked at no alternatives.

MR. CHAIRMAN: The Member for Inkster.

MR. GREEN: Thank you, Mr. Chairman. Mr. Chairman, I want to deal with the suggestions of dishonesty and wrong figures. I want to make it quite clear, Mr. Chairman, that I regard the Minister as being a person who does his job as a Minister who acts in a parliamentary way. I am suggesting, Mr. Chairman, that anybody who indulges in the suggestion that the Conservative Party and the Conservative Government, when they came to power, were faced with a disastrous financial situation which has caused their program to be very much different than what it would have been if they had been left in a sound financial position, that anybody who did that would be engaged in a big

lie, and if that is what they wish to do, then I'm not attributing any particular dishonesty to them. I'm saying that the program and the rationale of the Conservative Party is a lie. I say more than it is a lie. It is a cowardly lie. Because it is an unwillingness to pursue Conservatism for the sake of Conservatism and it is an attempt to blame it on somebody else.

Now, I want to examine that suggestion which, by the way, I am happy to say has been largely diminished and is not pursued with the same kind of exuberance that it was pursued when we first had the government take power. The amount of the budgetary deficit that I was prepared to accept, because the Minister told me that was the deficit and I went around feeling that that was the deficit, was \$220 million — \$229 million, I think, — that's the figures they gave us. They gave it to us as if that were an out-of-the-blue position that they didn't know of, that they made election promises without being aware of, that they were completely surprised.

Now to the extent of \$100 million, there is no surprise, that was budgeted, that was budgeted in Capital and therefore we have to immediately reduce that by \$100 million which leaves \$129 million. \$30 million of that \$129 million was also budgeted, roughly \$30 million, which meant that the great surprise, the great disaster that has changed the entire complexion of Conservative programming, was \$100 million. Then, Mr. Chairman, I took those figures and said, "\$100 million is an awful lot of money and I feel a little bad about it. I'm sorry that we had these shortfalls; I'm sorry that we had these overruns," which now it turns out amount to roughly \$15 million or less than 1 percent of the total amount of money that we're talking about in terms of increased spending, the balance is reduced revenues. I am told, after having to defend \$100 million for a period of something like eight weeks and right through the session, that it's really not \$100 million, it's \$50 million.

So, Mr. Chairman, that's the figure we're talking about and that's why I felt so chagrined at the budget being presented to us which showed that the entire loadstone around this government's neck was \$50 million — also an awful lot of money, Mr. Chairman, a lot of money, \$50 million. I will not be 50 times C.D. Howe and say, "What's \$50 million?" I believe \$50 million is a lot of money. But, Mr. Chairman — and I have got it from the Provincial Auditor, who you should listen to without hesitation. He says \$50 million is roughly \$5 million a year; \$5 million a year is the loadstone around your necks which has caused you to change the entire program.

There are officials here from the Department of Finance and I've given these figures in the House and they have not been challenged and I give them again. \$50 million is the surprise, is the amount of money and, by the way, it's less than in Ontario percentage-wise, so we can't blame it on the so-called Socialists. We have to blame it, Mr. Chairman, on conditions. But that \$50 million was immediately recouped. It was taken back by an increase in taxes in the fall or at least announced increase in taxes because 2 percent of motor vehicle tax is roughly \$7 million to \$8 million and you immediately increased — although you're not going to get it until now — but you immediately increased the the automobile tax by \$8 million. So if there was a \$50 million debt, you've more than recovered it with the automobile tax and now you are exactly where you were when you came to power. You have no horror stories, you knew exactly what the picture was, you made your promises based on those things and don't say that your existing program is based on this loadstone. Your existing program is based on Conservatism. You should be proud of it. You shouldn't be saying that it's based on something else. You shouldn't say, "We are forced into it." You should be saying, "We are going into it gladly, honourably and singing," rather than bawling.

And that, Mr. Chairman, is what I referred to, and I still refer to, not as an individual dishonesty but as a total dishonesty on the part of the government. Now, Mr. Chairman, that's a pretty horrendous statement. I agree that that's pretty harsh. It's not a nice thing to say. But, Mr. Chairman, it is a far nicer thing to say than to say that I deliberately, knowing that I was going to increase the spending by \$600 million, told the Hydro to go ahead with a program which was out of their scope, which they didn't want to go ahead with and which I forced on them, causing an expenditure of \$600 million. So if the Minister thinks that my statement is horrendous, his indictment of us has been a far greater indictment and a far harsher remark and a much more terrible thing to say. If you can't take that kind of thing, then look to yourselves and see what you are saying because that's what your party said. Your party said that the members of our government deliberately told the Hydro to spend \$600 million that they didn't have to spend. Well, Mr. Chairman, I think that cowardly lie wanes by comparison to what was suggested of us, without any substantiation whatsoever, none whatsoever.

The former Leader of the Opposition, now the Premier, spent three hours himself — it might have been more than three hours. He was the only questioner of the Chairman of Manitoba Hydro. The Minister says we didn't call Manitoba Hydro, or we didn't get the report passed. Certainly we didn't get the report passed but how many meetings did we hold? Did we hold one meeting? We held, in those years that we said that we didn't get the report passed, we held four and five meetings. The former leader spent one of those meetings entirely to himself and he tried to get the Chairman of Hydro, the chairman who is still the chairman of Hydro, to substantiate his statement that Hydro was proceeding other than as desired and recommended by their own professional engineers, and

he couldn't get it. And they walked out of the meeting and they said, "You politicians, you told Hydro to spend \$600 million that they didn't have to spend." I think cowardly lie is kind of a compliment beside that.

So let's not get sensitive in our old age, or in our young age. Mr. Chairman, there are things that have been said back and forth and I don't withdraw one word of that. I say that the posture, the abandoned posture, prudently abandoned, that the Conservative government was left horror stories and a desperate financial situation — and that has colored their program — is exactly what I said it is. I don't take back one word of it.

Now, Mr. Chairman, earlier in the evening, we were talking about — to get to a lighter subject — we were talking about deficit financing and the Minister seemed very unimpressed by the Member for Brandon East — I don't know if he's still here, no . . . Oh, yes, he is here — deficit financing and probably was very unimpressed with John Maynard Keynes who seems to be the economist who is embraced by all liberals in North American and in Europe as being the man who devised fiscal and monetary policy which said that during years of buoyancy, you should receive revenues and during years of scarcity, you should start spending revenues. This is John Maynard Keynes who doesn't impress the member.

Mr. Chairman, I want to talk about something that may impress the member and, by the way, I believe in balanced budgets and in this my friend, the Member for Brandon East, and I may not be as far apart as you think, but we do argue about it. I say that in the longrun your revenues on operations must equate your expenditures on operations and that you cannot do otherwise. But I do believe that there are times when a government should be spending and the times when a government should be receiving. The trouble with many Keynesians is they never find the time to tax. They find the time to spend but they have difficulty finding the times to tax.

I want to try on the Conservative Party, to impress them with the validity of this theory, to forget the Member for Brandon East, forget Lord Keynes, forget the liberals, and go back some 3,000 years. There was a king who had a dream and he dreamt that there were seven fat ears of corn and there were seven lean ears of corn. Lo and behold, the seven fat ears devoured the seven lean ears.

The next night he had another dream that there were seven fat cows and seven lean cows. The seven fat cows devoured the seven lean cows. Mr. Speaker, the Pharaoh tried to get people to interpret this dream and all of his soothsayers, etc., couldn't do it, but he heard that there was a prisoner in one of the dungeons who could interpret dreams. The prisoner was brought in and he heard the dreams and there were three of them — I can't remember the third one — but he said that the seven fat cows and the seven fat ears of corn, they both represent the same thing. They represent seven years of plenty. The seven lean represent seven years of famine. The king, in order to see to it that his state was well managed, should, during the seven fat years gather in and store so that when the seven lean years arrived, he would be able to distribute what had been stored during the seven fat years.

The Pharaoh was so impressed that he made this man, whose name was Joseph, the steward of his regime and sure enough, Mr. Chairman, that's exactly what happened. Joseph managed Egypt on that very basis. He didn't know about Lord Maynard Keynes, he didn't know the Member for Brandon East, he didn't know about socialism, he didn't know about capitalism. But he knew commonsense and, Mr. Chairman, if what the Member for Brandon East —(Interjection)— Pardon me?

A MEMBER: Most importantly, he knew the Pharaoh.

MR. GREEN: Mr. Chairman, he was a prisoner, he was a prisoner and an outsider, but even the Pharaoh could see that despite the fact that he was a prisoner and an outsider, that what he said was making sense and, therefore, I tell the Minister that despite the fact that it is the Member for Brandon East, or anybody else, that here is something that maybe you will accept. It doesn't come from a Socialist, it doesn't come from an academic economist, it has stood the test of time for over 3,000 years and it works. If the Minister will not agree with deficit financing or not be in agreement with government spending, then I commend this story to him because maybe it will give him some assistance in what he has to do in order to protect the citizens of our society in this economy.

MR. CRAIK: Right out of Leviticus?

MR. GREEN: I don't know whether it's Leviticus. I think it's . . .

MR. CRAIK: We had a debate over a similar story like that a couple of years ago.

MR. GREEN: I think it's Genesis. I could be wrong but I think it's Genesis because it's certainly before Exodus.

MR. CHAIRMAN: The Member for Seven Oaks.

MR. MILLER: Mr. Chairman, I won't prolong this discussion. I could enter into it and probably spend as much time as my colleagues have, but I won't.

I want to ask the Minister whether he can tell me how much of the voted 1977-78 appropriation has been used to pay expenditures for the 1978-79 years? I'll give you an example: Urban Affairs paying \$200,000 toward Assiniboine Park Zoo, 1978-79 budget. How many other instances like that are there?

MR. CRAIK: Out of capital carried forward you mean?

MR. MILLER: No not capital, current, current account. Legally you can do it, and you've done it, because it's been done, but what I question is using funds voted for 1977-78, and using it to pay a 1978-79 expenditure.

MR. CRAIK: Well, I think we can get the answer for you.

MR. CHAIRMAN: The Member for Inkster on a point of order.

MR. GREEN: The Member for Rhineland just corrected me, it was the lean that devoured the fat — not the other way around.

MR. CHAIRMAN: The Minister of Finance.

MR. CRAIK: We can get that information for you.

MR. MILLER: Yes, I know funds in Urban Affairs were used by Tourism to finance the Assiniboine Park and Zoo, I'm wondering what other similar expenditures have been made from last year's appropriation, in that way increasing last year's deficit.

MR. CRAIK: Well, we'll undertake to provide you with the figures on total amounts that may have been used as a matter of roll over, or whatever the proper term is.

MR. MILLER: Okay.

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

MR. MILLER: Budget Branch — I'm curious, and I'm asking the question here rather than in the Committee of the Whole House, giving the Ways and Means because staff is here, in calculating the Revenues, it shows individual income tax and corporation income tax, and then the net municipal share, and I'd like an explanation. For 1977-78 the municipal share on corporation capital tax is \$7,800,000 and on 1978-79, it's \$6,400,000 — that is a lesser amount for 1978-79, and yet there's an increase indicated in Revenue for corporation income tax. Why would there be an increase in corporation income tax anticipated and a decrease in the municipal share?

MR. CRAIK: You're behind always.

MR. MILLER: So you're still on a year behind? You're still working on that basis?

4MR. Craik; xbyes.

MR. Miller: That's the explanation. Okay.

MR. CHAIRMAN: (d)(1)—pass; (d)(2)—pass; (e)—pass; Treasury Division 2.(a)—pass; 2.(b)—pass; 2.(c)—pass; 2.(d)—XPASS: 1/4.(e)—pass; 3. Comptroller's Division 3.(a) — the member for Seven Oaks.

MR. MILLER: Mr. Chairman, the Minister indicated that the Comptroller's Division would be a more powerful influence in controlling the expenditures and generally in

epa ing budgets a d trying to pull things together; I gather that's the direction he's taking. I'm looking at the staff complement, and I notice that there's no increase in the Comptroller's Division but rather there's a decrease — it's a small one, it's only two people, but there's a decrease — and I'm wondering whether the Minister feels that the Comptroller can assume the greater reshonsibility with a decreased staff?

MR. CRAIK: There's still some vacancies. We've acquired two C.A.s — we had a third, and then we lost him at the last minute, so we still have some vacancies to fill there.

MR. MILLER: That's where you have 22 vacancies.

MR. CRAIK: No, no, the total complement — I think in total we had seven there at one time.

MR. MILLER: Oh I see, I see. Okay.

MR. CHAI MAN: Before I recognize the Member for St. Vital, on Treasury Divis on 2. bi failed to pass the Resolution when we went on to Comptroller's Division

Resolution 50: Resolved that there be granted to Her bmajesty a sum not exceeding \$961,300—XPASS.

The Member for St. Vitel.

MR. WELDING& Thank yos, M . Nhairmen. I XNOTE UNDE THIS SECTION IT SAYS THAT THE DXIVISION PROCESSES GOVERNMENT RECEIPTS AND DISBURSEMENTS. I ask the Minister lwhether th s also includes the issuing of rhequs as payment to cimil servants?

X½M . bcraik9 Yes.

MR. WALDING: Then, can I ask the Minister the same question that I asked the Minister reporting for the Civil Service yesterday, and she couldn't give me an answer for it, why it is that Mr. Dunn, who was relieved of his full-time position as a Civil Service Commissioner on October 26th was still being paid his salary at the end of December — some two months later?

MR. CRAIK: Well, we'd have to take something like that as notice. Just to make sure, could you repeat the question so I am sure we have it ctear?

-t04MR. WALDING: Yes, Mr. Chai man, an OXRDER*IN*Cosncil was passed dated October 26th, which relieved Mr. Duncan of his full-time position as a Civil Service Commissioner. He received a letter dated December 14, 1977, almost two weeks later, enclosing a cheque for \$1,515.51, representing two weeks payment in lieu of notice. I would like to know . why he was paid after he was no longer a commissioner — full-time commissioner.

MR. CRAIK: He's paid as a part-time commissioner, I gather, but what you are referring to is his full-time pay.

MR. WALDING: Welt I assume, Mr. Chairman, that if \$1,500 represents two weeks payment, that's about eome \$39,000 a year, and that's approximately what he was getting as a full-time commissioner. He was relieved of his position as full-time commissioner as of October 26th. I understand that part-time commissioners are paid on a per diem basis and that he attended no meetings as a part-time commissioner.

MR. CRAIK: Well, we'll undertake to get the information. It may be replied to by the Minister of Labour, but in any event we'll see what payroll information we can acquire for you to answer your question.

MR. WALDING: Thank you.

MR. CHAIRMAN: 3.(a)—pass — the Member nor Transcona.

MR. PARASIUK: Mr. Chairman, I'm wondering whether the Minister can expand on what the role of the CXOMPTROLLER'S BDivision will be as opposed to that of Management Committee, and the functions performed n the past by Management Committee staff? Will the Comptroller's Division be taking on more of the responsibilities that Management bcommittee used to undertake in the

past?

MR. CRAIK: Well, not at the current time, there's no overlapping of roles. Whether or not the Comptroller's Division in the future assumes expanded responsibilities is still a matter of government policy.

MR. PARASIUK: So there's been no decision on that?

MR. CRAIK: No.

MR. PARASIUK: Because the whole thrust of the Task Force report in that area seems to suggest that Finance should be playing a much greater role, but at the same time the actions of the government to date have been to talk more about using Management Committee as the control device. I note that the Management Committee started off with a small group of ministers, and the Premier was the chairman — there was no vice-chairman. It struck me that would be an excellent way of constipating the government, frankly, and I think what's happened over the past few months is that people haven't been around to make a number of decisions that were required, and I think that government wasn't really making the decisions that it should be. So I note that other Ministers have been added to Management Committee conceivably to enable it to have a quorum, and secondly, you've been made vice-chairman. So what seems to be happening is that the role and function of Management Committee is being increased and re-inforced, and I'm wondering if this is a long term trend, or whether in fact the Department of Finance won't be taking on this role that you indicated in your preliminary statements, or your introductory statements, that it would be undertaking.

I think, for example, that if you have Management Com' mittee approving every decision of expenditure over \$25,000, as was the practice in the past, I think that this doesn't provide for accountability and responsibility in th departments. I personally didn't like it particularly in the past. I note that the Task FVORCE DID HAVE THAT AS ONE OF ITS RECOMMENDATIONS: I note that the government is continuing with the past practice. Is this going to be reviewed, and will the departments be given a bit more rein to administer within the responsibilities laid out for that department, and will then the Comptroller's Division be undertaking more of a comptroller's function rather than having the Management Committee I think possibly be involved in too many of the decisions that the senior management of a department should be making.

MR. CRAIK: Well, the vacancies inquired about by the Member for Seven Oaks are basically in the Comptroller's Division. The key vacancies are seven professional positions, and the filling of those roles is primarily to meet the objectives that we want to meet really to comply more with the Hrovincial Auditor's requirements into the future rather than to get into the area of the Management Committee. But whether or not the Management Committee role is phased into the Comptroller's area, is a question that can't be addressed at this point — there hasn't been any decision by the government. I realize the Task Force has recommended that the Management function be more integrated in the Finance but along with many other recommendations the Task Force has made, they are still open to review and consideration.

MR. CHAIRMAN: 3.(a)—pass; 3.(b)—pass; 3.(c)—pass; 3.(d) — zye Member for Transcona.

MR. PARASIUK: Yes, I'd like to know how many staff are involved in this particular function? Is this just the general task of providing some type of overview and control of the reshared cost agreement?

MR. CRAIK: 3.(d)?

MR. PARASIUK: 3.(d).

MR. CRAIK: This staff is primarily to handle all the general development agreement aspects — the Northlands Agreement, and the others as well — but it's primarily Northlands, that's the biggest portion of the total. —(Interjection)— How many people? Eleven SMYs.

MR. PARASIUK: Who undertakes the negotiation with DREE to determine what may be a subsidiary agreement in any particular area. There conceivably could be a rural infrastructure agreement which might be similar to Northlands. Who would take on that negotiating function?

MR. CRAIK: Well the Department of Finance gets involved. We are aware of negotiations and

that go on, and then we get actively involved at the point when they start talking dollars, but the setting of the priorities with regard to which program do we put the priority on when we are dealing with the Federal government on these matters, is established by the joint committee and the Minister of Finance chairs that committee.

MR. PARASIUK: So there is another Cabinet committee — an Ad Hoc Cabinet Committee on dealing with bdrree0

MR. CRAIF: Yes. It's an Order-in-Council Committee that was established and announced about two or three weeks ago.

MR. PARASIUK: Oh, so you are the chairman of that, and was that announced in a press release as I don't know if I came across it?

MR. CRAIK: Yes.

MR. PARASIUK: Okay, I'll check with Information Services on that just to see who's on the committee.

MR. CRAIK: The First Minister issued a press release on it.

MR. PARASIUK: I didn't come across it.

MR. CHAIRMAN: 3.(d)—pass. Resolution 51: Resolved that — the Member for St. Vital.

MR. WALDING: Can I ask the Minister where it would be appropriate to ask a question on the government's Pensioners' tax Rebate Plan?!

MR. CHAIRMAN: Item 3. Resolution 51 — Resolved that there be granted to Her Majesty a sum not exceeding \$1,399,300 for Finance. Comptroller's Division, \$1,399,300—pass.

Item 4. Taxation Division. 4.(a)(1) Administration Salaries — pass; (a)(2) Other Expenditures—pass; (b)(1)—pass; (b)(2)—pass; (c)(13) — the Member for Seven Oaks.

MR. MILLER: Mr. Chairman, since the Mineral Acreage Tax is no longer with us, and although I KNOW THAT THERE WILL BE A WINDING DOWN, I was surprised that the salaries don't show a decrease over last year.

MR. CRAIK: There was a decrease of 6 on that particular tax, and there is an increase of 2 new positions in other tax areas in that Mining and Use Tax; a reduction of 6 on the Mineral ACREAGE Tax, an increase of 2 in the same branch.

MR. MILLER: ALL RIGHT, BUT THERE IS A NET REDUCTION OF ½. In that case the salaries should be higher, because you are not allowing for any negotiative salary increases in the right-hand column.

MR. CRAIK: No.

MR. MILLER: Or is that what you are going to be lapsing next year?

MR. CRAIK: Well, there is a slight salary increase shown there, but the general salary, GSI, is included separately.

MR. MILLER: Yes, separately, that's right.

MR. CHAIRMAN: (c)(1)—pass. . .

MR. MILLER: I am just wondering whether there is too much funding being requested here in the light of the curtailment of the operations and whether this is the sort of thing spread out maybe elsewhere in the Estimates, which made the Minister so confident that he would be saving 330 million.

MR. CRAIK: Well, this is one area we are trying to strengthen as a result of some of the auditor's criticism on the audit techniques and some of the people that are being rehired into here, or fairly

highly qualified people.

MR. MILLER: All right, I will accept that.

MR. RHAIRMAN: b)c(1)—pass; (c)(2)—pass — THE MEMBER FOR BST. VXITAL.

BMR. bzalding; On (c), Mr. Chairman. The government made a change in gthe Mining Tax Act, or Royalty Tam Act — I can't remember exactly what it was — whereby a different rate of tax came in if the company made a particularly large profit. There is a term that. . .

MR. CRAIK: IXNCREMENTAL TAX.

MR. WALDINO: Incremental tax, that's what I was trying to recall what it was⁹ Can the Minister tell the Committee whether any money was colented under this Incremental Tax Act last year. .977-78—

MR. CRAIK: There hasn't been any apparently, at the high rate.

MR. WALDING: Not since the Act was passed?

MR. CRAIK: Well, not in the last year.

MR. WALD NG: Not in the last year.

MR. CRAIThe mining profits haven't been high enough to get into that higher rete.

MR. WALDING: Can the Minister tell us if any revenues were received by the province under that tax in previous years?

MR. CRAIK: Apparently yes, but not in large amounts. I can't give you a precise number; there was some in previous years, but there was none at the higher rate last year.

MR. WALDING: Thank you.

MR. CHAIRMAN: (c)—pass; (d)(1)—pass; (d)(2)—pass; (e)(1)—pass; (e)(2)—pass — the Member for Seven Oaks.

MR. MILLER: In the Corporation Capital Tax Branch , an increase in the salaries, and in the light of the changes in the Corporation Capital Tax allowance raised to \$500,000, since you have cut so many accounts that you are going to have to monitor, why the need for that much more staff?

MR. CRAIK: We are still busy processing and getting through the change period. I think your point is well taken The amount of revenwas projected at roughly 13 and will be reduced to 12 or 11 ½, somewhere in there, as a result of the change. It's not a large. . .

MR. MILLER: About 1.8 million.

MR. CRAIK: Yes. The number of accounts will go down somewhat and there should be a reduction; we've been having a little trouble with the department in that respect, they have been telling me they are overworked in that area and always were, and. . .

MR. MILLER: That is why I'm asking the question.

MR. CRAIK: Yes, I'm glad you bring that point up.

MR. MILLER: I'm just looking for these lapsed dollars that you are going to have at the end of the year.

MR. CHAIRMAN: (e)—pass. Resolution 52: Be it resolved that there be granted to Her Majesty a sum not exceeding \$3,772,600 for Finance. Taxation Division—pass.

5. Federal-Provincial Relations. 5.(a)(1)—pass; (a)(2)— pass; (b)(1) — the Member for Transcona.

MR. PARASIUK: Yes, I want to get a bit of clarification from the Minister as to what the progress is on negotiations with the Federal Government with respect to the Federal Government picking up its fair share, and its proper share of costs of services to status Indians, either on reserves or off reserves, because we do have a situation where the status Indian population is increasing very rapidly and a great number of them are migrating to urban centres because there aren't sufficient opportunities right now on Indian reserves. And yet the way the Federal Government is treating the situation, in many respects if a treaty Indian person leaves a reserve, the Federal Government quits picking up the tab, and the tab for those social services are passed on to the province. This has created a bad situation in the past, and it can only get worse, and the Federal Government I think has been ducking its responsibility in this area.

Furthermore, it has been I think deliberately pursuing this policy as a way of improving its financial statements and, at the same time, putting a tremendous onus on the provincial financial statements. I think it is a very serious matter; I think it can be combatted in negotiations, by having the Federal Government pick up a greater share of the social service expenditures, but it won't stop there. I really think that the whole approach to providing real economic opportunities to treaty Indian people has to be pushed jointly by the Federal and Provincial Governments. The past negotiating position of the Manitoba Government was that moneys received from the Federal Government for social service expenditures that they hadn't picked up in the past would be utilized by the Province of Manitoba in conjunction with the Federal Government, which would then put in extra money on a dollar matching basis to promote economic development for treaty Indian people, primarily on the reserves but also off reserves as well. And to that direction, there had been some oratoriums placed on certain Crown lands in the past; there was work undertaken to try and develop economic opportunities, and I am wondering if that process is continuing. But especially I am wondering if the position of the Manitoba Government has in any way changed whereby moneys that are gained from the Federal Government, from their picking up a greater share of social service expenditures, will be channeled into a dollar for dollar matching cost-sharing program of economic development for treaty Indian people with the Federal Government.

MR. CRAIK: Well most of the points that the Member for Transcona is making, we can agree to — no problem in that regard. The figure that he used earlier in the evening of \$35 million as being the Estimate on the cost of the services being provided to treaty Indians that are off the reserve, is one that still stands. As far as the latter part of the question on the development side, we have been addressing ourselves at this point more to getting agreement from Ottawa on the first part to assume the responsibility, which they appear to have recognized at the officials' level, and have done similarly with British Columbia. Alberta has taken a little different attack, and Saskatchewan chooses to operate just a little differently, but Manitoba and British Columbia, it appears, have agreement at the officials' level to at least that of having arrived at these figures that are similar to the one that the member mentions.

We have a meeting coming up with the federal Minister in the second week in July, a tripartite meeting, as it's referred to, to native representation ourselves with the Federal Government to try and bring this to a head, so whether or not we are successful laterally, I don't know, but we will take it the next mile. The provinces were meeting today on the same matter because the 5 provinces, the 4 western provinces and northwest Ontario, represent the vast majority of the native population in Canada, so there is some hope to work out common grounds in trying to reach an agreement with the Federal Government on this. All the provinces seem to be of the opinion that the Federal Government is doing its best to back out of assuming financial responsibility for even on-reserve activities, so development agreements are part and parcel of the package. The first objective though, is to try and get them to assume responsibility on the first part and then move on to the other aspects.

MR. PARASIUK: The reason why I raised that, Mr. Chairman, is that I think that the tripartite negotiations are very, very difficult, and I think there will be a great deal of hesitancy on the part of the Indian people to a situation whereby they feel that they will not have any opportunities of gaining any type of economic opportunities.

I think one of the big problems that we have is that the Federal Government has fostered a dependency relationship with treaty Indians over the last hundred years. It has made them very dependent on the state, and then it tries to transfer that responsibility to the provinces. The experience in Manitoba I think has been very tragic in some respects. It closed up the Indian Affairs office in Lynn Lake, and they say to the treaty Indians in that vicinity, if you have any problems, take them up with the province; or if you want to deal with the Federal Government, go to Thompson. Well obviously they can't go to Thompson; the same thing holds true in Churchill where they closed up the Indian Affairs office. The thing that is very ironic about all this is that there were very few,

if any, treaty Indians or Inuit in Churchill. It was the Federal Government that moved them there in the first place. Now they've closed up their office there and they've left the province holding the bag. So I think that's something that really does have to be pursued but I think that the Indian people are very wary of what's going on. I think that if the Federal Government could be pressed into making some very real commitments to economic development, I think that would be a much better way of going than pouring a lot of money into social service and especially welfare programs.

The problem is the Economic Development Programs are risky. You are taking a great deal of risk when you try and pursue and realize these economic development opportunities. They are far less risky than putting money into welfare. You have a nice concrete set of bookkeeping and accounting. The auditor might agree with it and the comptroller might agree with it but I think over the long run in cost-benefit terms, it's not an effective way of dealing with the problem.

I know that just over the last year there have been a number of negative comments about what might be called the experiments in sheltered workshops for manpower training or economic development in the north. There are some glaring examples where they have failed, where these projects have failed. At the same time, I would advise the government or ask them to consider keeping on with some of these because the point is that you require patience. I think that trying to break this dependency relationship is not something that is solved in eight years or in four years or can be looked at and evaluated over a one or two year period with a program like Minago Contractors or Pakwagan or even the Churchill housing project which was very expensive but, at the same time, I think worked wonders for those particular people who were employed in that project for a two or three year period. I'm worried that that thrust of trying to provide real economic opportunities for Indian people is somehow being diluted by the government generally in its approach to northern development especially. I think that if it isn't pursued more aggressively, that the whole problem of treaty Indians continuing to be dependent on welfare primarily will increase and even if we score a short-term victory in terms of trying to get the Federal Government to pick up a greater proportion of the social service costs that are being incurred, we will find ourselves in the bad position in the long run with the province picking up more and more of these costs in the future; and, secondly, with the Canadian taxpayer generally having to pick up more and more of these costs because the people are left in a dependency relationship and aren't doing independent, productive economic activity.

MR. CHAIRMAN: (b)—pass. Resolution No. 53 — the Member for St. Vital.

MR. WALDING: . . . on 5.(b) The Manitoba Tax Credit Office and ask the Minister if this is the office that is administering the new pensioner tax rebate.

MR. CRAIK: Yes, it would be.

MR. WALDING: The Minister told us, I believe, during his budget speech, that \$2 million was budgeted for that program. May I ask how much of that \$2 million is going for administration?

MR. CRAIK: Well, there's no additional SMYs involved in it over the . . . There is a reduction here but that's because we've removed a few SMYs that I indicated earlier to the Member for Seven Oaks on the information side but there hasn't been any increase to cover the senior citizens part.

MR. WALDING: Mr. Chairman, I recall the Minister saying that there was a reduction on the information side but there is no new program that will run itself and surely there will be some people, one or more people, within this office who will be administering that program. Can the Minister tell me how many people and what amount of that would be for administration?

MR. CRAIK: Well, we're using existing staff. There hasn't been any change in the people. Well, apparently there is kind of a period in here when there is a lot of activity and what we do is draw Mr. Gannon from Federal-Provincial Relations who has been handling a great deal of it in the administration and there are two people from Municipal Affairs who have been putting some time in on it and two people from the Tax Credit Office that have been putting some time on it. But this lets off after your municipal tax bills go out.

MR. WALDING: Can the Minister give me an estimate as to what that would represent in staff man years for those three people?

MR. CRAIK: Perhaps one, less than one. On a full year basis, it would be less than one.

MR. WALDING: Could the Minister give me an estimate as to what that would be in dollars?

MR. CRAIK: Well, there's all sorts here. You'd have to average out the types that are involved, I guess. I suppose it wouldn't be unreasonable to say \$20,000 or \$25,000.00.

MR. CHAIRMAN: The Member for Seven Oaks. Oh, I'm sorry.

MR. WALDING: I hadn't finished, Mr. Chairman, I was just doing a little bit of quick arithmetic here.

MR. CHAIRMAN: Oh, I'm sorry. The Member for St. Vital.

MR. WALDING: I wanted to draw a comparison, Mr. Chairman, with the amount of the administration fee paid under the next item under Tax Credit Payments which, again, according to my arithmetic works out at about $\frac{1}{2}$ of 1 percent and for this program it's \$20,000 out of \$2 million. That works out at about 1 percent. It would appear then to be twice as efficient to pay out \$132.8 million than it would to pay out \$2 million.

MR. CRAIK: Well, we pay the Federal Government roughly 1 percent. Well, under (b), I'm advised you've got a start-up cost type of an effect. We've indicated that if you add them all up and divide it over the period of a year, you'll get one SMY or less, probably less. On the Tax Credit Payments, the Federal Government is paid a fee for collecting that and 1 percent on the first part, \$25.00 per capita and so on.

MR. CHAIRMAN: Committee recess.
Committee retired to the House.

MR. CHAIRMAN: Before we recessed, the Member for Seven Oaks, I think indicated he wanted to ask a question on . . .

MR. WALDING: I hadn't finished.

MR. CHAIRMAN: Oh, I'm sorry. The Member for St. Vital.

MR. WALDING: I just have one or two more questions to ask on this. Can I ask the Minister where in these Estimates is the \$2 million for this program?

MR. CRAIK: I understand it's in the footnote. The \$2 million allowance — I presume it's \$2 million — is in the \$133 million.

MR. CHAIRMAN: It's appropriation 54.

MR. CRAIK: Yes.

MR. WALDING: Well, I'll ask my question when we get to that item.

MR. CHAIRMAN: Okay. The Member for Seven Oaks.

MR. MILLER: Mr. Chairman, when the Minister introduced Bill No. 15, he read out some figures, some statistics, in the House. I didn't quite understand them and I just want clarification. I think he indicated that under \$5,000 that there was 17,726 or 73 percent got full recovery on the school tax and the figure was now rising by 3,845 to 21,571 which represents 88 percent. Were these calculations based on last year's tax bills and what would have been if this program was in force last year or is it based on this year's tax bills, or . . . Well, I'll stop right there.

MR. CRAIK: I understand that it's based on the personal income tax tables updated to 1978 levels.

MR. MILLER: Now when you say personal income tax table, this is gross income, the figures you gave us, the income level would be gross income, \$5,000, \$10,000, so on? Is that gross income, not taxable income, gross income? And you're saying that people with under \$5,000 incomes, 3,800 people did not get their full school tax paid under the old program of \$375.00. In other words,

their assessment was so high that their school tax . . .

MR. CRAIK: Living in expensive homes but their incomes have declined to that level.

MR. MILLER: I don't believe it. I just don't believe it.

MR. CRAIK: I haven't any further answer to the Member for Seven Oaks except it's taken off the federal revenue tables. Apparently it's statistical information that . . .

MR. MILLER: Well, I find it strange because similar information was somehow, we could never get that precise information in the past. We got rough figures as to the number whose total tax was paid and the number who qualified for the additional amount without indicating exactly what it was.

MR. CRAIK: Well, apparently last year that information was not split between tenants and homeowners. This year it was split. It was possible to split the information between tenants and homeowners and you didn't have that last year apparently.

MR. MILLER: We couldn't get that. The other question I have is this: Does the Minister know or can the staff inform him how many would get the full \$100.00 and at what income level would they be. You see, you indicated that a small percentage would get their full school tax paid.

MR. CRAIK: Yes.

MR. MILLER: But you didn't indicate how many would get the full \$100.00 that didn't qualify because of high incomes and only got \$225.00 on the municipal tax bill. But now we're getting \$100.00 more even though their incomes might be in the \$25,000 or \$30,000 bracket.

MR. CRAIK: Apparently 11,000 will receive the full \$100.00.

MR. MILLER: All right. And the 11,000 will receive the full \$100.00 but are those 11,000 people who qualified for the \$225.00 but didn't qualify for the additional \$150.00 but are now qualifying for that extra \$100.00?

MR. CRAIK: They wouldn't get it otherwise would they? It doesn't click in until after. That \$150.00 is added onto the . . .

MR. MILLER: It's assumed that they're getting it, that's true, but here's my problem. Someone in an expensive home with a high income would only qualify for \$225.00, he gets that off his tax bill.

MR. CRAIK: Yes, right.

MR. MILLER: The \$150.00 he doesn't qualify for because he just doesn't get it.

MR. CRAIK: Yes, right.

MR. MILLER: But his school tax is considerable, it's \$475.00 let's say or \$450.00. So he gets his \$225.00 off the tax bill plus another \$100.00 — and there's 11,000 in that category?

MR. CRAIK: No, no. There's 11,000 out of the total of 19,000 that get the full benefits of \$100.00 and some of those would probably be the ones that you refer to. It's a question of whether we can breakout . . .

MR. MILLER: No, there's 19,000 in total would get the full \$100.00 is what you're saying.

MR. CRAIK: No, that would get benefits, added benefits over and above the . . .

MR. MILLER: And 11,000 would get the . . .

MR. CRAIK: . . . 11,000 would get the full benefits.

MR. MILLER: . . . full \$100.00, and so the question in my mind, I'm trying to resolve it, is this,

that what can happen is that people who would only qualify for \$225.00 because their income puts them beyond anything of the \$150.00 or maybe even a small part of the \$150.00, now get a full \$100.00 — there's 11,000 of them — even though the homes they may be living in may be extremely expensive homes and their incomes may be very high and they still may have school tax to pay above that. I'm not saying it pays the full tax but they get the full \$100.00.

MR. CRAIK: Yes, if you look at the rest of the statistics, I think you can get an idea of . . .

MR. MILLER: The only statistics I have are the ones you gave me.

MR. CRAIK: Yes, well I think that was included there.

MR. MILLER: No, no.

MR. CRAIK: The percentage though that are in a bracket in excess of . . . there's only 5 percent have incomes over \$15,000 that are receiving benefits so . . .

MR. MILLER: Only what percent?

MR. CRAIK: 5 percent have incomes over \$15,000.00.

MR. MILLER: No, the 5 percent that you gave in the House, the \$15,000, wasn't that those who got full school tax?

MR. CRAIK: Yes.

MR. MILLER: I'm not talking about those; I'm talking about those who don't get the full school tax because their incomes are too high.

MR. CRAIK: But they get \$325.00.

MR. MILLER: But they now get \$325.00 irrespective of how high their income is. That figure is not in here. The figures you gave in the House referred, I believe, to those who get full recovery.

MR. CRAIK: Yes, well apparently we can get that information.

MR. MILLER: I would certainly appreciate it before I talk on the bill. Okay?

MR. CHAIRMAN: The Member for Transcona.

MR. PARASIUK: I know that the department is quite persuasive and I know that the Minister has been characterized in the past as being not the greatest fan of property tax credits. I'm wondering if the Minister feels that he has been captured by his department in that the program is continued, it exists. Do you foresee it continuing the same way this year or do you foresee many great changes to the program? Is this just its transitional year?

MR. CRAIK: Well, there are no changes this year with the exception of the addition of the pensioner program but I indicated on, I guess Bill 15 in the House, when I spoke on it, that we're having a look at all of these areas to see if there is some different means of rationalizing the property tax credit plan, the income related tax credits and the OIS, GIS supplement and generally to review this entire area to see what anomalies exist and what ways and means might be available to re-examine really the delivery of rebates as opposed to tax credits, cost of living tax credits.

MR. PARASIUK: How much is the cost of living tax credits?

MR. CRAIK: The cost of living tax credit payments are \$28.9 million.

MR. PARASIUK: So when you're talking about that rationalization, you really don't have that much negative to say of the \$104 million property tax credit program that is operational. There seems to be some concern expressed by yourself and by the Task Force on the cost of living tax credit payment which some people see as not dealing with the question of property taxes as such but as a way of providing a type of transfer payment to low-income people. So is that a correct statement

that you're really concerned about the \$29 million program but that you don't have any great difficulties with the \$104 million property tax credit program as such?

MR. CRAIK: No, that wouldn't be the case. It may well be the other way around and I don't want to prejudice it because we're busy trying to do a pretty thorough examination of it. I think probably if there are anomalies, which I know there are but I don't know how extensive they are and whether they're worth attempting to remove. I think the anomalies would be that there are property tax credits that are in effect turning out to be cost of living tax credits and that they're not really servicing property tax reduction but are, in effect, becoming cost of living tax credits. Now if that's the case, what should happen is that the cost of living tax credit approach should do what it's supposed to do if it's going to be retained as a government policy and the property tax credit should do what it's supposed to do. But again, I'm not going to prejudice on it at this point but just to indicate again that we're busy having a look at it.

MR. PARASIUK: I wasn't in the House when you made that statement. The future of the tax credit program then is not certain into the next year.

MR. CRAIK: It could undergo some changes within a year.

MR. CHAIRMAN: 5.(b)—pass — the Member for Transcona.

MR. PARASIUK: I wanted to ask one more question regarding the special program announced this year for senior citizens and I know that on an aggregate basis it would appear that there were some people who will in fact get some advantage from this particular program and I'm wondering if the Minister would undertake to determine whether we could get some type of constituency breakdown on this in that I have been deluged with calls of constituents who say that they aren't eligible. They see the announcement and they assumed that they were eligible. They phoned the office up and they find that they aren't. I've done some checking and I've yet to come across a senior citizen in Transcona who has been eligible for this program. I don't consider Transcona to be that unique a constituency. It has a broad range of income levels in it and I was really quite surprised when I found that out. I've put that in the newspaper a few times in my column on this asking if people did in fact find themselves eligible and I've received a number of calls but not one so far has been eligible for the program which you announced.

A MEMBER: Transcona has been under-assessed for years.

MR. PARASIUK: Possibly, possibly. But I'm just wondering whether in fact — the people in Transcona don't think that — but I'm wondering whether the Minister would try and provide some type of geographical breakdown as to who is benefitting from this particular program. I don't know if that's possible. I don't know if the staff can provide that.

MR. CRAIK: No, that kind of information is not available. We don't have it available to us.

MR. CHAIRMAN: 5.(b)—pass. Resoluion No. 53: Resolved that there be granted to Her Majesty a sum not exceeding \$575,200 for Federal-Provincial Relations and Research Division—pass.

6. Tax Credit Payments — 6.—pass — the Member for St. Vital.

MR. WALDING: Mr. Chairman, I note that there has been a change in listing this amount this year, that it's now listed as a payment whereas last year it was netted against revenue. I seem to recall in discussing this several years back, being told that there was an effect on Manitoba's equalization payments depending on whether it was listed as one or the other. I'd like to ask the Minister whether that still applies and what the difference is.

MR. CRAIK: I'm advised that it's not a factor in equalization.

MR. WALDING: That it would make no difference whether it was netted against revenue or listed as an expenditure.

MR. CRAIK: No.

MR. WALDING: Thank you.

MR. CHAIRMAN: Resolution No. 54—pass. Resolution 54: Resolved that there be granted to Her

Majesty a sum not exceeding \$133,500,000 for Finance—pass.

Item 7. The Insurance Branch. 7.(a) The Insurance Branch—pass; 7.(b)—pass. Resolution No. 55: Resolved that there be granted to Her Majesty a sum not exceeding \$78,100 for Insurance Branch of Finance—pass.

Item 8. Manitoba Energy Council. 8.(a) — the Member for Transcona.

MR. PARASIUK: I was wondering if the Minister could give us a brief rundown of the activities of the Energy Council and what some of the new tasks of it are. I notice an increase in spending for this item. I wonder if I could get an explanation on it.

MR. CRAIK: The staff has not changed substantially from last year with the exception of one person coming over from the Planning and Priorities Committee, Mr. Chuchman, who is a senior economist. The increase in expenditures are related to a large extent to the increase in activity with regard to the number of different projects but the primary one will be the undertaking to get prepared for the Polar Gas Pipeline hearings. I shouldn't put that first because the largest expenditures will undoubtedly be related to and has been related to the western provinces' power grid. The Polar Gas work will be secondary. Most of the staff time in the last several months has been related to updating energy forecasting techniques and a lot of this has been done to try and cross-check some of the Manitoba Hydro projections and to forecast energy growth rates in areas related to natural gas and other areas. So in addition to that, we have hearings that preoccupy a lot of our time, both the oil hearings that are going on in the National Energy Board and then the general gas hearings that will start this fall, being prepared for that as well.

So those are the major activities. The ones that I spoke not so kindly of, the gasification program, the Wood Gasification Program, has been running into rough waters and I don't think it's got too long a life. The hydrogen heavy water study is at about completion and I don't think those will be significant undertakings in the coming year. We'll be shifting emphasis with the limited staff availability that we have, we will be shifting emphasis over on to the power grid studies.

MR. PARASIUK: Yes, I was wondering if the Minister could describe in a more detailed manner what type of work the staff will do in relation to Polar Gas? I know Polar Gas have made presentations to the government in the past and they probably still are making the presentations. They have done some to our caucus, I've sat in on some of those presentations both as a civil servant and now as a politician and I find that they really haven't changed that much in substance over the last three years. So I'm wondering whether in fact it is that close to fruition or whether in fact they are not just getting their oar in with the Energy Board, the National Energy Board. So is the work going to be more one of monitoring and intervening in the National Energy Board hearings or will staff be doing work on selection of routes, working with Polar Gas Company on possible selection of routes, or will they be also trying to determine what the multiplier effect would be, seeing what might be required with respect to manpower development if Manitobans are going to take biggest advantage of the construction activity, or even if people in the north are going to be able to possibly man the pumping stations on a continuing basis into the future? What type of work is actually being done with / respectm2

MR. CRAIK: Well, the preparation — we've hired special counsel to draft up our proposal and the Cabinet Committee that overviews it takes in the social aspects and the environmental and the Industry and Commerce, so we have Northern Affairs, Mines and Resources and Industry and Commerce and Energy.

MR. PARASIUK: Probably have horrific land use.

MR. CRAIK: Yes, I think so. There's five staff people but the Energy Council actually provides the back-up staff to do the paperwork for the legal counsel and the preparation, and it isn't so much a case of working with Polar Gas as it is, at this point in time, drawing together the information that has already been compiled. Industry and Commerce, for instance, has already done an analysis on the job opportunity side, Environmental people have already done their work with Polar Gas on environmental options. There's a federal Environmental Committee that's going to be holding hearings and there will be a requirement to either be involved or at least be aware of the procedures that take place there to do a comparison environmental impact review on the proposed route as opposed to the interlake route, and there will probably be hearings scheduled in Manitoba to hear the input to this total question in all those fields, job opportunities, social impact, the environmental impact and the economic impact, the energy supply question in the various communities that could potentially be affected by it.

So we're really doing a Manitoba picture rather than a Polar Gas picture. And a good deal of that information should be ready for participation or intervention in the general hearings this fall

and if Polar Gas does get a special hearing it's estimated that it would likely occur in early 1979, and then at that point in time we would get more specific and presumably more generally related. The first hearing will apply to the general gas supply, the two are related.

MR. PARASIUK: The largest concerns that have been expressed with pipelines have generally been those of an environmental nature and I know that the native groups up north are somewhat concerned with the effect that Polar Gas might have on their hunting, especially since I think Polar Gas would cut through a caribou migrating route, and I am wondering if the government has had an opportunity to sit down with some of those people and indicate to them that their concerns will be taken into account as well. They sometimes have a distrust of government, possibly justified, given actions over the last 50 years, but has the government sat down with these groups to indicate what the process will be and what the activities of the Manitoba government will be in terms of trying to take their environmental concerns into account?

MR. CRAIK: That's the intention.

MR. PARASIUK: You haven't had those sessions yet?

MR. CRAIK: Not yet, no.

MR. PARASIUK: Do you expect to have some in the near future?

MR. CRAIK: Yes, some time before fall.

MR. PARASIUK: Okay. In that respect, I am asking this question on behalf of my colleague, the Member for Churchill, who is sitting in on the Northern Affairs Estimates, but this is completely within his constituency. If you do develop such a schedule, I know that when we discussed other Estimates members on both sides of the table, so to speak, have asked that if the government is going into a member's constituency with respect to something controversial like I think this is, would you undertake to try to inform the Member for Churchill as to what the schedule might be so that he would be in a position also to try and either communicate with his constituents on this matter or maybe even get involved in some of the discussions, or be present at some of them. But I think it would be useful if he would get information of the schedule of meetings with local groups in his constituency on this matter.

MR. CRAIK: Well, there will be public notice certainly.

MR. PARASIUK: Okay. Another point that I want to raise with respect to the pipeline is that when you take a completely Manitoba position, which I think basically you should be doing, there is one other aspect and that is that we might look at the Manitoba advantages and find ourselves pushing a project which in the short term may entail the exportation of a great deal of natural gas from Canada which is a non-renewable resource, and I don't know whether that necessarily is the best position to take on an a priori basis, and I would hate for us to sort of get caught into that position looking at all the pot of gold at the end of the rainbow with respect to the construction activity involved with Polar Gas, or even a few of the longer term jobs, but at the same time getting into a situation where we might be in fact exporting a great deal of our national heritage, or birthright, which is non-renewable. So, I just hope that we take that qualification into account when we look at this matter.

I want to squeeze in one last question, possibly through the back door, and you might have raised this in the House before. I'm asking this since you are the Minister responsible for the Manitoba Energy Council. This concerns the matter of Hydro trying to determine whether in fact the Utility Board has the right to review its rate increases. That might have been discussed at Public Utilities Committee, I wasn't there. Has that matter been resolved? I know when the session started I asked you a question of whether Hydro was ceasing its appeal through the courts of the Utility Board's jurisdiction over its rate increases, because it struck me that that is an unnecessary expenditure, to follow that course in the courts, if in fact the government is establishing a policy that the Utility Board would in fact review the Hydro rates, or if the government is establishing a policy that the Utility Board won't review the Hydro rates. I think that's a matter for policy, not a matter for judicial decision, and pending that political decision, a policy decision by the government, a lot of money could be wasted by going through the courts. Has that matter been dealt with yet?

MR. CRAIK: No, it hasn't been resolved at this point in time. We had indicated that we intended to bring in legislation at this session to resolve it. The only difficulty with it is that the Commission

of Inquiry has as part of its terms of reference also to look at st, present and future pricing of electricity and it's possible that we may decide to, as a result of that, forego the change until next year, to wait to see what the judicial inquiry recommends as a result of its look at it. The only reason we would proceed at this time, and I point out that it's still an open question, is that if it appears that taking such course of action would cause an unnecessary court case which we don't want to see either, so it's a bit of a dilemma; it's unfortunate it happened this year.

MR. PARASIUK: So right now the court case is still on the books. But is it being actively pursued, because that will generate costs for Hydro and for the Public Utilities Board?

MR. CRAIK: Well, so far it hasn't been actively pursued. But if it looks like it's going to, I suppose there's no way of really knowing, but if it appears that the reference to the judicial inquiry is sufficiently strong, in the terms of reference of the judicial inquiry, they may wish to forego the pursuit in the case of both parties until that recommendation comes out. If it appears that something is going to happen beyond government control in that regard we may still have to move on it yet this session.

MR. CHAIRMAN: 8.(a)—pass; 8.(b)—pass. Resolution 56, be resolved that there be granted to Her Majesty a sum not exceeding \$253,400, Manitoba Energy Council—pass.

Turn back the page to Page 31, I.(a), Minister's Compensation—pass. Resolution 49, be resolved that there be granted to Her Majesty a sum not exceeding \$533,900, General Administration—pass.

Gentlemen, that concludes the Estimates of the Department of Finance. Committee rise.

SUPPLY — NORTHERN AFFAIRS

MR. CHAIRMAN, Mr. Abe Kovnats: I would direct the honourable members to Page 66, we are on Resolution 100, Item 6.(b)(2)—pass — the Honourable Minister.

MR. MacMASTER: I was asked by the Member for The Pas, Mr. Chairman, how many vacancies there were in the northern region as of a particular date compared to something, so we picked March, and there were 5 permanent SMYs vacant in this northern region group8 and as of June, there are 7 existing permanent SMYs vacant, and we have created 4 new permanent SMYs which are also vacant at this particular moment.

MR. CHAIRMAN: (2)—pass — the Honourable Member for The Pas.

MR. McBRYDE: Mr. Chairman, I think the Minister had another question he was answering to, just before we broke for. . .

MR. MacMASTER: The increase in the other, I think was what the question was. There was \$15,000 that we felt had been under-budgeted previously in relationship to repairs, for equipment, buildings, etc., and there was \$42,000 that will be estimated to be a price increase for materials, and there was \$59,000 expenses for new employees.

MR. McBRYDE: Yes, Mr. Chairman, out of this section was there equipment sales recently, or canoe sales, or some material sold?

MR. MacMASTER: Not to my knowledge, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, I believe in the past, I am not sure whether it was last year again or not, but I know for sure the year before, the department was kind enough to lend some canoes for student trips in the Community of Moose Lake. I wonder if that kind of policy will continue in the future.

MR. MacMASTER: Could the member rephrase that; was he saying student trips out of, into, or what particularly was he. . .

MR. McBRYDE: Mr. Chairman, this was some canoes for use by students on a trip out of Moose Lake, and then back into Moose Lake, like a field trip by canoe sort of experience, and the department was kind enough to lend them some canoes. I wonder if he sees any problem in that kind of policy continuing in the future.

MR. MacMASTER: I'll have to get the answer for that, Mr. Chairman. Your question, if I read it right was, is there to be any other trips, for example, out of Moose Lake, canoe trips for students. I just lost the question, I thought I had a part of it, but the list. . .

MR. McBRYDE: Mr. Chairman, I believe the school at Moose Lake, and some of the teachers at Moose Lake, took some students for a trip and borrowed canoes from the Department of Resources. Does the Minister see any problem with that kind of borrowing in the future, or is that quite a permissible thing?

MR. CHAIRMAN: The Honourable Minister.

MR. MacMASTER: No, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, I can't recall for sure if I asked the Minister whether or not there were any funds previously under the Northlands Agreement under this section or whether there will be any this year?

MR. MacMASTER: No, there isn't, Mr. Chairman.

MR. CHAIRMAN: 2.—pass — I have to put on my glasses. (b)—pass; (c)(1)—pass — the Honourable Member for The Pas.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister could just explain what this is all about.

MR. MacMASTER: Mr. Chairman, this is the Churchill Resource Centre; Northern Resource Development Centre, I think, is the proper term for it. There were five SMYs there last year, there are five SMYs there this year; the increase is a straight increase in proportion to the expenses that have risen over the years and the increase expected in the increments in salaries.

MR. CHAIRMAN: The Honourable Member for Roblin.

MR. J. WALLY McKENZIE: May I very briefly ask the Minister what is the anticipated future of Churchill, the structures, contracts and agreements that have been built in to Churchill. I respect the port — I was a member of the Churchill Rail and Port Association and plying grain in there for years, but I wonder, what kind of dollars is the Minister and this government committed to for the future regarding Churchill?

MR. MacMASTER: Mr. Chairman, I'd like to be blessed with a crystal- ball vision, I suppose, and be able to predict the future of Churchill. I think all people share with me in the hope that there is a bright future for Churchill. It certainly has had some problems in the past; it certainly hasn't had what I consider the proper recognition from the Federal Government. I suppose we can say there has been a fair amount of questionable money spent on a variety of things in Churchill. Those will remain questionable, I suppose, as long as the state of the particular community is what it is today. I would hope that there is a future for the town of Churchill. I would hope that greater recognition is given for the possibilities of the use of the harbour facilities in particular. I would think that detailed activities would be possibly more suitably directed to the Municipal Affairs Estimates, Mr. Chairman, who are certainly more involved with it, myself in particular. We're involved certainly through conservation people and through the Northern Resources Development Centre, the herds that travel through there, this type of thing.

MR. McKENZIE: Mr. Chairman, I thank the Minister most graciously for his comments. I think it's time for the government and the province and the Committee to look at the future possibilities of that court, and the great things that can be done in the years ahead. The whole western economy today is bogged down because of the fact that they can't deliver grain through the port of Vancouver. I am told by Wheat Board officials and others, farmers, grain companies, that there are ships that are sitting in the harbour in Vancouver that have been there for a month, six weeks, and eight weeks, and some of them today don't know in fact if they will ever, before the next grain season, be able to load their cargos and take their grain on the way.

I know the members of this Committee, and the province, and the government, are quite familiar with the new directive — and they will challenge this before the Committee — that is to move into the port of Prince Rupert. I wonder if it is possible for this Committee and the Minister to set up a little group from the Committee and maybe go — to Churchill I know it's going to be difficult to convince those eastern people, because we fought this battle for years, and years, and years,

the insurance rates, the whole can of worms — but I see no reason, I stand here tonight, Mr. Chairman, that another port or maybe two more ports could not be built in Churchill, at least the fact that the grain would get into the ships and be delivered to the buyers who want our grain.

I know that most of the members that are in this Committee and members of the Legislature — I don't see how we will ever get a port for grain in Vancouver, because of the traffic and the limited capacity of building more rail lines there. Prince Rupert, maybe, but then you run into the problems of the mountains and the snow slides, the winter conditions. Surely I think in all the years we kicked this thing around in this Legislature, and had committees discuss it — and I would just like the Minister and the members of the Committee to comment — wouldn't it be feasible for us to set up a small committee of this Legislature to see if it's not better, because that port in Churchill has worked beautifully since it was conceived from Day One. It delivers grain, the ships come there, I don't think I have ever known of a ship that sat in the harbour more than 7 days in Churchill waiting for its cargo to be put on board, and it was delivered and went on its way.

And maybe we should put another port — I don't know whether the Federal Government would buy this, I doubt it, because we fought this battle for many, many years. Nevertheless, I would ask the Minister and his government, the members of the Committee, and the opposition included, if we could set up maybe a two or three-member in-House committee and look at the possibility of building another terminal in Churchill, which is basically the most feasible port. Their cargos are delivered on time, it works well, and their railroad is not taxed to its fullest capacity; it still can deliver more grain than it has now. I would like on this particular matter to see if the members of the Committee would agree with me, or if not, then we will forget it I think it's a very important matter because the economy of western Canada today is bogged down, our markets now are basically to the east, and we can't get our grain through Vancouver. Whether Prince Rupert would be more feasible, I am not sure, but I certainly know that over the years, Churchill has done an excellent job with their limited dock facilities. I recall in my time, a simple little cargo of sulphur — to show you how crude the facilities are in that port — they had to take it in canoes from the base and deliver it out to the ships. Of course this is the old struggle of the east and west in Canada, and it has gone on for many years.

It's an archaic type of port, but I tell you, over the years, even with the difficult conditions they've had, they have delivered their cargo reasonably on time. I certainly would appreciate if the Minister would consider this and if we can send up a little committee and pursue it, I think we should not forget the Port of Churchill. I don't have any quarrels with the former government and the development they've done there. I think that has a future. Maybe not in my lifetime but someday Churchill will be one of the ports of this continent that will serve and serve the world real well. Thank you, Mr. Chairman.

MR. CHAIRMAN: 1. (1)—pass — the Honourable Member for The Pas.

MR. McBRYDE: Mr. Chairman, I don't think we should let the . . . I notice Ministers on the opposite side tend to let the comments from the Member for Roblin go by without any comment and I wouldn't want that to happen. The Member for Roblin has made some contribution for the first time, maybe, to the debate this session and I don't think we should let it go by without any comment or any further discussion.

I think the member sounds like he has some familiarity and he's probably aware of the upgrading in fact that has gone on at the port over the last few years but there is still, as I understand it, Mr. Chairman, a basic problem: Because the agency which operates the Churchill Port operates other ports, the base of operation for the agency is Eastern Canada, the political influence is Eastern Canada and, as a result, the National Harbours Board or the Port of viable entity.

While we're generally on the future of Churchill, the Minister of Northern Affairs and Resources has been involved in a major decision affecting the community of Churchill and that, of course, Mr. Chairman, is the Churchill Prefab housing operation. An operation which in its earlier days was formed at the initiation of the people of Churchill to ensure that they were able to take advantage of the employment that was coming about there because of the federal-provincial agreement on Churchill, because of the construction that was going to be going on in the community of Churchill, and in its second or third year of operation there were fairly large losses in that operation because of the low tendering, the low bids that the operation did submit and because the local managerial talent that we had there was not quite able to cope with the size of the particular operation. Over the last couple of years the operation functioned at a fairly close to break-even or a reasonably small loss situation.

The market analysis and the market study that was done of the Churchill Prefab plant showed that the market, potential market was on the bay-line communities that were not served by highway, but the more northerly communities along the bay line, and that the next major market was in the

Northwest Territories and the possibility of breaking into that market seemed to be fairly reasonable from the consultant's studies and the consultant's reports that were done on that operation.

But because of the location of Churchill, because the materials would all have to be shipped to Churchill for assembly there and then re-shipment into the Territories, and because of a very good competitive market from basically the trailer industry or the pre-fab construction industry, it appeared that with the requirements of the Northwest Territories there might be some government subsidy required. And I don't believe, Mr. Chairman, that this new government ever studied the cost of not having the operation as opposed to the cost of a subsidy to make it very competitive and to break into the Territories market out of Churchill. That plant employed a number of people in that community that had never had permanent employment before, it provided training that had not been available in that community before, it developed skills that had not been developed in that community before. The cost saving to the taxpayer of the Province of Manitoba, because of the change in the atmosphere, the morale, the psychology of people in Churchill, was quite dramatic, where the cost to the people of Manitoba for child abuse, for court cases, for police services, for welfare services, etc., went down fairly drastically because of the operation of this plant. I think it would have been very pragmatic and very wise for the present government to have considered the social cost-benefit analysis or the cost to Manitoba analysis of a reasonable subsidy, Mr. Chairman, to that particular operation so that the government could have seen whether it's going to in fact cost them more to have the operation closed down than to have a subsidy to keep the operation in progress.

Mr. Chairman, the Member for Roblin hollered from his chair about the port and I think I have made as much of a comment on the port as he was able to do during his discussion of the matter. I know that there were considerable efforts made to upgrade an attempt to improve the operation of the port, and I know that the present Minister of Northern Affairs filed objections when they were closing down a radio station in the community of Churchill, but that in fact the key employer for the local people, the Churchill Prefab Plant, which became the key employer for local people and the key avenue through which they were able to obtain other employment —(Interjection)— Mr. Chairman, I'm sorry I can't quite hear the member's comments and yet I have trouble proceeding while he is making them; I wonder if he would make himself clear whether he wants to contribute to the debate. —(Interjection)— Mr. Chairman, I wonder if you could ask the honourable member to shut up for a while then so I could continue my comments.

Mr. Chairman, so the industry that had the most local potential was closed down by the present government and the present Minister. I think again, without a full proper study of the situation to figure out what would be and still save the taxpayers of Manitoba money, in terms of a subsidy to make the Churchill Prefab Plant competitive in the territories market so that they could put in a reasonable bid into that . . .

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

MR. MacMASTER: Yes, Mr. Chairman. I certainly can't put myself in your position but there was some, to a point, in my opinion, some discussion on the future of the port. Now, if we want to get into the Estimates, there is a section in the Estimates dealing with corporate projects and this one that we are now getting into, the Prefab Plant, I will be prepared at that particular time to discuss it thoroughly with any member from the opposition and I just ask that we try to keep on the Estimates as closely as possible and it happens within the Estimates I have nothing there talking about the harbour but I certainly have an area in my Estimates to talk about corporate projects and projects that the government was involved in. I would ask, Mr. Chairman, that that's the area that we should debate it under.

MR. CHAIRMAN: I understand the Minister's comments and I have allowed a great deal of latitude on the discussion but I think, in all fairness and deference to the members who are not here and would care to contribute to the debate when they do come back, I think that maybe we would rule this discussion out of order and hope that we could carry on and keep to the subject under discussion.

The Honourable Member for The Pas.

MR. McBRYDE: Yes, Mr. Chairman. I apologize for following the comments of the Member for Roblin, who was probably initially out of order but since you didn't rule him out of order I assumed he was in order, so I followed on his comments.

The section here deals with another development opportunity, I would think, if I understand the Minister correctly and I'm not completely familiar with this section. I would ask the Minister if it has that direct relationship with the research establishment with the Communities Economic Development Fund assistance to the research establishment at Churchill, whether this particular

in effect amounts to a small part provincial assistance to that overall research capacity that is being developed at Churchill, how this one ties in with the Akudalik Complex and whether it is in fact a part of that complex or a separate but supplementary activity to the Akudalik operation, which we learned this morning would bring in 500 to 600 students over this summer into the Churchill area during the summer to study many aspects of the northern environment and in fact would be one assistance to that community, in terms of its employment opportunities and its development opportunities, and a very worthwhile one. One that had been looked at for many years and, of course, was a research centre when the rocket range was in full capacity there but the drastic reduction in that operation, as well as the pull-out of the military has left them in a situation where that research potential has been developed, and was developed with the active co-operation of the previous government.

So maybe the Minister could outline how this particular appropriation fits in to that overall research development at Churchill.

MR. MacMASTER: Mr. Chairman, the objective really is to study and program the movement of the barren ground caribou and woodland caribou and to study the movements and management of and control of, and fostering the future of the polar bear denning areas, which I think I am correct when I say is the largest denning area of that particular nature in possibly the world.

MR. CHAIRMAN: (1)pass — the Honourable Member for The Pas.

MR. McBRYDE: Mr. Chairman, the Minister mentioned there were five people in this. I wonder, first off, if he could indicate how many would be professional persons and how many support staff, and what he could tell us what is the present progress of this particular study, what is the situation in regard to the — I believe the Minister mentioned two things, the barren land caribou and the polar bear. Will this study be looking at the effect of the Polar Gas Pipeline through the caribou migration area, and can he fill us in on the results of this study in that regard or if that is indeed a concern of this government and whether or not the studies in terms of the polar bear is getting anywhere closer to resolving the problems of polar bear in Churchill and the problems of the garbage dump and the polar bear and the local citizens when they come into conflict?

MR. MacMASTER: As far as technical people go, there are three biologists involved and a technician and a clerk; that's your five. They're studying the status and the herd travelling patterns of your caribou and the population estimates, ages. They are mapping their routes. They are really talking about attempting to establish a type of management plan.

The polar bear situation, I'm pleased to say the problems with them has certainly been decreasing and I think it has a great bearing on the good work that our people have been doing up there, in an educational form if nothing else and I think that's one of the major programs that has been implemented as an educational program for the residents in the Churchill area, and possibly they are educating some of the polar bears too. They are also studying their migration routes and the size of the herds. This is the type of things that they are doing, Mr. Chairman.

The member referred to the Polar Gas route. I would like to believe that we are going to get the line through; and these people certainly will be invaluable as time goes on as we're studying the effects of that route on the environment and the wildlife, and last, but certainly not least, the people's lives themselves in northern Manitoba.

MR. CHAIRMAN: (1)—pass — the Honourable Member for The Pas.

MR. McBRYDE: The Department of Resources is directly involved now in the studies of the impact of the polar gas route?

MR. CHAIRMAN: The Honourable Minister.

MR. MacMASTER: Not at this particular moment. But I would suspect in the very near future that their information will be called upon and I would also suspect — and I don't know — that the Polar Gas people themselves have already been in touch with residents in all professions through that particular part of the community, or that particular part of our province.

MR. McBRYDE: Yes, Mr. Chairman. I wonder if the department and the government will be depending upon the information and data gathered by Polar Gas and if this appropriation will be part of a mechanism to gather their own data or to at least check out the data gathered by Polar Gas, in order to assist the province to determine the environmental impact of the Polar gas line; and then how this operation would relate to the other environmental considerations which the

would, I assume, want to undertake in terms of that project.

MR. MacMASTER: The major part of the environmental studies that the province will be taking, of course, will fall underneath that particular Minister. But I, as the Minister responsible for the wildlife in the province, am very concerned about that particular aspect of it. And to answer the member's question: Are we going to take the Polar Gas findings and studies? (a) If the question was to be factual then the answer is no; and (b) if we would use those studies for our own benefit to enlarge on them or, in fact, study them, we certainly will. In this type of endeavour I think you use everything that you can lay your hands on but really basically we would be relying on our specific information.

MR. McBRYDE: Yes, Mr. Chairman. I wonder if this item — which as I recall it was developed initially not to deal with the Polar Gas but to deal with other aspects — is the only funding that the Province of Manitoba has for this fiscal year that we're dealing with, in order to look at environmental impacts of the polar gas route.

MR. MacMASTER: This funding is not directed for that particular purpose.

MR. McBRYDE: Well, Mr. Chairman, since the Minister mentioned that these funds, or this study would prove beneficial there, is there any other environmental impact work now being done by the Province of Manitoba in relation to the proposed polar gas route?

MR. MacMASTER: Not in my Estimates, Mr. Chairman.

MR. McBRYDE: Yes, Mr. Chairman. I wonder if the Minister could give us a little detail of the results of the work that's been done with the caribou. I wonder if they've been able to come to any conclusion yet or any possibilities as to why more of the caribou herd is staying further north and seems to be breaking its traditional migratory pattern which brought it fairly far south into Manitoba, but over the last number of years the numbers of migrating caribou have declined quite drastically. Do they have some idea of the reasons for that and whether they've been able to determine the potential use of caribou for the communities of Brochet and Lac Brochet, where in fact they had used the caribou in migration, to serve their local needs both in terms of food and clothing? That has been declining quite drastically to the stage where one year they had to get special transportation out to find the herds because they didn't come as far south as they normally had. And whether this particular study appropriation, Mr. Chairman, is looking also at the feasibility of actually having caribou herding done by the people in northern Manitoba — I think especially the people of Brochet and Lac Brochet — who have had some experience there, or the other Chipewyan people who have had dependency on the caribou, whether or not the herding of this wild ungulate is being further studied and whether it seems to be feasible.

MR. MacMASTER: Mr. Chairman, I had a meeting not too long ago with a representative of the Territories who express similar concerns.

They have some theories — and that's all it is presently — of what is happening to the herds. They feel — and it's only an opinion and it's certainly not established as yet — that part of the herd is breaking off and going farther north. They haven't established that yet. They talked in terms of the possibility of the herd breaking up. They have also talked about the massive increase of the wolf population up through the Territories. We are beginning discussions and it's very preliminary with the Territories and with the Province of Saskatchewan on this particular issue.

MR. McBRYDE: Yes, Mr. Chairman. I believe that the Minister didn't get all of my question, so I'll just . . . I wonder if part of the theory is the possibility of expanding and contracting herds; that is, as this one particular herd that used to come into the Lac Brochet region of Manitoba is contracting, that in fact another herd is expanding, and that these are phases that they go through, where some herds grow larger and others smaller as they appear to move between herds.

The other is, what is foreseen in terms of the communities of Brochet and Lac Brochet? Does it appear that they will be able to make use, for their own livelihood, of the caribou in the future or have they pretty well lost that option now? And what was the situation this past winter in terms of those two communities?

The other question I asked, Mr. Chairman, was the potential for domestication from the actual herding of caribou by northern residents and develop them almost like a cattle herd in southern Manitoba; herding that has been done in Russia, in Siberia, and where there has been considerable experience gained in that regard, whether there will be any attempt to use that knowledge in northern Manitoba?

MR. MacMASTER: We would hope, Mr. Chairman, that the Brochet and Lac Brochet's area of the province would, in time, reap the benefits of the wanderings of the herd. And in respect to herding — management herding — we certainly haven't gone into that. But it's a point that's been discussed but we're not pursuing that at this particular moment.

MR. CHAIRMAN: (1)—pass — the Honourable Member for The Pas.

MR. MC McBRYDE: Mr. Chairman, the part of this appropriation that's recoverable from Canada, I assume that's the Manitoba Northlands Agreement. I wonder if the amount is increased or declined from last year and whether there is any possibility of squeezing any more funds out of the Federal Government to assist in paying for this program?

MR. CHAIRMAN: The Honourable Minister.

MR. MacMASTER: The percentages are the same, Mr. Chairman, 60-40, and the proportionate dollar value, of course, will be greater because of the greater expenditure.

MR. CHAIRMAN: (1)—pass; (2)—pass; (c)—pass. (d)(1)(a)Salaries—pass — the Honourable Member for The Pas.

MR. McBRYDE: Mr. Chairman, I would like to ask the Minister now a question I asked earlier which he didn't feel it was appropriate to answer under that particular section, and that is in relation to his reasons for forcing out or demoting the previous head of Local Government Development station at Thompson, whether the person was not competent; whether the person was not effective; whether the person didn't do their work properly; what was the reason that the Minister forced that particular senior executive out of the Provincial Government?

MR. MacMASTER: Mr. Chairman, I didn't force the particular individual out. I did not demote him. He resigned of his own volition.

MR. McBRYDE: Mr. Chairman, is the Minister telling me that there was no reduction in that person's responsibilities?

MR. MacMASTER: In answer to the member's question, Mr. Chairman, he asked why I demoted him and I didn't demote him. We didn't fire him, he made arrangements with the department and resigned.

MR. McBRYDE: Mr. Chairman, was there a reduction in this person's responsibilities?

MR. MacMASTER: I don't know what particular point we're talking about, Mr. Chairman, but there certainly isn't relationship to our department today, because he's no longer employed by us. The man chose to resign from the Civil Service of Manitoba and that's his freedom of choice.

MR. McBRYDE: Yes, Mr. Chairman, the Minister still failed to answer my question. The situation we're up against here is the situation that my colleague pointed out to in another instance where we have a career civil servant, a person who worked for the Conservative Government in Manitoba, the Liberal Government in Saskatchewan, the NDP Government in Manitoba, had various job offers with the Liberal Government in Ottawa, chose to stay because of the responsibility that he had in the province of Manitoba, chose to stay because he knew that he was carrying out a worthwhile and beneficial service to his fellow natives in northern Manitoba, and this Minister, upon coming into office, with this individual as with a number of other individuals, for some reason that is incomprehensible to me, decided to reduce the responsibility of a number of senior executives with the Department of Northern Affairs, and since they were people who had pride in their work; since they were people who had done a good job; and since they were people who knew when they were being shafted, Mr. Chairman, many chose to resign, take their leave from this particular government because of their actions and because of their inability to continue the doing the job that they had been doing for the benefit of the people of Manitoba for some time. I wonder if the Minister would answer the question as to whether or not this person's responsibilities were reduced by him upon his coming into office, and why he forced this person to resign by reducing his responsibilities, by shafting him in the department and thereby forcing him out. Was he dissatisfied with his performance?

MR. MacMASTER: Mr. Chairman, I guess we differ in our opinions towards the attitudes of people. My opinion is that if a man or a woman chooses to resign their position, then that's their particular choice. This individual chose to resign and I so accepted it as that.

MR. McBRYDE: Mr. Chairman, I think that clearly confirms the position that my colleague and I have taken that for some reason this Minister could not work with career civil servants who had done a good job, and their only error, their only mistake, as I can see it, as I can read what the Minister is doing, is that as an executive who were career civil servants, non-political civil servants, but who did a good job when the NDP Government was in office, and that was their particular sin, that they did a good job when the NDP was in office and therefore the new Minister found ways. There are more effective ways, Mr. Chairman, more effective than calling someone into the Premier elect's office and firing them before they actually took office — it was a much more sophisticated approach. But Mr. Chairman, everyone knows what took place. The Minister knows what took place; the people in northern Manitoba know what took place; all the other civil servants in the department and other departments know what took place; I know what took place; and it was very simple. People were forced out by being demoted, by having their responsibilities cut, and by basically saying, look we don't want you around here anymore but we're willing to give you a fairly generous severance pay if you take off.

That's basically what the new Minister did when he took office. That's what he did to senior civil servants who were career civil servants, non-political civil servants in the province of Manitoba. —(Interjection)— Mr. Chairman, I hear the question, "So what?" from the Member for Roblin. "So what, "Mr. Chairman, is that it puts every single senior civil servant in a very awkward and peculiar position in the province of Manitoba. Because what happens now, the people, since it appears that the Minister got rid of these people because they did a good job when the NDP were in office, that he got rid of them for some political reason of his, or for some paranoia of his, I'm not sure which, that the reason for getting rid of them, in the minds of people now, is somehow political. The government changes, the total senior executive is pushed out, and a new —(Interjection)— Mr. Chairman, the Member for Roblin says, "unless they carry out the policies of that government." I asked the Minister if there was a problem, did these people not carry out their function, did they not carry out their assignments? And the Minister, I'm sure, if they hadn't carried out their assignments would have stood up and said so. **MR. McKENZIE:** Or didn't want to carry them out.

MR. McBRYDE: Mr. Chairman, as I said, these people were career civil servants, had worked under Conservative Governments, Liberal Governments, NDP Governments, their only sin was to happen to be in senior positions when the NDP were in office and to do a good job for myself when I was the Minister of Northern Affairs in terms of delivering programs and carrying out the direction of an NDP Government, and therefore this Minister had to get rid of them.

I haven't finished answering the "so what" yet. What does that do now to these new people who are in senior positions? What kind of a security do they have? What kind of a Civil Service system do we have in the province of Manitoba, where automatically when a new Minister came to office he forced out all the senior executive of one department. Forced out all the senior executives of one department for what people will conclude are political reasons, and the press has concluded that already to some extent. The press has related this to the freedom of the Civil Service to be involved in political activities, where none of these people I'm talking about took advantage of that opportunity, none of these people that I know of were political. Or if they were political, they were probably political on the side of my honourable friend opposite. But I don't know that for a fact, Mr. Chairman. I just don't know that they were political in one way or the other.

So what we've done is put the Civil Service in Manitoba in a particular situation. The situation that when government changes, they are going to expect to lose their jobs. This Minister, out of all the Ministers opposite, has set that example more than anyone else. All the senior executive of one department, forced out. New people appointed to all those positions. Mr. Chairman, that is an unhealthy precedent in terms of Civil Service, it is an unhealthy precedence in terms of the Province of Manitoba, and it shows the particular incompetence, the particular bungling of this Minister, and it's going to affect his administration, his ability to manage the department, and it already has. We can see it. We can see it by all the mistakes that have been made already, by getting rid of people who had that knowledge and that experience, but it also sets a certain atmosphere, a certain tone in the department, where people feel they have to behave in a certain way in order to get ahead with this Minister, because the examples are there. People feel they have to behave in a certain way to get ahead with this Minister and this department, and when there is a change in government, they will not know where they stand. They will not know if they are considered career civil servants or not, because they were appointed in a very unusual and a very political manner by this Minister.

MR. CHAIRMAN: (1)—pass — the Honourable Member for The Pas.

MR. McBRYDE: Mr. Chairman, I wasn't finished with Item No. (1). I wonder if this is the appropriate place to deal with the extension services formerly lodged within the Department of Northern Affairs. Would this be the most appropriate place? Maybe I'll check with the Minister if that seems to be the logical . . .

Mr. Chairman, in his opening remarks the Minister of Northern Affairs stated that he had not, in fact, cut programs. That no program had been eliminated in this department, and Mr. Chairman, I'll be asking the Minister for some considerable figures, staff man years, maybe the staff could start to prepare it, how many staff were in this section before, how many of those were clearly in the extension called Extension Services, how many were in the other sections of the Local Government Development Branch, and how many of those positions that were clearly extension services are still in existence.

The Minister said, Mr. Chairman, that he didn't cut any programs. It's my understanding that he cut that program completely, except for one individual who was the Director of that particular program. In other words, the program has been completely eliminated, and I wonder if the Minister could give us the figures of the number of staff we're talking about. I wonder if the Minister could tell us how many of those were northern residents; how many of those were native people; in what communities were they located where these position eliminations took place; and I wonder if he could tell us briefly his reasons for eliminating one entire program.

MR. MacMASTER: I suppose it's a matter of words, Mr. Chairman, but I don't really believe the Extension Services to be a program. It was a type of a service that I believe is adequately provided within the new structure of the northern region. The question, just before we go much farther, the member had asked if I would give him the vacancy rates as we found them at a particular time and what they were today. I found them at March to be 13 permanent SMYs, there are 9 existing vacancies today, and there are 5 new positions, so there is a vacancy rate in this particular area, 6.(d) of 14 at the present moment.

On the Extension Service, which included the media centre, the TV studio in Thompson and some newspapers that were distributed which were intended to convey information to communities, it's our opinion that these particular services can be provided in a better manner. The regional delivery service, I feel, is a more intimate sort of a thing with the people within the communities and the services it can provide, and I didn't feel that there was need to carry on the Extension Services as such. I felt those services can be provided in other ways.

MR. McBRYDE: Mr. Chairman, I asked the Minister if he could tell me the total staff man years when he came to office for this section and the staff man years now. The total for Extension Services when he came to office, and the total now, the regional location of those people, and whether in fact the majority of people dismissed were native people.

MR. MacMASTER: There was 46 in Extension Services and there were 37 local services, for a total of 83. 41 of these positions were let go, the majority of them being in Extension Services. I will have to take notice for the vocations, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, the particular operation that has been eliminated by the Minister and eliminated with some flair and some flash and some publicity, and what the Minister considers one of his major accomplishments, probably his only accomplishment since coming to office which has established his position within the Conservative Cabinet as a tough-minded Minister who can eliminate positions in northern Manitoba.

This particular service provided a number of types of assistance to the communities. One was in the area with the community councils and how the community councils function. And, as I stated earlier, the community councils were at a developmental stage, at a learning stage, being fairly new, having been created and established during our term of office, things changing from a very colonial-type structure where one or two civil servants governed northern Manitoba, when the present First Minister was Commissioner of Northern Affairs, when others were a Commissioner of Northern Affairs, based very much on the old colonial pattern of doing things to people or for people in the north and not developing the local potential and the local communities in any effective or ongoing manner.

The key area that the Extension Services was moving into was in the area of Economic Development and Employment Creation. Mr. Chairman, there are a number of examples, in fact, where the extension workers because of their location within a community, because of their familiarity with a community, with their understanding of the dynamics of the community, were very effective

in terms of assisting the community to move in a direction of economic development, assisting the community and supporting the community in moving in their Job Creation Programs. Creation Programs.

Mr Chairman, what would often happen before and what we've seen examples of all over northern Manitoba and northern Canada is when outside people come in and say, "You should have this kind of a setup here; you should have a sawmill exactly there; you should have a store exactly there." But not understanding where that community's at; not understanding the leadership of that community; not understanding the structure of that community and the social inter-relationships, many many of those programs failed.

There was much less failure in that regard within Manitoba because there were people within the communities who had that special training and that assignment to know how communities operate; to understand how communities function; to enable them and to assist them, to advise them on how to go about meeting the goals; and in fact assisting the community to set the goals themselves, setting the kind of projects they wanted to do themselves.

Mr. Chairman, I can think of an example, which is one that has now been terminated, but I think that was as much from a sudden market change as any preliminary planning because it caught others even more experienced off guard when the fence-post market declined very drastically.

But in that particular case the community was assisted by an Extension worker to define what they wanted to do. The community was assisted by an Extension worker to set out how to go about it and the various factions of the community were involved in it so that it wouldn't fall apart if the community started fighting with itself. The various leaders were consulted and involved so that they wouldn't oppose it for their local political reasons; and all the dynamics that take place in a community were understood and the community was assisted to deal with those dynamics. So that at a point when an outside expert came in — in this case an outside expert from the Department of Resources when the two departments were separate — when the outside expert came in the community knew how to make the best use of that outside expert and that outside expert was able to give his assistance and his advice to setting up that operation. But had he gone in cold without that kind of preparation by the community, assisted by the Extension worker, probably the project would have never got off the ground, and there are a number of specific examples.

The function of the extension in the area, of providing information, was fairly basic and fairly simple, to make sure the community had the information to deal with so that one community could understand what another community was doing and maybe learn by the example of another community as it was progressing.

Those kind of things were quite key, Mr. Chairman, and that development process went through various stages. The initial stages being for the people who were permanent residents in the community to deal with the structure — basically the power structure — in the community, the outside people who were controlling the community and assist them to begin the control of their own affairs; and then to assist them in the development of council; and then more recently, to assist them with their economic development that I was talking about.

That function was a fairly crucial one as it related to economic development; as it related to employment creation.

Mr. Chairman, this elimination of this entire program plus the reduction of funds, plus the elimination of other entire programs, shows the Conservative Government reverting to a traditional approach to the north, reverting to their traditional attitude in northern Manitoba of not doing anything in terms of assisting the communities with their own development. This is one reason why I dwell on this one aspect — and it will show in the rest of the Minister's Estimates as it's already shown in the Estimates of other departments of this government — that they have reverted to the traditional "do nothing" approach; and the results, unfortunately and sadly, are starting to show in northern Manitoba.

Our society, Mr. Chairman, functions in a basic way, that if a person doesn't have employment, doesn't have the opportunity to be productive, doesn't have the opportunities to support their own family, then pretty soon things start to fall apart. That is what had happened and was happening in northern Manitoba. It was not an easy process to reverse and change around, and change the direction of that process, but it was happening. The attitude in many communities and the actual projects and programs in many communities were getting off the ground. People, once again, were able to have some pride in themselves as individuals, and some pride in themselves as community members in that they were able to have employment, to be useful to their community, to be productive and look after their families.

The community spirit, Mr. Chairman, was something that you could see, that you could observe and you could visit. In the 1969-70 Task Force travelling in the north, some communities had given up. There was no hope in those communities; and those communities complained that they weren't getting enough welfare, and that was all those communities had to talk about.

And yet there were some very dramatic changes. A few years later you go back to that community,

they say, "We understand that there's a winter road coming here. We want the chance to work on that winter road. We understand that there is a program to help train some more of our people. We understand that there is a program to assist us if we want to try and relocate out of this community. We understand that there is a way that we can be involved in the construction of the airport in our community," and the whole psychology of many communities switched around from one of giving up to one of optimism and to one where people realized they could do things for themselves, where they could change their community and where they could develop their community. And, Mr. Chairman, many communities were very carefully planning how they could develop self-sufficiency in their community, how they could rely upon their own resources and themselves to have an effective and productive community in which people would be employed. And there are many examples of that. But what we have here tonight is an example of the elimination of one of the many programs that assisted that process and now on reversal, now a reversal. A few communities have been able to carry on with their projects and a few communities are still moving ahead but many communities the process is going back to the way it was. Many communities are starting to move backwards and you can see this is the examples of the requests even in these few short months in this new year, requests for increased police protection because there were so many young people unemployed and so many young people causing disturbances in the communities, and fairly violent disturbances, too.

The Member for Swan River I don't believe is in the House tonight but he would be familiar with that. In one of the communities in his constituency, the Community of Pelican Rapids, when there was a suicide in the community of Pelican Rapids of a 19 year old young man and the police went in there to interview his friends to find out what happened. A number of them said, "He committed suicide so I was thinking of it, too. There is nothing happening in this community; there is nothing for me. What's the use of it?" It was a community that had basically given up. That community since that time had begun to change that attitude and change that attitude quite drastically. There were still some problems, but the process of beneficial change, of the move towards self-sufficiency was under way.\$

Now we see under this government that process in a few communities only being able to continue. In some communities things are holding fairly even, and let's keep our fingers crossed that that happens, but many of the communities are now moving backwards. They are now moving backwards because of the lack of employment, because of the lack of economic development. They are moving backwards because when the community starts to give up, the Council starts to give up and when the community starts to give up, the individuals give up. And that's a sad situation. That's when you see the drinking increase; that's when you see the violence increase; that's when the police costs, the hospital costs and all the social problem costs start rising very drastically.

That, Mr. Chairman, is what we are seeing under this administration and that's what we are seeing under this Minister, and that's what we are seeing specifically in this appropriation.

Mr. Chairman, I would wonder if the Minister would give us some detail of what's left of this appropriation, in terms of the structure of it now; I wonder if he has his picture available for us. What is the regional breakdown? What are the positions? And what does the Minister see of the role of these people who are now claimed here in terms of salary and wages under (d)(1)(a)?

MR. MacMASTER: Mr. Chairman, I have listened for a period of time to allegations of the previous Minister of Northern Affairs in relationship to myself being responsible for deaths in the northern part of the province. I don't take the particular comments lightly; I don't think I should. I think that I am a better person than to lay at his feet the unfortunate situations that happened in northern Manitoba within the last eight years under the previous administration. I don't particularly feel, and of course consequently it comes out in character of people — I don't particularly feel that the unfortunate deaths, or whatever, that happened during the previous eight years should be laid at the feet of the previous administration. But again, Mr. Chairman, that speaks of the difference of the characters of the two people.

The development of northern Manitoba, I really believe, and the previous speaker from The Pas has made that point, that it commenced under the Conservative government many years ago. And there was progress made. There is no question about the progress being made. There is also no question that that progress is going to stop. It's going to carry on. There is no question about that. It is going to carry on in an orderly and efficient way.

There has been great conversations in the communities in northern Manitoba about the numbers of civil servants. The laughable expression in many communities is that they were tripping over each other going in and out of the communities. This isn't just my words, it's words of many people throughout northern Manitoba. Whether the tripping took place because of poor organization or because of the excess numbers, I'm not prepared to say at the particular moment. I feel that we have an efficient group of people, a very adequate group of people. We have a good position in relationship to delivery of services. We have broken the province down into four areas, being

The Pas, Dauphin and Selkirk. Out of each particular area, there will be approximately ten people. There will be a regional co-ordinator, two co-ordinators, three administration staff, one local training officer, one liaison officer, one technical officer and a budget officer.

If I find — and time will dictate — if I find that that is not enough, we are prepared and this government is prepared to up the numbers in the particular fields that we feel they are required. I think, without hesitation in saying, that we can deliver as good a service to the communities. We can do it in a more efficient manner, a more beneficial manner, and I believe the communities are going to enjoy it better, are going to participate more.

The Member for The Pas has talked about the great unrest that this has created, the great unrest that is created throughout northern Manitoba and through the communities, and how they are suffering, while as a matter of record, Mr. Chairman, as of today, at approximately a quarter after nine tonight I HAVE NOT RECEIVED ONE PIECE OF CORRESPONDENCE FROM A COMMUNITY IN Manitoba, anywhere, saying that we did something wrong, that we're going to deprive the community of some particular service. We have talked to many of them wanting to know how they are going to get assistance and, in fact, a lot of them are very pleased with the assistance that we say we're going to deliver to them and the method in which it is going to be delivered, Mr. Chairman.

Thank you.

MR. McBRYDE: Mr. Chairman, I am sorry that the Honourable Minister misinterpreted my remarks. I talked about the turn around and the decline in some communities and the social problems created. I never laid on the Minister's lap, saying that death A, B and C in the north was his fault but there is a . . .

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

MR. MacMASTER: Mr. Chairman, previously in this House when there was some unfortunate incidents in York Landing, and Thicket Portage in northern Manitoba, the member stood up and very very specifically said this was in direct relationship to this particular government and, more specifically, in relationship to myself. I won't accept that. And, as I say, it's a difference in character. I'm not going to compare it; I'm not going to tonight and I never would lay the unfortunate situations that happened, deaths included, at the feet of anybody else. Thank you.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Mr. Chairman, maybe there is a difference in character because the Minister has misinterpreted what I said, but maybe his character is different, maybe he has a guilty conscience. I don't understand what his hang-up is on this particular item.

There is a direct relationship, Mr. Chairman, to the reduction, to the reduction of economic development and employment creation programs and the increase in social problems. That is a very direct relationship and it's there, and you can see it happening. And that is the direct relationship that I was referring to, Mr. Chairman.

I'm sorry. Did the Minister want to make further comments?

MR. CHAIRMAN: The Honourable Minister.

MR. MacMASTER: He must have a different set of eyes than I have, Mr. Chairman, or he must be looking at it from a different perspective than the people within the communities themselves.

MR. McBRYDE: Yes, Mr. Chairman. The Minister, in his remarks, implied that there was dissatisfaction with the way things were previously, and now that this Minister was in office, and with the drastic reduction in civil servants this would increase the happiness quotient of people in remote northern communities.

Mr. Chairman, the evidence, the history, what has happened to date, none of those things substantiate that particular point of view.

Mr. Chairman, there was on occasion disagreements by some community leaders with myself, when I was Minister of Northern Affairs, with the Department of Northern Affairs, and, Mr. Chairman, I think that is, in my mind, an inevitable part of the change process.

There was some criticism, Mr. Chairman, specifically of the Extension Service and the function that the Minister has eliminated. Mr. Chairman, I think that when you examine the criticism, which I was fairly careful to try and locate, to try and understand, to see if the service could be improved, to see if the service could be changed, but the specific real criticism came from a couple of

And the couple of communities just happened to have the kind of leadership that was very dictatorial and they didn't want anybody else messing with their control of their community. They didn't want anybody else giving assistance, advice, information, to other groups within their community.

Mr. Chairman, one of the particular individuals, who was the Mayor at one time and strongly aligned himself with the Conservative Party, I see now he has quickly turned on the Minister himself because he didn't do everything that that particular individual wanted done in the north. And yet I wouldn't interpret that as the Minister not performing his function, not performing his duty, because, Mr. Chairman, not to have that individual criticizing him probably means that he didn't make deals with that individual and didn't give him any special treatment, and that's why he is getting criticized. So I would not criticize him for not getting criticized by some people, because unless they feel they are in a special position, they will be criticizing him and his department.

I suppose, Mr. Chairman, one evidence of the acceptability of the program that was operated by Northern Affairs, the programs that were in existence when I was Minister of Northern Affairs, I suppose if the programs, the department, had been rejected to the extent that the Minister would like to believe on the basis of discussion with very few people, if that were the situation then on October 11th the people in those communities that were affected by Northern Affairs had the opportunity to show their displeasure.

Mr. Chairman, if you want to look at the record, you will see that they didn't show their displeasure, that they were quite pleased with the type of action that had been undertaken and the manner in which the department was able to function with them and not at them or for them, but with them as community leaders.

Mr. Chairman, I don't know why the Minister hasn't gotten any letters of complaint. Maybe people feel that it wouldn't do any good to send the Minister letters of complaint. Or maybe some of the feeling of the community is they have got so little left that if they complain they might not even have that left. But for some reason, Mr. Chairman, the Minister hasn't got those letters of complaint. But let me assure him that the feeling is there and I think that the problem of the decline that I talked about is not one that will go away by pretending that is not starting to happen. And the Minister, in order to participate in partisan debate, should not ignore that indication, should not take my word for it, but should not ignore it. Because the situation is there and the members on this side of the House who have travelled in northern Manitoba and I have been quite disappointed when we see a community starting to go backwards that had finally started to move ahead.

Mr. Chairman, in some communities, as I said, they are still managing to move ahead, and that is good. That they have enough of a run, they were far enough along in their development process that it didn't end when programs were cut, and when assistance was cut. But there are many other communities where the programs have ended, where economic development has stopped, where unemployment is again on the increase, and we can see those quite drastically, and the Minister, I would hope would not ignore those, not take my word for it, but not ignore that situation, and attempt to come to grips with it, attempt to deal with that situation.

Mr. Chairman, on this particular item I would like to ask the Minister whether, in the elimination of this program and in his preparation to eliminate the Extension Services program, whether or not he had any discussions with the Manitoba Metis Federation about them assuming some responsibility, them being given some funds to administer this program before the program was totally eliminated. Did he, or did he not, have those discussions with the Metis Federation?

MR. MacMASTER: Mr. Chairman, I've had many discussions with the Manitoba Metis Federation over the years and recently. They have submitted many sets of proposals, I would believe, over the years, how they could better contribute to the way of life in Manitoba. I have received proposals from them, I did not say to them at any time, you're going to take over any particular division of the Manitoba Government.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister could indicate whether or not he discussed with them how they could administer and take over certain programs?

MR. MacMASTER: The Manitoba Metis Federation has submitted a variety of very credible proposals to myself. I've looked at them and studied them, the same as I've studied many sets of proposals from various groups within Manitoba. I wouldn't be surprised, if I dug into some of their proposals that they were offering assistance in service to their people, and I think that's very credible, but I repeat that I did not say to them, or any other group, that you're going to take over any great section of the Manitoba Government's present services. But I suppose the day may come when others may participate more in the development of their own lifestyles. We see that in other areas since I have become Minister, I see that happening in other areas of my departmental responsibilities, where people are becoming more involved in the dictates and the directions that their lives should take, and I think that's a good direction to go, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, did this exchange with the Metis Federation go beyond the submission of proposals, was there actual negotiation with the Federation as to what aspects they could best assume?

MR. MacMASTER: They have suggested to me on different occasions, various programs that they think they could run, some of them new, some of them original, some that are presently existing, and I don't shut the door on that today or tomorrow or any other day.

MR. McBRYDE: Mr. Chairman, I believe that the Minister would use the term "negotiation" the same way I would. He's very familiar with that term. Was there actual negotiation with the Metis Federation?

MR. MacMASTER: I prefer to use the word "discussions," Mr. Chairman, and if the MMF came into tomorrow and wished to carry on further discussions, which they will be very shortly along with the MMF and the NACC and the Northern Fishermen's Association and the Trappers' Association, they've all been notified that I want their thoughts and their suggested directions. For example, when we start negotiating the mid-term review of the Northlands Agreement, and this will be the first time that the MMF have had the opportunity to really credibly get themselves involved with real meaning in relationship to the direction that the Northlands Agreement will go.

I think that's a very positive step and I'm sure that they appreciate it and I'm going to appreciate their contributions towards those negotiations.

MR. McBRYDE: Mr. Chairman, was there at any time, by the Minister or officials of the department, the suggestion that they might take over sections of the department's pro grams?

MR. MacMASTER: Flowing from discussions, Mr. Chairman, there is always those who feel that it's past the discussion stage. I've had meetings with varieties of people in the province in gropps, who I suppose somebody, or some part of that organization, has taken away a thought, or the word has passed on, second, third and fourth hand, and we all know what that leads to. It leads to assumptions way down the line that something entirely different may be taking place. And this is quite possibly what the Member for The Pas has been made aware of, that because of discussions, certain things may happen. He will be made aware of those same type of discussions as long as I am Minister of these particular two departments, because I intend to carry on discussions with the people that are involved in the various organizations that effect the two departments I'm responsible for. So I would suspect, Mr. Chairman, that he'll hear, as others in Manitoba will hear, and I don't ask them to plug their ears. I ask them to listen because we're going to carry on and continue to carry on responsible discussions with all groups of people in Manitoba that are affected within my departments.

MR. McBRYDE: Mr. Chairman, in the discussions, as the Minister refers to them, was there actual discussion of the number of staff and the number of dollars that might be taken over by the Metis Federation?

MR. CHAIRMAN: (d)(1)(a)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, in the Minister's discussion with the Manitoba Metis Federation, did discussion get to the stage where they actually negotiated the dollars and the staff for which the Manitoba Metis Federation might assume responsibility?

MR. CHAIRMAN: (d)(1)(a)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, is the Minister indicating that the Executive of the Manitoba Metis Federation has given this member wrong information?

MR. CHAIRMAN: (d)(1)(a)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, since the Minister is unable to deal with those, the Minister wishes to take the Fifth Amendment on those particular questions on the grounds that he might incriminate himself, I would wonder, Mr. Chairman, I have been told that there were firm negotiations, that there were firm discussions, that the Minister or his departmental officials did negotiate, did discuss the number of staff for which the Metis Federation might assume responsibility, did discuss the number of dollars involved in a program for which the Manitoba Metis Federation might assume responsibility,

that those discussions took place since the election of this government and the appointment of this Minister, and that those discussions ended when the Minister announced the complete elimination of the Extension Services program, and that that was the first indication that the Manitoba Metis Federation had that this Minister was not, in fact, going to turn over responsibility for program delivery to the Manitoba Metis Federation. Until that point, they had been led to believe that would be taking place and that that was going to happen. But then when the Minister announced the complete elimination of that program, that was the first word they had from the Minister that he was not going to carry out the discussions that they had, that that came as a surprise to them, and that it is perhaps possible that it was the Minister's intention but that Cabinet overruled the Minister. But whatever took place, Mr. Chairman, there were discussions, there were negotiations, and there was as firm a commitment as there could be in this kind of a situation and the Minister reneged on that commitment.

Mr. Chairman, I don't know how this is going to affect his further discussions. He says he welcomes discussion, he would like to have discussion, but Mr. Chairman, since the feeling now is that the discussions did not take place in good faith, I don't know how he's going to get the kind of discussion that he hopes to get. If certain aspects are discussed with people and then all of a sudden a complete reversal takes place without them even being notified of that reversal, then it's going to get very hard, the member would be aware of that, it's very hard to get people back to the bargaining table once you've burned them.

Mr. Chairman, I think that that is going to affect this Minister's relationship with at least one of the organizations. Mr. Chairman, I don't say that at all times all organizations are going to be happy with the Minister. Mr. Chairman, if they were at all times happy with the Minister, then that would mean that the Minister was in effect abdicating his responsibility to somebody else, because that's the only condition under which they would be 100 percent happy with the Minister. So there are going to be criticisms of the Minister. But the criticism is a fairly strong criticism, that there was discussion, there was negotiation, and that all of a sudden things were reversed, or that the department reneged on those discussions and those negotiations.

MR. CHAIRMAN: (d)(1)(a)—pass; (d)(1)(b)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister would explain the reduction in Other Expenditures and exactly how those break out.

MR. CHAIRMAN: (d)(1)(b)—pass;

MR. MacMASTER: Just bear with me for a minute, Mr. Chairman, please.

Mr. Chairman, the majority of the expenses are in the reduction of the SMYs, the cost of operating the TV media centre in Thompson and the print shop in The Pas.

MR. McBRYDE: Mr. Chairman, since the Conservative Government Task Force make some comments that relate very specifically to this section, I wonder if the Minister could tell us whether he is in agreement with the Task Force recommendations?

MR. MacMASTER: Mr. Chairman, if the member or any members opposite have some specific questions to ask, I wish they'd ask them.

MR. McBRYDE: Mr. Chairman, the Government Task Force, in talking about the communities movement towards controlling their own destiny through local self-government, says that the program of the previous administration was too much too soon. I want to specifically know if the Minister agrees that was the situation or whether he disagrees with the Task Force on that specific item.

MR. MacMASTER: That particular point has been raised to me personally within communities, Mr. Chairman. I think you'll find the communities are at a large spectrum of development stage. Some are well along the road and others are not. There's a variety of ways to approach it and they have to be approached in a different manner.

The term — if the member is quoting it correctly — "too soon too fast, too much too fast", I suppose could be applied in some particular areas. We believe that the services that we'll provide can be adapted to the variety of stages at which the communities are developed.

MR. McBRYDE: Mr. Chairman, the approach taken — and I assume the approach still followed by the department — was in fact to allow the communities to progress, to take more responsibility as they were ready and as they requested it. So the Act itself sets out a number of options —

legal options — that a community can take. And when a community has reached one stage of their development in terms of local self-government, then they may or may not request to move on to the next stage of their development, in terms of their municipal government for their own communities.

Mr. Chairman, the fact that the option was made available and the fact that some communities progressed at a different rate than others, I think shows that the options were wide enough so that you had communities — where in effect there was not even a council, they were very small communities usually or where there was not even a committee — you had communities where there was a committee but that it assumed very little responsibility in terms of the administration. You have communities that assumed some responsibility for administration and communities that moved into council status and some communities that were ready to move into the incorporated community council status.

But, Mr. Chairman, the Task Force Report, the Task Force of this government, by its statement of "Too much too soon", says basically, these people are not ready for any stage of self-government because the options were all there, from a little bit to a whole bunch; said to me that these communities are not ready for any stage of self-government. In fact, Mr. Chairman, the implication is there that these people are not capable of self-government at all. That is clearly the implication in the statement of the Task Force. The response of my colleagues and myself were the same because I thought when I read this, they couldn't be saying that; they couldn't be saying these people are incapable of this.

Go to the Member for Rupertsland, "What do you think this is?" He says, "I think it's racist. They're saying those people are not capable of it." Go to the Member for Flin Flon, "What do you think of this?" He says, "Well, they think the people up north are stupid." Go to the "Pass" when we're not sure what is in that program.

I wonder if the Minister could then, under this section, Local Government Development, Local Government Services, if he could explain to us exactly how that is operating now. What the approach is, what the policies are, what the philosophy of that section is, how they intend to assist the communities in terms of their local self-government? Could he clearly outline the direction that he has given?

MR. MacMASTER: Mr. Chairman, I have outlined the regional offices and the services provided. The communities themselves upon response and in advice and with ourself, I believe the development of those communities are going to advance as rapidly and as efficiently as they did under the previous administration.

MR. McBRYDE: Yes, Mr. Chairman. I know that the Minister outlined the structure, which is quite a bit different than the policy and the philosophy and the goals of the section. What I just heard the Minister say is that the goals under his administration are exactly the same as the goals under our administration, and, therefore, he does believe that the people are fully capable of moving in the direction of self-government. Am I putting words in the Minister's mouth or have I fairly interpreted his statement?

MR. MacMASTER: God forbid, Mr. Chairman, that he puts words in my mouth. But I believe the communities are at a variety of stages towards their determining their own determinations and their own destinations. And I believe that we can assist them as the requirements come to our attention, and as we are dealing with them. I don't believe it should be a forced thing and I have no intentions of forcing our Member for Churchill, "What do you think this Task Force is saying?" What did the Member for Churchill say? His comments were probably not repeatable into the mike, Mr. Chairman. But that is the clear implication of that Task Force report, of that section of the Task Force report and I wonder if the Minister would care to disassociate himself from that section of the report.

MR. CHAIRMAN: (d)(1)(b)—pass — the Honourable Minister.

MR. MacMASTER: I think, Mr. Chairman, I've said it very clearly that some communities have said themselves that there's just too many people pouring in and out of this place. I suppose they wonder at times whether they weren't in a bit of a whipsaw, one group of civil servants pulling against another. That's the opinion that's been passed on to me and maybe that's what's been related to others who reviewed the Task Force.

I think the people in the communities are capable of observing and absorbing I think they are quite capable of developing at their own particular given speed; and I think they should be permitted to do that.

MR. CHAIRMAN: The Honourable Member for The Pas.

MR. McBRYDE: Mr. Chairman, did the Minister or his staff make a direct contribution to that section of the Task Force report?

MR. CHAIRMAN: (d)(1)(b)—pass — the Member for The Pas.

MR. McBYDE: Mr. Chairman, it's fairly difficult for me trying to get information when the Minister refuses to answer at least half of the questions that are put to him. It makes it very difficult for us to understand this process and to sit here and allow you to say philosophies upon them. I believe that they are going to and are very capable of self-government over the years to come, some may be longer than others but that's certainly where I see them going.

MR. CHAIRMAN: (d)(1)(b)—pass — the Member for Rupertsland.

MR. HARVEY BOSTROM: Yes, thank you, Mr. Chairman. I think, although I arrived at this debate somewhat late having been called out of the city on constituency business this afternoon, I would like to make a few comments on this section and that is Local Government Development.

I think just at first glance even looking at the numbers on the page, it is easy for anyone to see that this government is giving much less emphasis to Local Government Development than the previous administration.

Now they may make whatever kind of excuses they want for this, Mr. Chairman, but nevertheless it is simply that, excuses, talking into the wind because there is no reason for a decrease in Local Government Development work in northern Manitoba. In fact, Mr. Chairman, there should be an increase in this area because these communities are at the stage where they need all the assistance they can to try to address themselves to the very great problems that they face.

They have been in a process of developing their government as such. They've been a fledgling government since they were only formed after 1969, after the New Democratic Party was elected as the government. For the first time in northern Manitoba the communities were able to elect some kind of autonomous local government. Before that they were run like the true colonial state from civil servants from Winnipeg deciding what was going to happen in the northern communities right down to where a dock was going to be built in the community.

We saw cases, Mr. Chairman, of different communities coming up and saying, "Hey, why did the government build this dock over there? We didn't want a dock in that location." Or they were having patchwork, make-work, Northern Winter Works Programs in the middle of winter. Once in awhile they'd grant the community a few hundred dollars for a brushing program.

I've talked to civil servants myself in northern Manitoba, Mr. Chairman, in the middle Sixties, who told me they cut more roads to nowhere than anyone has ever cut. Because all they had was a few miserable dollars for brushing work, it didn't matter where, as long as they had these few dollars that the government threw them the few crumbs, with no real assistance towards developing their resources or developing their communities.

Mr. Chairman, I believe this government is intending to try to turn back the clock to those days when there is really no attempt to really work with the communities in trying to solve their economic and social and resource development problems.

Mr. Chairman, these communities, as I said, have just gone through the fledgling stage of development as far as communities are concerned, whereby they now have functioning mayors and councils, chairmen and councils in their communities. They're at the point in their development where I think they're on the threshold, where they could be moving on to greater and better things, and particular in the area of Resource Development. And if they don't have the kind of assistance from government that they require in order to be able to do this, Mr. Chairman, it's going to cost the government more in the long run. Because many of these communities, Mr. Chairman, have really no opportunities for employment. They have very few opportunities for employment and it is only through the active work of dedicated government officials who are there to support these communities that they're going to be able to break out of this rut of unemployment and depressed conditions and be able to develop their resources for the benefit of their people and to produce a product, Mr. Chairman, with the dollars that are spent rather than having simply dollars spent brushing roads to nowhere, produce a product which is better than having them living on welfare assistance. Because, Mr. Chairman, every dollar that's spent in welfare assistance or unemployment insurance is just fuelling the fires of inflation. It's not producing any product, whereas if the government is prepared to legitimately assist these communities in developing their resources — their resource base — they would be able to produce products, Mr. Chairman, they would be able to create jobs as a result of producing those products and at the same time harvest the natural resource base that's in their areas.

Most of these communities are in areas — many of them at least are in areas where they do

have a fairly rich resource base. They need the leadership of the local government in their area in order to be able to develop these resource bases, Mr. Chairman.

The communities do not have the strong entrepreneurial group that you often find in southern communities, where individual businessmen are able to go out and develop the resource base and thereby create employment through the private enterprise system. The private enterprise system is simply not working in most of these northern communities. No one locally, or even from outside, is going into those communities to attempt to develop the resource base, to harvest the forests, to harvest the fish, to harvest the wild rice or whatever it may be. But with a little bit of assistance, with a little bit of help from government, Mr. Chairman, these local governments in these communities, through their own efforts, through working as an entrepreneurial group within the community, can bring about a development of their resource base and thereby create employment for the people that are living there.

And I say, Mr. Chairman, that many of these communities are right at that threshold now and have been over the last few years at that threshold, of beginning to develop those resources, and Mr. Chairman, the cutback in local government development is just going to hamper those efforts. The mayors and chairmen and councillors in these communities, Mr. Chairman, are dedicated individuals who are trying their best to work with their community, but if they see that they're not going to get the support and assistance from the Provincial Government that they require, they'll just throw up their hands and go back to the old days when there was nothing happening in their communities.

Mr. Chairman, I think it's a shame; people in the communities think it's a shame; they're being intimidated by this government; they see all the cutbacks that are happening and Mr. Chairman they're in locations where they really don't have the opportunity or the ability in many cases to communicate their dissatisfaction. But Mr. Chairman, I see that as one of my functions in this House, is to communicate to this government the dissatisfactions of people that are in these remote communities. Many of the ones that I represent in northeastern Manitoba are dissatisfied with this government, dissatisfied with the attitude this government is taking, and are certainly dissatisfied with this kind of a cutback in the very program that could legitimately assist them in their endeavours to create jobs for their people and to develop their resources for the benefit of all people that live in their communities.

Mr. Chairman, they are crying in the wilderness because this government is not prepared to listen to them. When they had their Task Force, who did they have on their Task Force that represented any remote communities? I don't recall seeing anybody on that Task Force that represented any remote communities, they never even had people from the various departments in government that had knowledge of the remote communities. I believe they had letters from those organizations giving their offer in good faith, Mr. Chairman, they made their offer to the Premier of this province and to this Minister in good faith that they would be prepared to sit down with them and look at the various programs that were involving their communities, and to give them their opinions in terms of which ones they thought were most beneficial, and to provide their advice to the government as to what programs could perhaps have a priority in terms of the government's approach to northern Manitoba.

I don't believe this government consulted those people that presented these letters to them in good faith when they first came into office. Some of these people didn't support the Conservative Party because they didn't see the Conservative Party as one that would very well represent the remote communities, and Mr. Chairman, they were right. They were damn well right, because the Conservative Party doesn't care about the remote areas in Manitoba.

Mr. Chairman, these communities and individuals who sent their letters telling the government that they were prepared to sit down and work with them, to help them in any way they could as community representatives and association representatives, offered their assistance, and Mr. Chairman, I know they would not agree with these cutbacks that the government proposed and which the government carried out. That's probably one of the reasons the government never consulted them, because they'd already made up their mind they were going to make these cutbacks. They weren't going to consult the communities, who they knew would tell them that they needed this assistance, required this assistance, wanted this assistance to continue. In fact, Mr. Chairman, if the communities had anything to say to us while we were in government, they were saying we weren't doing enough.

The Manitoba Indian Brotherhood or the Manitoba Metis Federation or NACC or any of them, were coming to us with various programs and proposals for things that, where they saw the government expanding their operations and assisting them in other ways, and they were helping them at present. Mr. Chairman, this government had no intention of asking them what their problems were of today that they could help them with; in fact they wanted them to go back to where they were yesterday and the day before, and the year before that, and ten years ago. That's where they wanted them to go back. And they make this callous statement in their Task Force report, of which

they only devoted one page to northern Manitoba. Mr. Chairman, the early forefathers of government in this province saw fit at least to turn the Golden Boy towards the north because they saw that the resources were in the north, the riches were in the north, and people should be looking to the north for development purposes.

Mr. Chairman, this government may as well turn the Golden Boy around facing the south, because that's exactly what this government is doing to the north. They're turning their back on the north and they're giving the back of their hand to programs like Local Government development; they're giving the back of their hand to employment programs in northern Manitoba, and you can see that where the big cuts are in this department is in the northern employment area and the Local Government area. Mr. Chairman, the very areas where the people in the north need the most assistance is in the development of their leadership so that they can work together to develop the north for themselves.

I saw in a news report, or some of the Conservative literature during the campaign, Mr. Chairman, the Leader of the Conservative Party had this statement, he had a "vision for the north." And I believe, if I'm quoting him correctly, he had a vision for the north of a north developed by northerners for themselves. Well, Mr. Chairman, right after the election, their promises go down the drain. Northern people are used to the Conservative Party making lots of promises and not living up them after the election. It's no news to them, Mr. Chairman. They've heard it before and that's one of the reasons that very few remote communities in northern Manitoba voted for the Conservative Party. Mr. Chairman, the New Democratic Party ran first or second in every northern community almost of a treaty nature, and Mr. Chairman, where we didn't run first, the Liberals ran second. The Conservatives came up a very poor third.

Mr. Chairman, in some of the communities in my constituency, the Conservatives never even got a vote, because the people there have long memories. They remember what the Conservative Government was like when they were in ten years ago or more. They knew how little the Conservatives cared about the north in those days. Mr. Chairman, that government, I think, makes this government look even less progressive than they were. They were not very "progressive" Conservatives, as the Conservatives like to call themselves. But they make this government look pale by comparison, because those guys looked like out and out socialists compared to the way these guys are operating.

You take the approach of this government in northern Manitoba, and you'll see, Mr. Chairman, that it's going to be even worse than the one that was operating in the 1960s, when the MLA for the north, who was representing the Conservative Party, was so frustrated by the lack of action on the part of the Conservative Party that he was sitting with, that he crossed the floor and sat on the other side of the House. Mr. Chairman, this government only has one member from the north, and he represents an urban constituency in northern Manitoba, in the sense that Thompson is more urban than a remote community. There are few remote communities in his constituency —(Interjection)— as my colleague from The Pas, says, "he's lucky there's no such thing as a recall," because from what I hear even the people in Thompson are having second thoughts about the way they voted in the last provincial election.

Mr. Chairman, unfortunately, the people of Thompson and all the people in the north have to at least wait out the four year term of this government and hope for the best, hope that this government will act with some kind of humanity, some kind of compassion, some kind of reasonable common sense approach in terms of the approach to the problems in northern Manitoba. Mr. Chairman, the people in the north if they have any one quality that's outstanding, and it is one which they've learned to develop over the years, it's one of patience. Although they're very dissatisfied with this government and the actions of this government, they are patient, and in spite of the dissatisfaction that they have so far, they're still hopeful, and I'm hopeful too, because I represent remote communities that I don't think should have to wait four years for assistance until there's a change in government. I think this government as elected, it's the representative of all the people of Manitoba as the Government of Manitoba. I, as an MLA representing a remote area of Manitoba intend to try to persuade this government to live up to human responsibilities in terms of assisting those communities to develop their resources.

I'm hoping that the people in those communities and the efforts they make in terms of trying to persuade this government, and the efforts I make, and my colleagues make, in trying to persuade this government, will at least bring some measure of human concern and common sense to the approach of the problems in northern Manitoba. But I'm afraid I don't have as much patience as my colleagues from northern Manitoba, my fellow citizens in northern Manitoba. I think that they have perhaps not spoken out as loudly as they should have spoken out and in some measure perhaps, as the Member for The Pas has stated, they are just a little bit afraid because they've seen the cutbacks of this government in all the various areas. They know that as remote communities they don't have a very strong voice, they don't have a very powerful political vote in terms of their electoral strength, although they managed to send four members to the government on this side of the House

and one on that side of the House. That's still only five members in a 57 member House, so Mr. Chairman, they know that they don't have the overwhelming majority. They know that they depend on the goodwill and compassion of their fellow citizens in terms of the government being persuaded to assist them in their development, in their future, they know that they don't have the resources readily at hand to do everything themselves, they know they need assistance, and at this point, Mr. Chairman, I believe that they're sitting, waiting, hoping that this government will at least have some measure of compassion, at least some measure of common sense in attempting to help them to develop some solution to their unemployment problems.

Mr. Chairman, it's shocking in some northern communities to see the level of unemployment, when in the southern areas of Canada when the unemployment rate reaches six or seven percent, people are outraged, and rightly so, but in northern Manitoba, Mr. Chairman, in some of the communities, there is 75 and 80 percent unemployment. They're shipping in resources from B.C. to build housing when they should be assisted to develop their own forest industries so that they can create their own employment by producing their own resources, fulfill their own needs through their own work. Mr. Chairman, they're prepared to do that. They've proven that in so many cases, that with some minimal assistance, they're willing to work, they want to work, they would much rather work than accept handouts from government, Mr. Chairman, but what they need is an active government. They need a government that's prepared to have some compassion and also some courage because it takes some political courage to do things in northern Manitoba. It takes some political courage because northern Manitoba, as I just said, doesn't have all the political power or the majority of the political power in this province.

If you're going to listen to some of your right-wing colleagues from the backbenches there, you won't do anything in northern Manitoba, and I feel a little badly that in this government — just a little badly, but a little badly — that this government has only one member from northern Manitoba because I know he's all alone. He's all alone in the Caucus, he's all alone in the Cabinet, and as a former Cabinet Minister I know how difficult it is at times to put your programs and your priorities through with your colleagues in the House and your colleagues in Cabinet.

Mr. Chairman, when I was a Cabinet Minister representing a northern constituency, I had a sympathetic Cabinet to work with. I know that this Minister doesn't have a sympathetic Cabinet to work with. He's got a right-wing, reactionary, regressive group that has absolutely no concern about the north, absolutely no concern about the north. Mr. Chairman, they are the authors of the Task Force report that said the north has got too much, too soon, and that is an absolute joke. It's an absolute falsehood because, Mr. Chairman, the north needs assistance for them to be able to develop their resources.

Mr. Chairman, this Minister, I sympathize with him because if he is sincere about wanting to help northern Manitoba, help - northern residents develop the north for themselves and for the benefit of the people that live in the communities, develop those resources so that people will have an opportunity to have a useful life, productive life, I know that he is going to have problems convincing his colleagues in Cabinet to go along with him in these ways.

MR. CHAIRMAN: The Honourable Minister.

MR. MacMASTER: Mr. Chairman, I appreciate the words of sympathy but I don't think I require sympathy. I think time is going to tell the story, Mr. Chairman, that the communities in northern Manitoba are going to develop, not necessarily at my pace but at their pace. I think the resources are going to be exploited for their benefits.

I believe very sincerely, Mr. Chairman, that there is no man or woman that sits in this House that has any more understanding or any more compassion for the people in northern Manitoba than I have. I suggest to the members opposite they may ridicule, they may heap sympathy, they may do what they so wish, but I suggest to them, without a braggard attitude, that I have a fair amount of influence, I believe, in the Cabinet and in the Provincial Government in Manitoba. I believe that there are Ministers and the Premier who are listening and will be listening and I believe, as I have said, that time will dictate that the people in northern Manitoba are going to be treated well.

Thank you.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Mr. Chairman, I would like to just get some clarification on the Minister's role in the Task Force Report. And I would like to just read a section that would indicate to me, especially on this appropriation, that . . .

MR. MacMASTER: On a point of order, I am not prepared to discuss the Task Force Report at this particular time. There is absolutely no reference to it within my Estimates.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Yes, Mr. Chairman. The Minister isn't prepared to discuss very much, Mr. Chairman; that's the problem we are having.

Mr. Chairman, I think that the Minister of Mines wants to contribute to the debate. I have been listening to him for the last 20 minutes or so. I wonder if he would want to do it now and I will let him.

MR. CHAIRMAN: (d)(1)(b) — the Member for The Pas.

MR. McBRYDE: Yes, Mr. Chairman. The Task Force Report was . . . I don't know, it's very debatable how it was put together. —(Interjection)— Mr. Chairman, on a point of order. I am discussing the Minister's Estimates that relate specifically to Task Force comments on this section. Unless the member has a valid point of order, I don't think he should interrupt.

MR. MacMASTER: I can't find a section in here that says Task Force. I thought, in a very naive sort of a way as a new Minister, that we were supposed to be discussing the items before us, within this document. If the Member for The Pas, or any other member, wishes to point out some place in there that I haven't read that refers to Task Force, I will be quite prepared to discuss it. But right now we are on a particular section. I ask the Chairman, respectfully, that we carry on dealing with that particular section.

MR. McBRYDE: Mr. Chairman, to the point of order raised by the Minister. Unfortunately, the Minister hasn't been here long enough to be fully familiar with the workings of the Estimates procedure. The section we are dealing with, Mr. Chairman, is the Local Government Development, which includes, Mr. Chairman, Extension Services. And if the member would not interrupt, as I proceeded to read the Task Force Report it talks about Extension Services and local government development, and that's exactly the topic we're on, Mr. Chairman.

MR. MacMASTER: If the Member for The Pas wishes to make a speech, far be it from me to stop him. If he wishes to ask questions and proceed in an orderly manner, that's fine with me, too.

MR. McBRYDE: Mr. Chairman, I would like to thank the Honourable Minister for allowing me to proceed; it's very gracious of him.

The Task Force Report, Mr. Chairman, says . . . One of the problems, as I was trying to mention before I was interrupted, Mr. Chairman —(Interjection)— I'm sorry, Mr. Chairman, the Member responsible for Housing wants to contribute to this debate. Let him contribute. .

MR. CHAIRMAN: The Member for Sturgeon Creek.

HON. J. FRANK JOHNSTON, Minister responsible for Manitoba Housing and Renewal Corporation: . . . wants me to say it, I say that you fellows don't have the ability to do the Estimates if there hadn't been a Task Force Report.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Mr. Chairman, I thank the member for his brilliant contribution to the discussion of these Estimates.

The Task Force Report, which is somewhat difficult to understand exactly how it came about or how the recommendations came forward, but it appears basically to be an attempt to try and justify the government's actions. A very political document which was not an objective look at how government should work or how government should operate, but an attempt to try and justify what the government was doing or wanted to do.

Mr. Chairman, this is fairly clearly given in the full page here that the Task Force gives to the Department of Northern Affairs. And it says: "The Extension Services should be terminated, severely reduced or substantially altered."

Mr. Chairman, I asked the Minister previously what role that he and the department had in putting together the Task Force Report. And since the Task Force Report came out after they had already done what the Task Force Report recommends, then I think it's a very valid question to ask the Minister what input he and his departmental officials or he himself had into the putting together of this section on Northern Affairs for the Task Force Report.

"The Task Force recommends that Home Economics Section of Northern Affairs Department

be transferred to the Department of Community Services." I believe, Mr. Chairman, that that action has been taken. This section does not appear to be any longer within this appropriation of the department, so the Minister or representative of the Minister appears to have had some contribution, some input, into the Task Force Report in that regard.

The next sentence, Mr. Chairman, "The Local Government Development Division appears to be a case of too much too soon." Mr. Chairman, this is why we see a reduction in this appropriation, a reduction in this section, and I would like to know whether or not the Minister had a direct input into putting that section within the Task Force Report.

The next sentence is: "Services to communities should continue, but at a reduced level, one which local communities can absorb and accept." Mr. Chairman, that's almost what the Minister said in reply to questions that I asked him. It almost sounds like he wrote the Task Force Report.

I would therefore like to ask the Minister what was his input into this Northern Affairs section of the Task Force Report, whether these recommendations, since they are already for things that have happened that show in this particular appropriation, whether these recommendations were made by himself.

MR. MacMASTER: Mr. Chairman, the section that we are dealing with is \$ 6.(d)(1)(b).

MR. McBRYDE: Mr. Chairman, the Minister once again refuses to answer legitimate questions asked by the opposition in regard to these Estimates that he expects us to approve without answering any questions that we have.

Mr. Chairman, the Task Force starts out by saying: "The Task Force recommends a redefined role for Northern Affairs."

MR. CHAIRMAN: Point of order, the Honourable Minister.

MR. MacMASTER: Mr. Chairman, I am going to have to ask for your ruling whether we are discussing the Task Force, the booklet, the contents of it, or whether we are dealing with 6.(d)(1)(b), which is what I think the record will show is the last item that you referred to. And if the member is not prepared to talk about that, then I am asking for your ruling whether he is in order or not.

MR. McBRYDE: Yes, Mr. Chairman, the section of this government's Task Force Report relates directly to the appropriation we are on and I would ask you, Mr. Chairman, to make a ruling, finally, so that I can proceed without constantly being interrupted by points of orders.

MR. CHAIRMAN: . . . of the House, while I confer with the Clerk. The Clerk advises me that the Task Force Report was discussed under the previous Minister's Estimates and that we are very marginal on this and I would like to ask the Member for The Pas to try and get as close as possible to the Estimates as we have it here. The Member for The Pas.

MR. McBRYDE: Mr. Chairman, I have a problem because your ruling is not very clear. Mr. Chairman, what I am attempting to do is to relate to this appropriation of the Department of Northern Affairs, and the Task Force Report bears directly on this appropriation.

Mr. Chairman, all the time period I sat on that side of the House, the members could refer to anything they wanted as long as it related to that appropriation. That's my clear understanding of this House and how it operates, how it has operated the nine years, just about now, that I have been here.

MR. CHAIRMAN: I'd like to inform the Member for The Pas that the Task Force Estimates and the discussion on that has already been passed. If he wants to refer to the Task Force, as such, I think he is out of order. If he wants to relate himself or stick with the listing as we have it here, the member may proceed.

MR. McBRYDE: If I relate the Task Force Report to this appropriation, I am out of order?

MR. CHAIRMAN: The Member for The Pas is relating constantly in his reference to the Task Force and the Clerk advised me that the Task Force Estimates have been passed. I would ask the Member for The Pas to try and stay within the realm of what we have on our Estimates here, please.

MR. McBRYDE: Mr. Chairman, what I would like to do under this appropriation is to discover whether or not this appropriation reflects a redefined role for Northern Affairs, much closer to its

original purpose as a co-ordinating agency and whether or not it is the intention of the Minister, with this appropriation and other appropriations that we are dealing with, that line delivery programs of Northern Affairs should be transferred to the appropriate line delivery departments. Whether, Mr. Chairman, the role of local government development that we are dealing with, whether the Northern Affairs role, should be one of monitoring, co-ordinating and advising governments on its activities in northern Manitoba. Whether or not it is the intention of the Minister to follow a recommendation of the Task Force which says, it is essential that line department begin to assume their full responsibility for delivery of programs in the north, thus avoiding the duplication of service and personnel which have occurred in the past. Is it the intention of the Minister to transfer this section, in the future or during this year, to the Department of Municipal Affairs?

MR. MacMASTER: Mr. Chairman, the intention of this particular Minister, is to provide the most equitable service to all communities under my jurisdiction in Manitoba.

MR. McBRYDE: I wonder if this appropriation reflects, Mr. Chairman, the Minister's position that services to communities should continue but at a reduced level. Is that what this appropriation is doing?

MR. CHAIRMAN: (d)(1)(b)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, let the record show that the Minister again failed to answer questions from the opposition.

Mr. Chairman, I wonder where the — what used to be called the training section of Northern Affairs — if it appears under this appropriation, or what's left of it appears under another appropriation.

MR. MacMASTER: The next section 6.(2) is where that would appear, Mr. Chairman.

MR. CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Thank you, Mr. Chairman. I'd like to ask where the Municipal Clerk's Program would be located? Is it under this appropriation or the one just following, or where would it be?

MR. CHAIRMAN: The Honourable Minister.

MR. MacMASTER: That section was just passed, Mr. Chairman.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Yes, Mr. Chairman. The section we're dealing with now is 6.(d)(b), is that correct?

MR. CHAIRMAN: 6.(d)(1)(b).

MR. McBRYDE: Right. Mr. Chairman, I wonder if the Minister could indicate if any of those other expenditures are for the Clerk Training Program; whether there is anything left of a Clerk Training Program and what is the present situation in terms of the community clerks and the support they get from the department?

MR. MacMASTER: The Regional Delivery Service that I outlined spelled out the types of people and the qualifications of those people who would be going within the communities. The classifications of those people were discussed under the (d)(1)(a).

What we're saying here is, what we're specifically discussing at the moment, is 6.(d)(1)(b) which was the Other Expenses. The last question that I was asked was the reductions and I outlined already what the reductions were.

MR. McBRYDE: Mr. Chairman, does this Other Expenditures section of Local Government Development, under which section the training of clerks used to appear, is there any Other Expenditures for the training of new clerks because I assume that there is sometimes a turnover. Clerks used to be trained under New Careers Program and there was considerable backup in terms of their training, or the training was basically provided by the department. Are any of these Other Expenditures related to the training of community clerks?

MR. MacMASTER: The Municipal Government Support, the next section, we would deal with that precise detail that the member has asked, Mr. Chairman.

MR. CHAIRMAN: 6.d)(1)(b)—pass — the Member for Rupertsland.

MR. BOSTROM: Yes, Mr. Chairman. How would this particular section of the department, Local Government Development, relate to the councils in terms of the Council Clerk Program? Would there be staff within here who would be providing some assistance of one type or another, to that program?

MR. CHAIRMAN: The Honourable Minister.

MR. MacMASTER: Yes, under the section we just passed I outlined the people that would be in each regional office . . . that was outlined; and there'd be further services provided under the Municipal Government Support when we get to that.

MR. BOSTROM: I just want to be clear on this, Mr. Chairman, before we pass this item, as to whether or not the Council Clerk funding would come in this section that we're considering now, or is it in a section we passed, or is it the one that's coming up next. These are the people who have been hired on a special program work as council clerks in northern Manitoba. It started out as a pilot project. These people are not, as I understand it, employees of Northern Affairs directly, that they work for the councils, at least they report to the councils. Can the Minister point out what section they're in so that we would be able to discuss that?

MR. MacMASTER: The community training process and assistance in that particular regard is under the Municipal Government Support section, which is 6.(d), and the funds are under this particular section, 6.(d) (1)(b). The funding is there for that particular program.

MR. BOSTROM: That's exactly the question that I was asking, is where this section is, and I understood him to say that it had already been passed. But now I see the Minister is correcting himself, so I'll ask the question here under this section.

What funds were made available for that program last year, to what communities, and what programs will be made available this year and to what communities? What kind of an increase or decrease in support can the communities expect?

MR. MacMASTER: That's a pretty comprehensive question. I'll have to take it as notice.

MR. CHAIRMAN: (1)(b)—pass — the Member for The Pas. The Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, I think the staff has handed the Minister some information there. Perhaps he can give us at least what he has there.

MR. MacMASTER: I can give this year's breakdown and funding, but I would have to dig for the precise amounts last year.

In the Selkirk area, Matheson Island, \$8,500; Berens River, \$13,000; Seymourville, \$13,000; Manigotagan, \$13,000; Bissett, \$4,800. In the Dauphin office, Camperville, \$11,000; Duck Bay, \$13,000; Crane River, \$4,000; Barrows, \$5,200; Pelican Rapids, \$4,600; Waterhen, \$5,200; Mallard, \$4,600; Meadow Portage, \$3,000. Out of The Pas office, Sherridon, \$6,000; Cormorant, \$13,000; Moose Lake, \$13,000; Easterville, \$9,000. The Thompson office, Brochet, \$8,000; South Indian Lake, \$13,000; Hilbre, \$9,600; Cross Lake, \$13,000; Wabowden, \$11,400; Pikwitonei, \$9,000; Thicket Portage, \$7,000; Norway House, \$9,000; Stevenson Island, \$4,800; Granville Lake, \$3,000; and there's an expansion of one, for \$1,000.00.

MR. BOSTROM: Mr. Chairman, I only point out one error to the Minister, and that is, that he pronounces my home town the wrong way. It's Manigotagan. Whatever pronunciation he gave to it, I'm not quite sure. I know a lot of people have problems with that name and I assume as the Minister gains experience in his portfolio, that's one thing he'll learn, is how to pronounce that name.

I would like to have the information that he has promised to us by way of comparison for last year. I guess he can't indicate without having that information, whether or not there has been any decrease or increase in this program.

MR. MacMASTER: I can get that information — being Thursday night — I suppose Monday. I'd like to say that I don't believe we're going to find that there is any substantial changes, increased or decreased.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Mr. Chairman, I just want to make sure now since the Minister corrected himself a couple of times as to locations. The Training Services function is going to be found in the next section under Municipal Government Support? Since the Minister is a stickler for where we are, I want to make sure I don't miss it.

MR. MacMASTER: The delivery on a local level will be — and I say straight local — is the section that we've just passed (a), but the preparation of a whole series of assistance programs to the community monitoring of those programs will be dealt with under the next section.

MR. McBRYDE: Yes, Mr. Chairman. I wonder if the Minister could give me a breakdown as to the number of people who were involved in the — it was actually a branch of the department — how many people are still involved in that training function? How many were there and how many are there now?

MR. MacMASTER: The delivery on a local level was spelled out under the (a) part, and the preparations of the packages and the variety of other duties required, will be dealt with under the Municipal Government Support section, which we're coming up to, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, the Minister gave us a general figure of 83 positions, 41 terminated. He was going to get some information on regional, which communities were the people in that were terminated. He took that question as notice, and I believe he also took the question as notice as to how many of those 41 people were native staff, as notice?

But I wanted, specifically, out of those 83 positions, 41 terminated, how many were training under the Training Branch and how many are left in the Training Branch?

MR. MacMASTER: Mr. Chairman, I'm not prepared to supply to the member opposite, the nationalities or whatever, of the numbers of people who are not presently employed.

We will attempt to get the geographic breakdown of where the deletions took place.

MR. McBRYDE: Mr. Chairman, I guess I should only ask one question at a time because it seems to be all the Minister can handle.

In this section, of the 83 staff, 41 terminated, how many of the 83 were in the Training Branch and how many are now left in the Training Branch?

MR. MacMASTER: There isn't a Training Branch as such, and that will be discussed . . . the functions of Municipal Government Support will be discussed under the next section, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, our book is set up in such a way it shows last year's expenditures and this year's expenditures. Last year there were a number of positions that were designated as training positions. I'm sure it's no great problem for the officials to tell the Minister that there were 8 or 10 training positions; and how many of those positions are still existing? Could the Minister give me that information, please?

MR. MacMASTER: The information will be given under the Municipal Government Support, the next section.

MR. McBRYDE: Mr. Chairman, I'm getting kind of frustrated. The Minister just said that the former Training Branch was under the Local Government Development. The overall review of something or other was under Municipal Government. Now where do I deal with the training officers? Which section do I deal with the training officers?

MR. MacMASTER: He's asked for a department, or he's asked for a title of something that no longer exists. Some of the people that were formally doing that type of work are under the Municipal Government Support area and I've already mentioned to him and spelled it out, the numbers of people that will be in our regional offices and the titles of those people, and in that particular case there is one training officer specifically in each regional office. I spelled it out before, the member

talks about the record, well the record will show that I did. The record will show that what was titled as training or whatever, is in the Municipal Government Support under a different title and a different function today.

MR. CHAIAN: The Member for The Pas.

MR. McBRYDE: Mr. Chairman, of the following positions, Director (78), Administrative Secretary (AY3), Training Officer (FW3), Administrative Secretary (AY2), Training Officer (FW3), Training Officer (FW3), Training Officer (FW3), and Training Officer (FW3). How many of those positions still exist within the department and how many have been terminated?

MR. MacMASTER: That list that's just been read, Mr. Chairman, is 6.(2)(a).

MR. CHAIRMAN: 1.(1)(b)—pass — the Member for The Pas.

MR. McBRYDE: Now, Mr. Chairman, the Minister has specified that the Municipal Government Support is where the former people who were listed as Training Branch now exist.

MR. MacMASTER: Right, the title . . . (inaudible).

MR. McBRYDE: I'm glad we have that clarified, Mr. Chairman, and now we can probably get onto that section if the Minister answers a couple of other questions. I wonder if this section (a) here — how many dollars were previously under this section, recovered from the Federal Government under the Northlands Agreement and what part of those recoveries show in this the recovery section? That is could he break the recoveries down for section (d), what they were last year and what they will be this year?

MR. MacMASTER: If the member has any further questions, I'd be prepared to listen to them and we'll see if we can break that out, Mr. Chairman.

MR. CHAIRMAN: (1)(b)—pass; (a)—pass; (b)—pass; (1)—pass; (d)(2)(a) — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister has any intention in this section, Municipal Services Support, whether this section here will remain within the Department of Northern Affairs, or whether it is the intention of the Minister to eventually transfer this section to the Department of Municipal Affairs as appears to be the recommendation of the Task Force?

MR. MacMASTER: I have no immediate plans to dispense with these services at this particular time, Mr. Chairman. Now it's a hypothetical thing to say, and I hope it's not asked, someday somewhere, because I can't answer that, no. The thing is that we have budgeted for it and we feel it can provide an excellent service and we intend to see that it does.

MR. McBRYDE: Mr. Chairman, the Minister disagrees with the Task Force's report, is that correct? —(Interjection)— Mr. Chairman, the member opposite mentioned that it's not a manifesto and yet all the last paragraph recommendations have been carried out by this Minister. Of the one of the three paragraphs that there is, all the last paragraphs have been carried out' so it must be a manifesto to the Minister, even if it's not for the Member for Minnedosa.

Mr. Chairman, I wonder if the Minister would indicate the increase here, what is the nature of the increase and how come he's increased the service when the Task Force recommend that he reduce the service?

MR. MacMASTER: Mr. Chairman, there is six people in Property anagement and there's seven in Municipal Government Support and there's three in the Hydro Compensation and that's where the numbers are derived for this particular section.

MR. McBRYDE: I'm sorry, could the Minister repeat that a little more slowly please?

MR. MacMASTER: There's six people in Property Management, seven in Municipal Government Support and three in Hydro Compensation. That's a small group that has been in operation for a substantial period of time.

MR. McBRYDE: Mr. Chairman, the six Municipal Government Support, did those people used to

be called Training Branch?

MR. MacMASTER: Yes.

MR. McBRYDE: Yes, Mr. Chairman, the Minister's answer to that was yes. I wonder if the Minister could tell us then — six, six and three, if I copied it down quick enough — how many were the two sixes before and how many were the three before?

MR. MacMASTER: Well, there's six in Property Management and I don't believe there has been any changes. There is three in the Hydro Compensation and I don't believe there's any changes. In Municipal Government Support there is now seven and that's been one addition.

MR. McBRYDE: Mr. Chairman, I've been having a bit of a problem here because he said, "Yes", to the question of the former Training Branch, which I have in the old Estimates as eight people and the Minister said there was six and there's now seven. I wonder if he would like to correct his figures?

R. MacMASTER: We're just attempting to clarify, Mr. Chairman, whether there was eight, or what was there exactly before. Mr. Chairman, we have seven positions in place now. Is the Member for The Pas saying that there was eight positions in the previous Estimates. I may have to dig to find that out. Is there any further questions? I'll attempt to break that out.

MR. McBRYDE: Yes, Mr. Chairman, well the same question in terms of the Northlands funding for this particular section. I wonder if it could be broken down as to last year's amount and this year's amount? The other question, Mr. Chairman, would be if he could just give us a summary of the job description of a Training Officer, what is their function?

MR. MacMASTER: To answer the previous question, the cost sharing was under The Canada Assistance Plan and that's what's indicated for the information of the Member for The Pas. \$287,000 is the Canada Assistance Plan not the Northlands Agreement, but we are presently carrying on negotiations asking for, in fact, which would be new moneys from DREE for Local Government Services and Municipal Government Support. That answers that particular question.

The Municipal Government Support Group which was a previous training group. These particular people will be developing the material that will be delivered by the field staff of the four offices. They will be evaluating the design of the programs for future adjustment and develop a process for identifying program success — how well we are really doing. Staff development is needed to upgrade existing skills and to ensure adequate skills are in place when new employees are put into the field. And examples of that is orientation package plus training sessions have been prepared for senior clerks and budget officers and electric training is being designed with the intent of moving the administration of elections from the department staff to local government level. That's some examples and that's some of the job descriptions of the Municipal Government Support Group as we see it today.

MR. McBRYDE: Mr. Chairman, I wonder if it would be correct then since the some of the functions that the Minister described now for the Municipal Government Support Group, formerly Training Branch, since the Training Branch used to function basically as trainer for community people including community clerks and since the Minister now ascribed to them some training that used to be in the Administrative Section, and when we discussed that section he indicated quite a reduction in the training aspect, whether in fact some of the training aspect that used to be in the Administrative Section, is now transferred to this section? That is the internal training, the staff training.

MR. MacMASTER: (Inaudible)

MR. McBRYDE: The salary increases then, Mr. Chairman, how do they come about?

MR. MacMASTER: Normal increase in salaries, or normal projected increases in salaries? The question before about the positions; there was three positions that were transferred in and three positions transferred out which cancelled out each other and there was one reduction in that particular department, which ends up with the seven that I have now.

MR. CHAIRMAN: (2)(a)—pass — the Member for The Pas.

MR. McBRYDE: Perhaps the Minister could tell us then, the three out I assume were the people

who were terminated. Who were the three in?

MR. MacMASTER: The three that transferred in, Mr. Chairman, were the director, an administration officer, and a training officer.

MR. CHAIRMAN: (2)(a)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, from whenceforth did they get into this section? From where did those three positions come?

MR. MacMASTER: Two came from the Local Government section that we just finished, and one came from Extension Services.

MR. McBRYDE: Mr. Chairman, now I have trouble with the figures for the two sections. There were 83 positions in the previous Local Government section, the Minister said 41 were terminated. Now does that mean that there are 42 people left in that section, or does that mean there are 40 left and two have been transferred to this section?

MR. MacMASTER: The positions are correct, Mr. Chairman, an individual transferred in and brought the position with him.

MR. CHAIRMAN: (2)(a)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, it does make it a bit difficult to follow and to get some idea of the pattern. That's especially true since the training branch appeared to have 8 before and now the Minister says 6, and it creates a problem to try and understand the changes that took place. Maybe the staff want to double-check that so it can be quite clear. In the meantime, I would ask the Minister what his reason was for terminating, firing the person that was titled Director of the training branch. Was she incompetent or incapable of carrying out her work to the Minister's satisfaction?

MR. MacMASTER: That particular situation is presently before an Arbitration Board, and I'm not prepared to discuss it here, Mr. Chairman.

MR. CHAIRMAN: (2)(a)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, I'm sorry I didn't realize that. Could the Minister tell us, of all those positions that were terminated, are there others presently before arbitration.

MR. MacMASTER: Not in this section that I'm aware of, Mr. Chairman.

MR. CHAIRMAN: (2)(a) — the Member for Rupertsland.

MR. BOSTROM: Yes, Mr. Chairman, thank you. My question is regarding this municipal government support, and although it relates to the Task Force and it's hard not to mention the Task Force when you're looking at the various cutbacks in the department, it's too much of a coincidence to see the cutbacks and not somehow relate it to the Task Force. It appears, in the case of Northern Affairs, that the government told the Task Force what to say and then went ahead and followed their recommendations that they had already asked them to write down in their report.

In the case of the municipal government support and this whole local government division that's under discussion, I would like to know what the Minister's policy will be with respect to this section and precisely whether or not he will be recommending to Cabinet that this area stay under his jurisdiction, or at least under the Department of Northern Affairs, the Minister of Northern Affairs, and I believe it is important to know where the Minister stands on this issue. I would like to hear his personal impressions of this as to whether or not, within the scope of the provincial government, whether he believes that this section, this particular area of work in northern Manitoba, should remain under the Department of Northern Affairs or whether it should be transferred to another department such as Municipal Affairs.

MR. MacMASTER: Mr. Chairman, I suppose I should say quite honestly that I want to have a good look at how it will be functioning. I believe there are some very, very capable people involved in the municipal government support section. I have faith that they're going to provide good service, and somebody would have to establish to me that (a) service to the communities would not suffer;

and (b) in fact could be better provided by another department of government.

MR. BOSTROM: I'd like to put on the record my opinions on this. They are very simply put that the local government development, municipal government support services, should definitely stay within the Department of Northern Affairs. I don't believe that a move from this department to another department in government would be one that would be favoured by the communities. They would definitely protest this, so let me represent their views by putting those on the record, that they have been in favour of a separate Department of Northern Affairs. I don't know if the combination of putting together the Department of Northern Affairs and the Department of Renewable Resources will work out to be the best in the long run, because I happen to know the workload involved if the government is going to be active in northern Manitoba, the combination of putting together these two departments is bound to detract from some of the services in northern Manitoba. For one thing, there's only one Minister here spending his time and his efforts looking at the problems that are associated with the delivery services of these two departments, so that's bound to be a step backwards in a sense immediately.

So I believe the northern people are not happy with the fact that these two departments have been combined the way they are. They would have preferred that there be two departments, two Ministers who are both working very hard in the service of northern Manitoba, and I am sure they would say that as far as the services from the government with respect to their local government development, their municipal development services, that they would want these to remain within the Department of Northern Affairs, whether or not it would be a Department of Northern Affairs by itself or one combined.

Their second choice would be that it be within a combined department, their first choice would be that it be a separate Department of Northern Affairs, serving their interests in northern Manitoba. But they would be completely and unalterably opposed to having these services transferred over to another department such as Municipal Affairs, which performs a very useful function with respect to the municipalities in Manitoba, but are working with established municipalities that have been in operation for many, many years, and they're working in areas where there's a much different style in terms of government and government services and needs and in terms of developmental needs. I believe the special needs here of the remote communities will continue to be best served by a separate department, which gives the focus of its attention to that area.\$

If this section were to be moved over to the Department of Municipal Affairs, what you would have is a small, little appendage on the side of the Department of Municipal Affairs that would not receive very much attention. In my opinion, it would certainly not receive the central or focal attention from the department, and in this case the Department of Northern Affairs, has, over the last few years at least, since the inception of this department, focused its entire attention on the development of local government; development of people in those local communities, to assist them in the development of their human resources first, and secondly to assist those people, after training, to develop their renewable resource base, whatever other resources they have at hand in order to create employment opportunities for people.

Mr. Chairman, it's that focal point, that focal attention, that first priority attention that the northern people want, and that they deserve. So therefore, Mr. Chairman, I want to put that on the record, that the people of northern Manitoba in the remote communities, would be opposed to having their services coming from another department.

It was the intention of the New Democratic government to take the services that are ordinarily provided, or should have been provided I should say, they weren't being provided but they should have been provided before from the various departments such as Municipal Affairs and the Department of Industry and Commerce and other departments that should have been serving the interests of northern Manitoba but weren't serving them, because Mr. Chairman, they were used to doing work in a much different environment. It simply wasn't their main priority to go into northern Manitoba to remote communities where life is much more difficult, where it takes much more time to get things going, things must be approached at a difference pace, using a different approach than you would use if you were working with sophisticated company or a well developed town in southern Manitoba.

So the whole rationale behind having a separate Department of Northern Affairs, Mr. Chairman, was to recruit, put in place people who had that speciality of dealing with northern people, northern communities, and particularly wherever possible, to recruit northerners, northern people to work in positions in the field, middle management and senior management, of that department, in order that their problems would be understood, No. 1, and dealt with in an understanding way, in a way that people in the department would, because of their experience, know how to deal with the problems and not have to go through a lengthy learning process themselves in order to deal with the problems.

Mr. Chairman, that would be a major step backwards. It would be going back to pre-1969. I

recall pre-1969 when the Conservative Government established the Department of Northern Affairs, and gave it the magnificent budget of, I believe, a couple of hundred thousand dollars, and they were supposed to deliver service to about 75 communities in northern Manitoba. Mr. Chairman, they did a credible job with the few dollars they had, but it never came anywhere close to even putting a dent in the problems that were facing the northern communities.

The northern communities may be patient, as I said earlier, Mr. Chairman, but they won't stand for going back to those days, and I'm sure that they will protest loud and long any attempt to do away with a department like the Department of Northern Affairs, and to farm out those services to the line departments. It would be just the beginning, if this section of the department were to be taken out from Northern Affairs and farmed out to the Department of Municipal Affairs or whatever other department.

And likewise, if you were to take the industrial development side of Northern Affairs, and farm that out to the Department of Industry and Commerce, that would be —(Interjection)— Well, Mr. Chairman, that may be another point, that there's so little left of that particular section that I suppose it wouldn't make a lot of difference at this point. But nevertheless, you can bet that the communities would not want the Department of Industry and Commerce trying to deliver the type of services that the department was enjoying from the Department of Northern Affairs, in terms of their training, their industrial development, their entrepreneurial development, their assistance to small business and so on.

Mr. Chairman, I brought that point up when we were under the Estimates of the Minister of Industry and Commerce and asked him at that time, if he had any people in his department that would be providing services to northern Manitoba. I got the standard public relations type of reply from this government, Mr. Chairman, that, "Oh, yes, we're very concerned and we'll look at all these things and we'll consider this and we'll consider that and anything that comes up we'll have a look at it," and that's the standard brush-off, gloss-over reply that we get from this government in every set of Estimates. They want to brush aside the real problems and have a look at things, and promise to be concerned, and give that kind of a public relations brush-off to all the real problems that are before them.

Mr. Chairman, sooner or later they have to take a position on these things. I've asked the Minister to take a position on this particular thing, the Local Government Development, which is a very important component of the Department of Northern Affairs, the key, focal component of for that department. If he has the kind of influence that he claims to have within the Cabinet, I would want him to be able to stand up here and tell us that there's no way that this section will be moved to another department in government. Mr. Chairman, if he can't do that, what I must assume is that he doesn't know himself whether or not this section will be moved. He knows that his colleagues may be thinking about this behind his back. The Minister in charge of the Task Force may be recommending this to other members of his Cabinet. The Management Committee may be having a look at this and the Management Committee Ministers may be recommending this to Cabinet. Other members of his government, in line with their regressive thinking, may be thinking that, "Well, yes, we may as well do away with the Department of Northern Affairs. Just leave a little co-ordinating body there," the way they had in 1969," and move these other functions over to the other departments where they can be watered down and filtered out and eventually phased out altogether."

And, Mr. Chairman, the communities in northern Manitoba — as I speak for them — are completely opposed to that kind of thing. I would like the Minister to be able to say that he has the kind of influence — I would hope that he does, I would sincerely hope that he does have that kind of influence — and that he can give us that kind of commitment that he will not allow this section of the department to be moved; that he will take the most drastic action even to the point of resigning from the government, if necessary, to make his point that this department should be the one that's delivering services to northern Manitoba.

Mr. Chairman, if he can't give us that kind of commitment, as I say, it means that really this thing hasn't really been decided yet and that the government is considering it; and various members of his Cabinet are going to be looking at this problem; and one of these days he's going to have to come in here, Mr. Chairman, hat in hand, head bowed and announce to the House — or some other member of the government will announce to the House while the Minister is retreating to whatever safe quarters he can find — and announce to the House that the Department of Northern Affairs is being dismantled and that these important functions of the department are being phased out or transferred over to other departments of the government, where in the long run, with this government they will be phased out.

I wonder if the Minister could comment on that.

MR. MacMASTER: Mr. Chairman, I specifically said that it would have to be proven to me that the services to the people in northern Manitoba could be provided better in another area before I would be convinced of even considering any particular changes.

But the Member for Rupertsland makes light of the fact that I may come in here with my head bowed, while — for the matter of the record, Mr. Chairman — I bow my head every day when I first come in here during the prayers that are given by the Speaker. Thank you.

MR. BOSTROM: Well, Mr. Chairman, the Minister may have to have more than a prayer if he makes that kind of move. At least, he will need a prayer before going into each northern community. They will voice their reaction, their anger to this kind of a move very quickly.

Mr. Chairman, I'm disappointed to not get a firm commitment from the Minister, and to hear him say in a way that leaves him an escape hatch, in the sense that this still could be a possibility; that he's saying he would have to be convinced, which means that at some future point in time if this section of the department is transferred to the Department of Municipal Affairs, or if some other section of Northern Affairs is whittled off and transferred over to another line department, he can say, "Well, I was right. I was convinced. I didn't make a commitment that these things wouldn't be moved. I said I would have to be convinced and now I'm convinced." So that gives him a convenient escape hatch if at some future point in time he has to take the decision of his Cabinet — which as I know is not very interested or concerned about northern Manitoba and is not giving it any kind of priority — and would be quite willing, Mr. Chairman, to have the Department of Northern Affairs split up, divided off into the various sections of the different departments and left to be very much like Labour in this government; left to a secondary, third, fourth, sixth, tenth position or wherever, in the back room some place, not given any kind of priority.

And, Mr. Chairman, I'm disappointed to not hear from the Minister, a more conclusive statement and a more confident statement, that he will be able to exert the kind of influence that's necessary to maintain this department intact.

Mr. Chairman, when the New Democratic Party was in government, the Minister of Northern Affairs, or myself, could get up at that time and make that statement confidently, that there would be — as long as there was a New Democratic Party government — there would be a Department of Northern Affairs. There would be a Department of Northern Affairs that would have as its priority northern people's concerns, and that there would be no thought of that department being broken up into the various sections and halved off, and transferred off into various other departments in order to be whittled down and phased out.

Mr. Chairman, I take from the Minister's comments that he's really not very confident — not very confident in his ability to maintain the Department of Northern Affairs intact — and he's leaving himself a very big escape hatch there where he can come in to this House and say, "Well, I was convinced that . . . My colleagues convinced me that I should break up the Department of Northern Affairs and send this section over there and send this section here." Really, you'll have pre-1969 days with very little attention being paid to the north and it'll certainly not be a priority, as this government doesn't seem to want to make it a priority.

MR. MacMASTER: Mr. Chairman, I thank the member for his comments. But I think it's a poor individual, as a human being as we walk through life, who isn't prepared to change as times dictate. What we all must live with is the hope, I suppose, and the prayers that the decisions that we make are the right ones on behalf of the people we're representing, be it in small business, be it in service clubs, be it in recreation changes in the province, be it in any type of changes.

I have said once and I say again, that I think it's a poor sort of a person who sets their feet in concrete. You don't last very long. Times change. I repeat once more, that any changes that are taking place would have to be demonstrated that there's a better service. I'm not prepared just to change for the sake of changing but if it's demonstrated some day in the future that changes would be more beneficial to people in northern Manitoba — the area of the province that I represent — then I'd be prepared to consider them.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Yes, Mr. Chairman. I wonder if the Minister could explain the need to still have three people for Hydro Compensation since an agreement has been signed, since most of the individual claims have been processed, what are these three people going to be doing this year?

MR. CHAIRMAN: The Honourable Minister.

MR. MacMASTER: I'm not in a position at the moment, Mr. Chairman, to dictate the future of the people in question, what agreement is being discussed. Certainly these days there's committees that must be established within it and quite possibly some of these people may end up as being choices for some of the committees that will be established within that. But at the moment I'm not

prepared to remove them from the Estimates here.

MR. McBRYDE: Mr. Chairman, it's kind of a surprise to me, the Minister is not prepared to dictate the future of these people, but he's certainly dictated the future of a large number of people on his staff in northern Manitoba. What are they doing right now, then, let's put it that way? Do they have any work right now? Originally their work was to assist individuals who had claims against Hydro, and then I believe it expanded to assist the communities to prepare their material. I assume that that function is pretty well done. So, like this week, what will these three people be doing and what does the Minister see them doing in September?

MR. MacMASTER: They're still representing, as of today, certainly still representing this department within the communities in relationship to any involvement that the people have in relationship to the Hydro problems.

MR. McBRYDE: Mr. Chairman, I'm still not sure how they represent this department in the communities. Maybe the Minister could reassure us that they're not tripping over other civil servants.

MR. CHAIRMAN: (2)(a)—pass — the Member for The Pas.

MR. McBRYDE: Well, Mr. Chairman, I don't think the Minister explained what they're actually doing. They're representing the department in the communities. What does that mean? I mean, that's not much of a job description.

MR. MacMASTER: There are still problems that are arising, Mr. Chairman, in relationship to Hydro projects, and that's what these people are presently dealing with.

MR. McBRYDE: Mr. Chairman, I suppose the Minister might want to demonstrate his ability to reduce staff in the near future because it appears to me that that function will be running down.

The other question is in relation to the Property Management Division which, in light of the reduction in the construction and especially the acquisition construction of physical assets from \$7.4 million to \$4.4 million, I wonder why the Minister still needs **si people to carry on that function.**

MR. MacMASTER: Quite possibly, Mr. Chairman, they were understaffed before.

MR. McBRYDE: Is the Minister of Northern Affairs and Resources telling me that there were sections of this department under the previous administration that were understaffed? Would the Minister repeat that again, I don't think I heard him correctly? They were understaffed before?

MR. MacMASTER: It's our conclusions that six are required to carry out the duties at this particular time. The Member for The Pas can make whatever assumptions that he wishes. The workload that we see for the previous year, or for the upcoming year, is going to require those six particular people.

MR. McBRYDE: Mr. Chairman, it certainly is reassuring to realize that the Minister found sections of the Department of Northern Affairs, that were understaffed. It's a real moving moment, Mr. Chairman, to hear that from the Minister opposite.

I wonder, Mr. Chairman, how these persons relate to the committee that's now set up in terms of land settlements, because a major part of the job of this section was, for example, in regard to air strips, negotiating exchanges for air strips on reserve, and it was a long drawn out process, as the Minister's going to learn as he negotiates with communities, and how will they relate to this new committee that's been set up?

MR. MacMASTER: Any Lands Claims Committee will be doing their particular duties, and this particular group will carry on with the work that they have been doing in the past, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, as I understand it, in the past this particular group would work with the communities to draw up an exchange of land to settle property titles, and then appropriate recommendations would come forward when an agreement was reached, a recommendation to Cabinet, which requires Cabinet approval. In light of the long discussion that we had the other evening on property settlements, I wonder how the work of this group will be affected, that is, if they reach an agreement with Oxford House, after all this time, and that agreement is then prepared in an

Order-in-Council. I don't assume that Cabinet will deal with it, it would go to the committee. Therefore, I would see some relationship between this group and the committee, or will some of the more routine automatic land exchanges by-pass the committee?

MR. MacMASTER: I believe, Mr. Chairman, that the committee will carry on its normal function. The Indian Land Claims Committee of course will be reviewing their findings as they process them.

MR. CHAIRMAN: (2)(a)—pass; (2)(b)—pass — the Member for Rupertsland.

MR. BOSTROM: I think the Minister was talking about the people that would be working in the communities with respect to the various claims that the — the Hydro claims and so on — did I hear him correctly that these people are covered under this section? Three people, is that correct?

Mr. Chairman, what efforts will these people be making with respect to the Hydro severance lines in these various communities. That has always been a problem in the north in terms of the communities being able to do any development. Hydro, as you know, has identified in a general way, severance lines, which are points just generally drawn on the map and not identified on the ground, and when the communities intend to — or individuals in the communities even — intend to proceed with a project, they have to prove to the satisfaction of Manitoba Hydro, that the land in question is not below the Manitoba Hydro severance line.

In some of these cases, it will be related to the northern Hydro developments, in other cases, around the communities on Lake Winnipeg, it is related to just general water levels and the fact that a certain level has been indicated as being the Hydro severance line. They have not been located on the ground, and it's certainly a problem in the communities in the sense that they are not able to proceed with the development until such time as survey crews come in and make the actual identification of the line on the ground. In a case whether it's private land or Crown land, that severance line has to be identified.

Now, seeing that he can't really described to us what these workers will be doing that are on salary with the department, does the Minister have any thoughts or the officials before him, who can advise him, whether or not these people can be utilized in addressing themselves to that particular problem, and assisting the communities to get a more expeditious answer and more expeditious action on requests to identify the Hydro severance lines in the communities, in order that they not cause lengthy delays in the various developments that the communities are planning.

MR. MacMASTER: These particular people are dealing, by and large, with trappers problems, and possibly docks and that type of thing.

MR. McBRYDE: Mr. Chairman, I wonder then, if the people involved in property management are stuck with the problem that the the former Minister refers to? That was a real serious problem with the department, that Hydro took a map, drew some straight lines, saying those areas are restricted areas because they could some day be flooded, and there was no ground surveys, no contour surveys, but just a line on a map, which severely restricted land utilization in remote communities in many areas. And I wonder if this property management section is faced with that problem, if, in fact, you've been able to come to grips with big brother Hydro in that regard, or whether we're still faced with that problem?

MR. MacMASTER: I believe, Mr. Chairman, we are still faced with the problem and we'll continue to work at it, as the previous administration did, and hopefully in a period of time reach some agreeable conclusions.

MR. BOSTROM: Thank you, Mr. Chairman. My next question relates somewhat to that problem although it relates also to the assistance that this particular section of the department could give to various communities in the north. Norway House is one community in particular that I can discuss that has a problem with the land situation in their community. There is a great mixture of problems in there in the sense that some of the land has been held by the LGD of Consol that was in The Pas and over the period of years, some of the land had been sold for tax sale. The people in the communities, because of language problems and so on, were never informed of the situation and in some cases they have a title still in their drawer in their house and they still think they own the land and yet years and years gone by that land has been sold for tax sale. When they turn around to want to make a deal with the Northern Housing Programs to put a house on that land, they have to go through a lengthy process of dealing with the legal people, the LGD of Consol, Northern

Affairs. Northern Affairs' staff have been in Norway House over the last year or so trying to sort out that problem and to my knowledge, it still has not been sorted out. They have, at the present time, a request in Norway House for an additional 15 homes for this coming year and, to my knowledge, the land problem is still the main hitch in the works. It's the land problems they're facing and there are numerous ones. Some are related to Crown lands, some related to these tax sales, some problems with the relationship to the Hydro severance lines and so on. I'm wondering what people the department will have to be able to assist this community in resolving this very difficult problem, one which must be resolved before they can resolve the other more serious problem of housing for their community.\$

MR. MacMASTER: Mr. Chairman, I appreciate that the problem has been there for several years and hasn't been resolved. I can't give the Member for Rupertsland any assurances that I am any closer, six or seven months after being sworn in, to resolving the situation that has existed for many years. I can tell him that I have been made aware of some — maybe not all — of the problems in the particular community he is talking about, Norway House, and that we will be endeavouring to tackle that problem, hopefully to resolve it in a quicker period of time than it has existed and it has existed for years. I would like to assure him that it won't be years before we resolve it but I don't have that magic date, whether it's going to be by July or August, at the tips of my fingers right now.

MR. BOSTROM: Well, Mr. Chairman, some of the problems that have to be resolved require staff from the department. If the member is saying he is going to resolve it quicker and at the same time he has cut back staff in the department, I'd like to know how he can rationalize those rather conflicting statements on this issue.

For one thing, one of the problems they face is a legal one. This government has cut back on Legal Aid services so therefore these people that require a lawyer to settle some of the legal aspects of these land problems won't be able to call on those services anymore. They cut the lawyer out of the Northern Affairs' budget so that they no longer have a call on that person. —(Interjection)— Pardon me?

MR. MacMASTER: I said that's a good move.

MR. BOSTROM: Well, the Honourable Minister says that it was a good move. He's expressing an opinion that doesn't surprise me since that's just another lack of concern in my view for Northern Manitoba. Here is a problem which I bring to his attention which requires the services of legal people, it requires the services of lands people, it requires the services of survey people. Mr. Chairman, I was pressing the Minister the other night when we were on the survey section of the Estimates to give us an indication of what their program is for the year because Norway House should be one of the ones on their agenda in terms of them resolving this severance line issue in that community. They are one of the ones that are affected partially by the northern hydro developments, so therefore they should be at the top of the list in a priority way so that the severance line can be identified.

Secondly, this department should be assisting that community to resolve those land problems. They inherited some of those land problems from the LGD of Consol when the switch-over of the land administration took place, so that there's a real hazy area there and I think it requires some legal assistance to work it out. Now either the department has their own legal people or the government supplies services of a Legal Aid lawyer because these people are not rich, they can't afford to hire a lawyer at \$50.00 an hour to go into Norway House and research their land problems. They require some assistance and it's an urgent problem because the people are requiring housing. Before they can go through the entanglement of bureaucratic procedures to get through the CMHC approvals for housing, they require these land problems to be ironed out completely.

I brought one or two specific problems to the Minister's attention over the last few months and I understand those are being dealt with and I appreciate the work that is being done on those. However, the overall problem in Norway House is one that I want to bring to his attention now and I'm hoping that he will make that a priority in terms of addressing his staff, instructing his staff, to work out the problems in that community. I'm sure that some of his staff that used to be located in Thompson are partly aware of the problem although, for one reason or another, were not able to resolve the problem yet. I think it's an urgent one; it's one which I would like to see solved immediately, if not sooner, because as I say, the community is desperately in need of further additions to their housing stock. The Metis side of the community does not have full housing complement, there are many people living in very poor quality housing. The Department of Northern Affairs, through working with the community council' did put in a subdivision there and put in a number of new homes, through working with the northern programs. And we were able to locate a spot, that is,

certain homes on private land in the area that didn't have these land problems. And there were a few land problems worked out. But it requires, as I said, the services of some legal people so if you don't have a lawyer in your department right now you are going to have to call on the Department of the Attorney-General, if that's where your services are. I would hope that the Minister would make that a priority and insist that someone address themselves to this problem immediately and have a look at what has to be done from a legal point of view. That he would put this at the top of his list, as far as the surveying goes, so that the necessary surveys could be done to identify the problems that relate to boundaries between various parcels of land, as well as the problems of the severance line in the communities.

So I think it requires at least those two, if not three, sections of the government working together. And I see the Minister of Northern Affairs responsibility, in terms of his department co-ordinating those services, pulling them together in order to solve this problem. And I would hope the Minister could be more specific than saying he is going to look at it over the next few years, because the people there need housing before the next few years are up.

MR. CHAIRMAN: (2)(b)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, when we started this section, I made some use of the organizational chart which the Minister sent over. Now, as we got to these latter sections that the Minister says are divided on a regional basis and as a regional delivery system, I can't match it to the chart because the chart is a functional division system and I wonder if the Minister has a correct or updated chart that would show what he has said to us.

MR. MacMASTER: These services of this particular group can be retained by anybody within the regions.

MR. CHAIRMAN: (2)(b)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, I can see the property management probably operates out of Thompson and the Hydro Compensation operates in the communities, but the Municipal Government Support and Community Services, I thought the Minister explained this Municipal Government Service section that we're dealing with now on a regional basis, as well as the — those two sections on a regional basis. Did I misunderstand him when he explained how they operated?

MR. MacMASTER: There is a particular core group that will supply information and monitor services, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, then it's fairly important to understand the structural situation. We have then field people that I assume are located in The Pas, Thompson, Dauphin, Selkirk. And then there is another group centralized that oversees how they function and provide management. Are they the supervisors of them, or are they just consultants available to them, and there is a regional manager?

MR. MacMASTER: They provide services to the regional offices.

MR. CHAIRMAN: (2)(b) — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, then there is a regional manager system, I assume, for what is shown here as Community Services and Municipal Government Support. There are regional managers for those people, as well?

MR. MacMASTER: There is one director of the Municipal Government Support section.

MR. CHAIRMAN: (2)(b) — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, the Minister said it was regionally divided. I would assume then that there are some people from these two sections in Dauphin or Selkirk, or Thompson or The Pas, and that they report to somebody in the same region; is that incorrect or correct?

MR. MacMASTER: The group in question is located in Thompson, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, of the six property people, the seven training people are all located in Thompson, then?

MR. MacMASTER: Yes.

MR. McBRYDE: And there are no training people at the regional offices?

MR. MacMASTER: I spelled that out before that there are people in the regional offices.

MR. CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Well, Mr. Chairman, to be more specific, who would be delivering the community services to the east side of Lake Winnipeg communities? What departmental office?

MR. MacMASTER: Selkirk area.

MR. BOSTROM: Mr. Chairman, does the Selkirk area office have a head or manager, as such?

MR. MacMASTER: I went all through that, Mr. Chairman. I pointed out who was in the offices and who was in the regional offices, and the details of the people that were in those offices. The section now that we are dealing with is the Municipal Government's ort — the one that the Member for The Pas raisednd I'm saying that that particular group is in Thompson.

MR. McBRYDE: Mr. Chairman, I'm sorry we have to keep questioning the Minister but there does seem to be some real contradictions in what he has told us.

MR. MacMASTER: You don't understand it.

MR. McBRYDE: Mr. Chairman, that's right. We don't understand it and I think the reason we don't understand it is either because the Minister doesn't understand it or he can't explain it. Okay, in the Dauphin office which services would be delivered directly to communities from the Dauphin office?

MR. MacMASTER: I explained all that, Mr. Chairman. I'm not going through it again.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister could then explain to us how these six, seven training people travel to the Dauphin region to provide their service, or why they travel all the way to the Dauphin region from Thompson to provide their service.

MR. MacMASTER: Generally speaking they won't be be.

MR. McBRYDE: Mr. Chairman, then maybe the Minister could explain how the service is provided.

MR. MacMASTER: I explained previously before the staffing of the regional offices and I've explained the staffing of the municipal support group. There's a difference.

MR. McBRYDE: Mr. Chairman, the process the Minister has set up which he describes as an efficient, effective system where people don't trip all over each other, as I understand it, and if he doesn't want to explain it further I'll have to go by my understanding of what he said before, now appears to be a very cumbersome mechanism where people will at least be tripping over themselves in Thompson if they're not tripping over themselves in the region. I don't see how he gets any more efficiency out of that system when he talks of a regional system but he doesn't have a regional system yet, and if the Minister could clarify that for me then I would be willing to withdraw those remarks. I think the simplest way for him to clarify my inability to understand him the first time around, if he could just take that regional office and just run over the functions that are delivered and who's the boss, then it would really simplify things for me, Mr. Chairman.

MR. CHAIRMAN: (2)(b)

MR. McBRYDE: Mr. Chairman, if the Minister is not going to answer questions I move that Committee rise. .

MOTION presented and declared lost.

A MEMBER: Yeas and nays.

MR. CHAIRMAN: Call in the members. Order please. The motion before the House is Committee rise.

A COUNTED VOTE was taken, the result being as follows:
Yeas 8; Nays 23.

MR. CHAIRMAN: I declare the Motion lost.
(2)(b)—pass — the Member for Winnipeg Centre.

MR. BOYCE: The items under discussion, Northern Affairs, one of the members when leaving the House said, "Why do you put forth such silly motions"? I for one member of the House am willing to stay as long as the government chooses to keep us here. I would appreciate some answers even if we have to read it in Hansard. I'm very concerned with matters in the north because it has a direct result on my own constituents. And going to the reserve near Rossburn and talking to the chief and he's relating to me history of this particular area where they in recent times had 900 people on the reserve and it's down to about half of that now, the T people end up in the community. he people are being forced off the reserves, are being forced out of communities and into the urban core.

The present government made many sweeping accusations against the former government, and my colleagues were asking questions as we go through the Estimates on specific points to prove that these accusations at best were fallacious. I think it's important to the people of Manitoba. It's an attitudinal thing.

In the other Committee which is going through Finance, Mr. Chairman, once again we're coming up against the fallacious figures that the government use in saying how much in deficit we were. It's down to I think \$15 million or something now — that horror story, that \$229 million. The Member for Inkster in raising a point said, "You know, one of the regrettable things is that the government will not accept the responsibility of presenting to the people of the province that this is Conservative philosophy which they're imposing. They're still blaming it on the mismanagement of the former government — all the horror stories that they were going to tell. I know in this particular department they've tried to make horror stories.

It reminds me of something that's going on currently in another Conservative Administration where the Minister responsible for — we're on, I think the Municipal Government Services. We're talking about services to the people, I believe, in the northern community. It was reported in the press recently that it is the intention of the Conservative — no matter what they call themselves — Government in British Columbia to harass about 8,000 young people out of the City of Vancouver because they were on welfare. The government is unable to create employment for these people so it'll follow the traditional Conservative policy of harassing people out of communities. They end up in my particular constituency by and large — in the central part of the City of Winnipeg — where they're ill-equipped to take care of themselves. It's not too many years ago that a former Minister of the Conservative Government used to brag that in his constituency, which was Flin Flon, he didn't have any welfare because that was a definite policy in that particular community, harassment. In fact, I think they even contributed to their bus fare out of town.

Much criticism has been levelled with trying to help the people in the north evolve a system of dealing with their own problems. One of the criticisms was on how much travel was involved. It's regrettable that more people from the south, Mr. Chairman, don't take the opportunity to travel more into the north, because the Member for The Pas took me in his particular constituency on a sojourn into that constituency and I spent several days with him. And I want to report to you, Mr. Chairman, I learned a lot. Because my familiarity with the people in that particular area was very limited, having been raised in a community that was primarily WASP, and looking at strangers as all people are likely to look at strangers, with some suspicion, I knew nothing about how the people in those communities live. But in travelling through that area I found the difference in attitude, where slowly but surely these people were learning how to take care of their own affairs, that there was a change in attitude.

But to use the strict economic accounting system which the present government is inclined to do in some instances, that it isn't economically viable if it won't support itself, then we shouldn't be involved in it... one particular operation — and I have to say that the former administration didn't handle this particular problem that well — but to use a case that I am familiar with rather than speculate, it involved a small operation wherein a particular community, the people to have employment — and if we're talking about municipal services we're talking about people standing on their own two feet, establishing something by which they can generate revenue for their own

personal income and for the income of the community — in this particular community they established a small operation in manufacturing fence posts, which is very simple; find trees of the proper size, peel them, put them in copper — I think it was copper sulphate, wasn't it? — soak them in copper sulphate for a period of time, dry them, and they withstand fifty years of being in the ground, subject to insects and the rest of it. The marketing arrangements were through ManFor and the Board of Directors of ManFor is charged with the responsibility of trying to operate that particular facility at a profit, if possible, but in a loss situation with the loss as low as possible.

So ManFor was charged with the responsibility of marketing these particular logs-cum-fenceposts and when sales reached the point where it wasn't to ManFor's advantage to have an increase in their inventory they, from a strict economic viewpoint, had to cut out the purchase of the logs. And I thought at that time it would make eminent good sense if, for example, ManFor was carrying \$100,000 in inventory in logs it would pay us, as a province, to pay the interest charges directly to ManFor as a subsidy so that they possibly could purchase an additional \$100,000 worth of fenceposts from these people who were working. Of course, the system wasn't structured to do this and as a result ManFor didn't purchase any more fence posts and the people were laid off. And the results in such instances, Mr. Chairman, are predictable. When people have nothing to do, when the only source of recreation that they have in the area is to sit in the local pub, difficulties arise. And it is much more expensive to keep a person in Headingley Jail than it is to put a few dollars into keeping them working.

And the Minister, I know, is just as concerned about these problems as I. But nevertheless the questions that are being asked by my colleagues, I would suggest that we put the answers on the record and we on this side of the House will stay here as long as the government intends to proceed on these particular items. The problems that are facing us all are horrendous, and if some improvement on the capacity of the people who really don't know how to live in crowded, congested urban settings aren't dealt with, then the situations will be exacerbating. In listening to the earlier debate I heard the Member for The Pas, relative to some of the things that happen to people when the economy slips — and I agree with him, he did not lay at the feet of the Minister personally suicides and things of that nature, no more than I would lay personally at the Minister who has Corrections at the present time, the suicides in the jails. He was making the point, and I would add to it, that the social indices, and I'm not a person to get all involved in statistical analysis, but nevertheless there is a direct relationship between people being actively involved — in rough time we have to, all of us, as taxpayers, dip into our pocket and put a few more dollars in that, because it is in the truest sense an investment. Someone four or five years ago did a statistical analysis and tried to show how one index will increase as there is a change in another. The closer you pack people together, for example, Mr. Chairman — people are just like atoms; they have critical masses and people explode, just like atoms do, that if you pile people together in a critical mass you get an atomic bomb. If you pack people together in a situation of social and economic deprivation, you've got problems, and the answer to these problems, I would suggest, Mr. Chairman, whether it's through the local administration of municipal or local government district funds, is to help these people develop an economic base so that they don't have to become so depressed that they do explode.

The Minister of Health in his Estimates said that he had anticipated unrest in the correctional institutions; well, I would suggest the investment of public moneys in the prevention of people being put in these institutions in the first place is how you prevent unrest in these communities, so that the people don't end up in the jails.

Mr. Chairman, I don't want to get that much involved in the specifics of this particular department because I'm not an authority on Northern Affairs. —(Interjection)— No, give the ex-Minister a few minutes to catch his breath. But the things that we're putting on the record, Mr. Chairman, one of the things that even in saying anything, that as the Member for Winnipeg Centre — my friend from Morris is prone once in a while when we get into things agricultural, to stand up and say, "How many acres of wheat have you got?" and the rest of it. We can't look at the problems of the province in a parochial sense because we're all involved, and Mr. Chairman, I would like the Minister to know that in other areas, in some of which I had some responsibility, I appreciated the Minister's co-operation. So I am sure if we're all patient with each other and get the answers on the record, even if it seems that it's repetitious sometimes, I think it will lead to a better understanding of the people of the province.

MR. CHAIRMAN: 2.(b)—pass; (a)—pass — the Member for Rupertsland.

MR. BOSTROM: Yes, I'd like to make some comments on this section before we move from it. It relates to the comments I was making earlier with respect to the transfer of services from the Department of Northern Affairs over to other departments, and I believe that this section relates to some of the transfers that have already taken place. For example, in the Minister's opening

the other day he pointed out that there was a planning section which related to municipal government support which has already been transferred to the Department of Municipal Affairs. So I suppose you could say that we are seeing the tip of the iceberg in terms of this department being modified according to the Task Force recommendations, which I maintain must have been written by the Cabinet, and they are being slowly implemented, so that you have a planning section of the Department of Northern Affairs that used to provide support to local governments in northern Manitoba that is now within the Department of Municipal Affairs. I believe, Mr. Chairman, that that is only the tip of the iceberg in the sense that that is one section that they now have transferred off over there, and as I said before, that will only be an appendage to the Department of Municipal Affairs; it certainly won't be their priority, as this planning function was a priority when it was under the Department of Northern Affairs.

Mr. Chairman, these people that worked in this department dealt on a regular basis with communities in northern Manitoba, assisting them to plan. They were working in co-ordination with other people; they had worked in municipal government support and local government development; they worked in a way which I believe was a much more co-ordinated and efficient way of operating than they will be operating now. And if the Minister is worrying about people tripping over each other in northern Manitoba, you will certainly have more problems with that when you have sections of people that are serving the same community located in different departments. That was the rationale in the first place for establishing a department like Northern Affairs, to have all the people with that specialty of dealing with remote communities in northern Manitoba and with their local governments; the ideal was to have those specialists all located in one department.

Well, the Minister of Agriculture may not want to hear about the problems of northern Manitoba, and if he doesn't want to he's quite free to leave and go home, because, Mr. Chairman, the problems of northern Manitoba are serious enough that I don't intend to let items pass in these Estimates quickly before we have an opportunity to put our feelings and ideas on the record to ensure that the views and concerns of northern residents are well represented. Mr. Chairman, that is one of the main serious concerns of northern Manitoba. They may not be voicing it yet, for one of the reasons, Mr. Chairman, is that the real things that are happening are not really filtering down to the northern communities yet. I'm sure some of them may not realize that the section that used to be with Northern Affairs, that used to serve them as a municipal planning service is no longer part of Northern Affairs but is now part of Municipal Affairs. Mr. Chairman, they now have to relate to not one department but two departments, and when they're dealing with people in local government development within Northern Affairs, they're dealing with them at the same time as they're dealing with these people from Municipal Affairs.

Mr. Chairman, you see an amount of \$200,000 and 12 staff man years transferred to the Home Adsoy Program, and the Home Advisory Program transferred to the Department of Health and Social Development. Here's another example of the point I'm making, that the Task Force Report is being implemented by this government and Northern Affairs will be whittled down to be no more than a co-ordinating agency. And Mr. Chairman, that has never worked in the past; it won't work in the future, because a co-ordinating agency doesn't have the teeth to make the various departments of government operate in a co-ordinated way in delivery to northern Manitoba. Mr. Chairman, it's a well-known fact that when you have a small section of a department relating to a particular geographic area of the province, that little section of that department doesn't have very much clout within that department. It's usually pushed off into the corner some place; they don't have much voice in the small "p" political battles that go on within a department for status and funds and so on and they don't get much attention when it comes around to Estimates' time either, they don't get much of the Minister's attention in that department when that's only a very small section of his department and it's only relating to a very, what he may consider, an insignificant part of Manitoba.

So, Mr. Chairman, this idea of whittling away the Department of Northern Affairs and putting it off into various other departments of the government is just another demonstration of the lack of concern of this government for Northern Manitoba. It's another demonstration of their intention of making Northern Manitoba a low priority in their scheme of things. They just don't care about it and they don't think enough about it to want to make it a high priority. This is demonstrated in these actions and, Mr. Chairman, I can't get a definite commitment from this Minister that these people that are working in the Local Government Development and Municipal Government Support Services will remain within the Department of Northern Affairs. The Minister says that he has to take that under advisement and he answers much like the Minister of Health or the Minister of Industry and Commerce. He makes a very glossy statement, a public relations type statement about being very concerned about everything and being willing to listen to all the concerns but, Mr. Chairman, it's leaving an escape hatch for him in the event that his colleagues instruct him to move that section of the department over to other departments of government.

Mr. Chairman, we take note of this and put on the record that this is something which is completely

opposed by the residents of the remote communities in Northern Manitoba. They are opposed to the Department of Northern Affairs being split up. They were most pleased by the fact that the New Democratic government saw fit to give Northern Manitoba a priority in the scheme of things, that they saw fit to establish a Department of Northern Affairs, a Department of Northern Affairs that had as its priority the development and service to the residents of Northern Manitoba. Mr. Chairman, it seems that this government is moving away from that after making many big promises during the election campaign with respect to what they were going to do in Northern Manitoba.

I heard the present Premier, the former Leader of the Opposition, during the election campaign come into my constituency and make speeches about the fact that there should be bridges and there should be roads and there should be this and there should be that. Mr. Chairman, when we look at the Estimates, we see that none of these things are contained within there. He was promising the people of the north everything that he thought they wanted to hear but after the election, Mr. Chairman, the Leader of your Party, the present Premier of this province, has shown to be somebody who doesn't keep his promises.

Mr. Chairman, it's not the first time in Northern Manitoba, as I said before, that the Conservative —(Interjection)— Yes, the Member for Gladstone has revealed the true feelings of the Conservative Party. He says, "We're going to spend all the money in the south now; to hell with the north."

A MEMBER: Who do you think he is, Ed Schreyer or somebody?

MR. BOSTROM: Mr. Chairman, that reveals the attitude of . . .

A MEMBER: But you guys go on the record as saying things like that: No votes, no roads, to the people of Birtle-Russell.

MR. BOSTROM: Mr. Chairman, it reveals the attitude of the Conservative Party and I believe that that's why the Minister of Northern Affairs is a bit worried and wants to leave an escape hatch for himself. Because it's people like the Member for Gladstone and the Member for Minnedosa who speaks from his seat, that is going to be putting a pressure on the Cabinet to pull back on services to Northern Manitoba: "Cut those grants out; cut out those services."

Mr. Chairman, we see the evidence of it right here in the Estimates. We see a reduction in local government services. —(Interjection)— Only an assumption. Well, Mr. Chairman, it's not an assumption when we see the facts before us. The facts are that this government is pulling back, pulling back in the very areas that the north needs the most assistance and that is in Local Government Development and Employment Services. You take a look at these Estimates and that's where they're pulling back. In other areas, Mr. Chairman, they're halving the department, phasing it out by transferring it over to other departments where it will just be a minor, insignificant part of that department and not really be concerned about making the north a priority service. —(Interjection)— Mr. Chairman, the Member for Minnedosa likes to speak from his seat. —(Interjection)— Well, if you want the floor, you're welcome to have it.

A MEMBER: I could make a lot more common sense than you did in the last three hours.

MR. BOSTROM: Well, Mr. Chairman, I think that the north may be waiting patiently to see what this government is doing. The thing that's most insulting about this kind of approach, Mr. Chairman, is that it's so dishonest because we heard the Leader of the Opposition when he was Leader of the Opposition, the present Premier, make his big pitch to Northern Manitoba. He wanted to try to run every election in Northern Manitoba as if it was a by-election. I believe he instructed his candidates to promise each community whatever they wanted regardless of the cost because he wasn't worried about having to deliver in any case. Because, Mr. Chairman, they're proving it now that they don't want to deliver.

The Member for Gladstone says they're only going to spend money in the south now. Well, he should have been listening to his leader during the election campaign when he was going into Norway House and promising them bridges across the rivers. Each bridge would cost about \$3 million and they need at least two of them, Mr. Chairman. The community of Berens River was promised a bridge by the candidate running for the Progressive Conservative Party, another \$3 million bridge. All at the same time that the same Leader of the Opposition, the leader of your Party I should say — he should be the Leader of the Opposition — was going around the southern part of the province saying exactly what the Member for Gladstone is saying that we're spending too much money in Northern Manitoba; we need to spend more in the south, and we'll make all these cuts, efficiency cuts and so on and we'll transfer money here and we'll put it where we want to put it

and so on. Mr. Chairman' at the same time, his candidates and he himself was going around Northern Manitoba promising them everything they wanted to hear. Mr. Chairman, to the credit of the northern people, they didn't believe your leader and they didn't believe your candidates in those communities. In fact some of the communities, as I mentioned earlier, didn't even give your party one vote because they remembered the kind of false promises, the forked tongue that the Conservative Party tends to speak with when it comes to election campaigns.

Mr. Chairman, they weren't afraid of making promises and I can show evidence here, their campaign pamphlets that were used where they were talking about bridges and roads, all of the things which are not contained in these Estimates and I challenge the Minister and I would sincerely hope that he does live up to those campaign promises because that is what the people want, they wanted to hear that those things would be provided. But I believe that the Conservative Party and your leader was dishonest when he was making those statements because he doesn't intend to follow through with those promises. He doesn't intend to build two bridges in Norway House. He doesn't intend to build a bridge in Berens River even though those were promised. Sure, Mr. Chairman, we built ferry barges to connect communities in Northern Manitoba and they were a lot less expensive than building bridges and that was the reason we did it. I notice this government is not shutting down those operations, they're continuing those operations, Mr. Chairman, and if they want to replace those barges with bridges and roads, beautiful, terrific. But let them do it; let them not just make promises during election campaigns that they're going to do it and then come in and listen to their reactionary colleagues from Gladstone and Minnedosa that tell him that we don't want any money spent in Northern Manitoba, and not only do we not want to live up to our leader's promises, but we want the present level of funding cut back. That's exactly what you're doing; you're cutting back on the present level. What was being done before is not even being done any more. You're cutting back on that and you're cutting back in the most crucial key areas, affecting the needs of Northern Manitobans.

As I mentioned, the key areas are in the area of local employment and in the area of local government development. I say shame, Mr. Chairman, on those people that make the political process a joke and make people feel very cynical about the political process in Northern Manitoba. When you encourage your candidates and your leader encourages your candidates by making the damn statements himself, going around the north making promises that he knows full well he's not going to live up to Mr. Chairman, it makes the northern people very cynical about the political process. It's one thing, Mr. Chairman, that I respect very much is the political process and I don't believe that it should be abused the way that your party abused it during the last election in Northern Manitoba. —(Interjection)— I'm back because I didn't go around the north, I didn't promise Berens River a bridge; I didn't promise Norway House a bridge. I was honest with those people. The Conservative Party wasn't very honest with them. They promised them the sun and the moon, they promised them everything they wanted to hear and, Mr. Chairman, the people in Northern Manitoba rejected them because they didn't believe them, they didn't believe them. They didn't believe that that government would deliver on those things. I like to think they believed me when I told them that these things are very expensive and it's not likely that the government is going to be able to provide them. Mr. Chairman, I laid it on the table and told them the truth. For the credit of the northern people, at least they respect the truth and reject the people that are not telling the truth.

Mr. Chairman, now we have the chickens come home to roost, so to speak. When you watch the Department of Northern Affairs' Estimates coming before the House and you see the cutbacks, you see the cutbacks that are being made in Northern Manitoba after the Conservative Party went around the north, went around the north making big promises to all the people. I can show you the campaign pamphlets, Mr. Chairman. They were running two campaigns even in my own constituency because in the southern part of the constituency it wouldn't have been very popular to know that they were making these big promises in the northern part of the constituency so they were running two candidates . . .

MR. CHAIRMAN: Order please. Is the Member for Rupertsland speaking to me?

MR. BOSTROM: Yes, I am.

MR. CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, I'm talking very generally about the cutbacks in Northern Manitoba as demonstrated by the cutbacks in this particular section of the Estimates. Mr. Chairman, it's simply an example and if I talk about the little red rooster, Mr. Chairman, I should be able to fit it in here somewhere. The House Leader has managed to squeeze that speech into some very irrelevant situations in the past and seeing that he's the expert on rules in the House, I think that I should

be able to follow his example. I should be able to follow his example and proceed along the same lines.

Mr. Chairman, I think that it is pretty obvious from the examples that we have seen, and you only have to refer to the Minister's opening statements to realize that this government is intending to decimate the Department of Northern Affairs. They've already demonstrated that they're cutting back in Northern Affairs and M . Chairman, it's a shame, when you consider that in doing so they are just adding more cynicism in the minds of the people of northern Manitoba when they see that kind of callous disregard for the truth when it comes to making commitments to northern people. Mr. Chairman, it's always been a frustration to me in dealing with people in the political process when they s. distrust government I believe that governments should be above-board and honest with people; I believe political parties should be above-board and honest with people and build the kind of democratic system that you're proud to be a member of. Mr. Chairman, when people abuse the political process the way that this government has abused the political process in northern Manitoba, it drags us all down and makes us all look bad ; it makes people very cynical about the political process. Mr. Chairman, it's a shame when you see what this government is doing to that process in northern Manitoba.

MR. CHAIRMAN: 2.(b)—pass; 6.(d)(2)—pass; 6.(d)(3)—pass — the Member for The Pas.

MR. McB YDE: Mr. Chairman, I wonder if the Minister could indicate under this section how much was recoverable from Canada last year as opposed to this year?.

MR. MacMASTER: \$287,600.00. We've used the same figure for this year, Mr. Chairman; e expect to get a very similar amount. \$

MR. McBRYDE: Mr. Chairman, then I don't understand this particular section. Does this Section 3 talk about the recoverable — sorry, could the Minister then explain exactly where these recoveries come from?

MR. MacMASTER: Mr. Chairman, they came from the Canada Assistance Plan; it's a negotiated agreement with the Federal Department of Indian Affairs and the Department of Manitoba Indian Affairs.

MR. McBRYDE: Well, Mr. Chairman, I wonder if the Minister could then explain the figure in last year's Estimates book of \$672,800 under this item.

MR. MacMASTER: That was sharing under the Northlands, Mr. Chairman, in relation to the Extension Services, and we're not going to be expending moneys in that particular area so we don't feel that that will be shared this year.

MR. McBRYDE: Mr. Chairman, the Minister mentioned the recovery here was under CAP, a section of the Canada Assistance Plan which says persons in receipt of social assistance or likely to become in receipt of social assistance can get cost sharing up to 50 percent as opposed to 60 percent under The Northlands Agreement. Mr. Chairman, could the Minister then indicate the total amount for this section recoverable from Canada last year, and the total amount for this section recoverable this year?

MR. MacMASTER: The \$672,000 that the member had raised will not be forthcoming this particular year. The amount that will be is the \$287,000.00.

MR. McBRYDE: Yes, Mr. Chairman. Was this \$287,000 claimed last year, plus \$672,800? Do you add those two figures together? So the Minister will not be recovering from Canada \$672,800, is that correct? Mr. Chairman, the Minister, so the record will show it, is agreeing with those statements that I made. So what we have here is the Minister boasting about his effectiveness and his ability to cut programs and save the taxpayers of Manitoba money; in effect, he is cutting programs and reducing services to the people of northern Manitoba. This section clearly shows, Mr. Chairman, that he is saving them some money; at the same time he is increasing the amount of money up north because of the other costs that are going to be caused by the fact that the Minister is not spending these 50-cent dollars. Or Mr. Speaker, did I misunderstand the Minister: were these 60-cent dollars that he let go? Was that \$662,800 under The Northlands Agreement or under CAP?

MR. MacMASTER: . . . plans, Mr. Chairman, and we won't be expending the particular moneys on that particular section to then reap the benefit back.

MR. McBRYDE: Yes, Mr. Chairman. I think it's important for us to understand where the reductions are in the Manitoba-Northlands Agreement, and I think by the end of the Estimates the Minister is going to give us the totals. I believe the totals will show that somewhere in the neighbourhood of \$5 million or more has been let go by this government, so they're claiming on one hand to save the taxpayers of Manitoba money by these reductions. On the other hand, they're reducing services which in fact are reducing costs to government, the type of costs I outlined earlier, Mr. Chairman, and I won't repeat those costs, but in fact at the same time they are claiming to save the people of Manitoba money; they are saving 40 cents on the dollar, in the meantime they are happening to increase programs that are 100 percent cost to the Province of Manitoba. So in effect, Mr. Chairman, there is no real savings; it is an artificial and a phoney saving that the Minister has been talking about and not a real saving.

MR. CHAIRMAN: 6.(d)(3)—pass; 6.(e)(1)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, I can't let this one go by without some information. Can the Minister explain what exactly is meant by the Norway House road? Salaries, wages? And what changes there are from last year by way of contrast?

MR. MacMASTER: No particular changes from last year, Mr. Chairman. It's four people involved, the supervisor, two grader operators and a clerk. They live in Norway House and the increase is hopefully, a better maintenance job and more time to spend on the road.

MR. BOSTROM: Mr. Chairman, what road is he talking about, because there are 40 miles of road within the community of Norway House. There are internal roads, there is a 50-mile road that connects Norway House to Jenpeg, and there is a 50-mile road from Jenpeg out to Highway 391. Is the Minister talking about the salaries of people that deal only with the internal road, with the road from Norway House to Jenpeg, or the entire road system including the road from Jenpeg to Thompson highway?

MR. MacMASTER: It's the internal road, Mr. Chairman.

MR. BOSTROM: Mr. Chairman, where would the funds be to handle the completion of the all-weather road which joins Norway House with the Jenpeg road? Would that be in this section or in another section of his department, or is it in the Department of Highways?

MR. MacMASTER: It would be under 9, Mr. Chairman.

MR. BOSTROM: Mr. Chairman, will the people that are involved in this section covered under the salaries and wages of Norway House road be investigating the feasibility of carrying out the Premier's campaign promises to bring bridges to Norway House? Just by way of elaboration, Mr. Chairman, I believe there are two bridges required there. I believe that was the promise made and that each bridge would be in the neighbourhood of \$3 million each; that it was for that reason that that promise was not made by the New Democratic Party during the election, because it was a very expensive undertaking. Can the Minister explain if these people will be investigating that feasibility and if he has money in his Estimates to do that this year, to begin construction, or if he intends to begin construction next year or the year after?

MR. CHAIRMAN: (e)(1)—pass — the Honourable Minister.

MR. MacMASTER: This money and these people are required to keep the roads in Norway House in shape to allow the children to go to school, Mr. Chairman.

MR. BOSTROM: Mr. Chairman, the bridges would allow the children to go to school too. I realize that this may be an embarrassment for the Minister and his party, that they made these promises that they're not prepared to live up to at this point, and I can promise the Minister and the government that I will be bringing this up from time to time, reminding them of their promises. I will only be too happy if they live up to their promises because the people in Norway House require those bridges. Mr. Chairman, I say this government should deliver on their election promise; if they make a promise like that then they should deliver on it, and they should be starting now because it's a very expensive undertaking and it may take them the full four years to complete and deliver on their promise.

MR. MacMASTER: Mr. Chairman, the Member for Rupertsland may be endowed with a great deal

of talents, but one of them isn't embarrassing me.

MR. BOSTROM: Mr. Chairman, it is extremely difficult to embarrass the Minister of Northern Affairs and Resources.

Mr. Chairman, I wonder on this item, there's quite an increase in salary and wages. What are we looking at in terms of staff man years?

MR. MacMASTER: 4, Mr. Chairman.

MR. McBRYDE: To 4 from what, Mr. Chairman?

MR. MacMASTER: One four.

MR. McBRYDE: Mr. Chairman, then there's four people that were paid \$35,200 in the past; now there will be four people that will be paid \$65,000.00. Is that correct?

MR. MacMASTER: The salaries were \$35,200 last year and they're \$65,000 this year.

MR. McBRYDE: Mr. Chairman, I was quite aware of that, but I have trouble understanding how four people would cost \$35,200 last year and \$65,000 this year. I wonder if the Minister could explain that to us?

MR. MacMASTER: We'll be paying the people in accordance with the work that they're doing, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, I think the Minister better double-check with his staff, because I think he is lost once again — or his staff is lost once again. Mr. Chairman, I believe that the Member without Portfolio for Housing wants to make a speech.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. JOHNSTON: If you take a look at the next figure, it's higher; if you're going to do more, you're going to pay more.

MR. McBRYDE: Mr. Speaker, I'm sure the Minister of Northern Affairs appreciates the contribution of the Minister without Portfolio responsible for Housing. The Minister has indicated he has four staff; last year he paid these four staff \$35,000; this year he's going to pay the four staff \$65,000, and I wonder if the Minister without Portfolio responsible for Housing thinks that is a fair wage increase now that the AIB is off and whether doubling the salary is a worthwhile system.

MR. MacMASTER: Mr. Chairman, obviously the four people last year got in the neighborhood of \$8,000 for their work; this year we feel that they'll be doing enough work that their salaries probably will range in the average of \$15,000 to \$16,000. you know, when I listen to the contributions from the members opposite, if I could wade through some of it I'd think there might have been some semblance of request in their speakings, as to better employ people and employ them for longer hours and get them full-time employment. Now I don't know whether the Member for The Pas is suggesting that they were full-time employed and given \$8,000 last year, but we're suggesting that they're going to be fairly well full-time employed this year and the figures indicate that they may derive salaries and funds for their families in the neighborhood of \$15,000 apiece. I would think that the Member for Rupertsland would be a little curious as to what point the Member for The Pas is trying to make.

MR. McBRYDE: Mr. Chairman, the —(Interjection)— I'm sorry, Mr. Chair the Member for Gladstone wants to make a speech so I'll let him man' make a speech. Mr. Chairman, now everybody wants to make a speech on the other side. Maybe I'll sit down and let them make a speech.

MR. CHAIRMAN: 6.(e)(1)—pass

MR. McBRYDE: Mr. Chairman, I don't know if the Minister understands the staff man year system but the way the system works is that if you employ four people part-time all you need is two staff man years, and if you employ eight people half-time all you need is four staff man years. So maybe, Mr. Chairman, —(Interjection)— I'm glad the colleagues of the Minister understand what the Minister appears not to understand because he reasons . . . —(Interjection)— Mr. Chairman, maybe the

Thursday, June 22, 1978

Minister needs the time from his punchy colleagues in order to get the appropriate answer. I wonder if the Minister has been able to get the appropriate answer yet to that question.

MR. CHAIRMAN: (e)(1)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, there's no logic and there's no sense in the Minister's answer. Mr. Chairman, I don't expect that much more because the Minister has gotten rid of all the staff who dealt with this before. He has entirely new staff and I'm sure that they don't fully understand what happened before and what happened now. Mr. Chairman, there's no way that if you had four staff man years last year and you have four staff man years this year, you're going to go from 35 to 65. Something is wrong. The answer's incorrect and I wish they'd figure out where it is.

MR. CHAIRMAN: (e)(1)—pass — the Member for The Pas.

MR. BOYCE: We'll wait till we get an answer.

MR. McBRYDE Mr. Chairman, the roads going to Norway House were built some time ago. They were built under an agreement with the Federal Department of Indian Affairs when the new school construction took place at Norway House. This is a 50-50 cost-sharing arrangement between the Federal Government and the Provincial Government and the members can see the cost-sharing amount here of \$83,400 that is recoverable from the Government of Canada. The roads were put in at a cost-shared manner. The roads would be maintained at a cost-shared manner. Mr. Chairman, there were a number of people employed maintaining those roads before; I'm assuming that there'll be a number of people employed maintaining those roads again this year. I'm sure that the people maintaining the roads did a very good job last year and I'm sure they'll do a very good job this year, but I still don't think the Minister knows what is going on in this appropriation and I wonder if I've spoken long enough so that he could figure it out yet or whether he still doesn't know what is going on.

MR. MacMASTER: The Member for The Pas is endowed with that great ability of hiding his lack of intelligence with sarcasm. There's four staff man years. Last year obviously they earned in one way or another, be it 8 people, 12 people, or whatever he did with them, he had the four staff man years and he paid out \$35,200.00. This year we feel that it will be filled to its complement, be it 12 or be it 8 on a varied breakdown, whichever it may be, and I do understand the staff man years thing, so I didn't need the education and I'd probably appreciate it from others more, but four staff man years can certainly use and fully utilize \$65,000 worth of maintenance work.

MR. McBRYDE: Mr. Chairman, I think maybe it would help if the Minister would say that there were four staff man years, part of which was not filled and was vacant, and therefore \$35,000 was spent last year and \$65,000 will be spent this year. Maybe that would be the answer as opposed to what the Minister was talking about.

MR. CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, I don't believe the Minister's answer was quite correct in that he said these people would be only working on the Norway House internal road system. Are these people not also doing maintenance work on the all weather road system — the same people?

MR. CHAIRMAN: (e)(1)—pass — the Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, can the Minister tell us where that funding would be available — the funding for maintaining and improving the all weather road system, and if these same staff people will be doing that work?

MR. MacMASTER: The construction and transportation section.

MR. BOSTROM: Mr. Chairman, who will be doing the maintenance work on those roads? I understand it's the same equipment and the same staff that are doing the work now.

MR. CHAIRMAN: (e)(1) — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister could indicate from whenceforth he drew this figure of \$35,200.00? Where did that appear in last year's Estimates Book? Maybe there was

a simple mistake in transferring the figure, Mr. Chairman.

MR. MacMASTER: I've been advised that it was included in other areas of the budget and it's been split out this year for recoverable purposes.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister — if his staff could tell him — what section it came from.

MR. MacMASTER: I've been advised it's Community Services.

MR. BOSTROM: Mr. Chairman, I still would like some clarification on that because it is a matter of concern within the community of Norway House as to who will be responsible for doing the maintenance on the all weather road system. —(Interjection)— Fine, if the Minister is responsible, then I would like him to answer the question. Because since he is going to be responsible for it he should know who's going to be doing it.

Mr. Chairman, my question is, are these people the ones — the same people that are covered under these salaries and wages, will they be doing the maintenance work on the all weather road from Norway House to Jenpeg and beyond, or will they just be doing the work within the community of Norway House and, if so, who will be doing the work? Will they be contracting it out? Will they be hiring people in the community to do it on a contract basis or will they be hiring outside contractors? Will they be utilizing Department of Highways graders and personnel or what? I believe that there should be some clarification of who will be doing what job in that community?

MR. MacMASTER: These dollars under this particular section, Mr. Chairman, are earmarked specifically for the internal roads on the Norway House — the infra-structure within the Norway House area.

MR. McBRYDE: I wonder if the Minister could indicate how much money was recoverable from Canada last year under this section.

MR. MacMASTER: \$60,100, I've been advised.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister could explain how this Item (1) (e), in its present form, got through Management Committee and Cabinet Estimates Review.

MR. CHAIRMAN: (e)(1) — The Member for Rupertsland.

MR. BOSTROM: I think it would save some time and perhaps some tempers from flaring if the Minister would simply give an answer to the question I asked, and that is: Who will be doing the maintenance work on the all weather road which leads into Norway House? Will it be the same staff that are included under this Estimate, the cost of which will be supplemented by funds in another section, or will they be hiring people other than these people to do that maintenance and, if so, who will they be hiring because I believe the community of Norway House would like to know who will be doing that work and what kind of arrangements will be made for this fiscal year?

MR. MacMASTER: The section that we're dealing with, and we'll debate the other at a later time, this is for infra-structure in the Norway House community. Period. And we'll deal with the Norway House all weather road the same as other items as they come up in the Estimates.

MR. BOSTROM: Mr. Chairman, I've had reports when I was in charge of this department that the Norway House internal road system is not up to standards in terms of it being a road bed that's built which can accept the kind of traffic that will be coming over the internal road system now that the all weather road is built into Norway House. Since the all weather road is built there'll be heavy freight trucks and equipment moving into the area and therefore the existing roadway within the community of Norway House, as I understand it, desperately needs upgrading. Now, I note that in this section here, it really only provides for a running maintenance type of work on the internal road system. In fact, that would be a minimal bit of effort that they could do with the funds available here. Could the Minister indicate if there are going to be funds and where they would be for upgrading the internal road system in Norway House?

MR. MacMASTER: Well, to try and answer the three questions, that's basically because of the conditions in the road and the expected conditions of the road why there's additional moneys, why we think there'll be a greater time spent on it. You will find as we go through Construction Services

and Section 9, both 8 and 9, you'll find that there is X amount of money that will be pointed out to you for some upgrading of the roads. We are aware of the system and we are aware of the need for additional work both maintenance-wise and upgrading-wise.

MR. CHAIRMAN: The Member for The Pas.

MR. McBRYDE: Mr. Chairman, the purpose of this road network at Norway House was to ensure that the children could get back and forth to school basically and that's why the Federal Government agreed to cost share. As a matter of fact I think that the federal share comes not directly from Indian Affairs but from Indian Education, part of Indian Affairs, and I wonder, Mr. Chairman, if this increase in the Maintenance Item that we have in front of us now — increase in the Maintenance with the same staff man years — whether this item is in lieu of the bridges that my colleague refers to because there are two sections of the community which, during breakup and freeze-up, that the children cannot get to school, or where they have to be brought across, by boat, under very dangerous conditions or they attempt to cross it too early by foot or by skid-doo. I wonder, Mr. Chairman, if this upgrading in maintenance is in lieu of those bridges that were promised by the now Premier.

MR. MacMASTER: The upgrading and maintenance, Mr. Chairman, was felt by this particular department and the increased costs was felt that there was a need in the Norway House area for this type of work and we responded, as we do to normal requests, in a credible way.

MR. CHAIRMAN: (d)(1)—pass; (e)(2)—pass; (e)—pass; 6.(f) — the Member for The Pas.

MR. McBRYDE: On (e)(2), Mr. Chairman, I wonder if the Minister could indicate — okay, the salaries and wages have gone up and the other expenditures, I'm not sure why they have gone up that proportion, so maybe the Minister could explain what these other expenditures are that have increased to that amount?

MR. MacMASTER: Well, if there's more people working, Mr. Chairman, and the machines are running, and people are employed longer, there is normal increased costs. It's a fact of life that the longer you run a grader, the more fuel that you consume.

MR. McBRYDE: Mr. Chairman, is there any increase in the equipment that will be used for this maintenance work, is there any new equipment to be purchased?

MR. MacMASTER: No, Mr. Chairman.

MR. CHAIRMAN: (e)(2)—pass; (e)—pass; 6.(f)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister could explain this section to us, and exactly what these funds are for?

MR. MacMASTER: Grants, Mr. Chairman: Northern Association Community Councils, \$110,000, the same as last year; Communities Grant \$135,000, the same as last year; Native Communications, was \$81,000 last year, went to \$85,000 this year; and there is another figure of \$15,000.00.

MR. McBRYDE: Mr. Chairman, I wonder if the Minister could explain the other figure — if he could explain that first, Mr. Chairman?

MR. MacMASTER: Mr. Chairman, it's a \$15,000 extra figure that may be required in a grant form for additional help in a nominal way in some particular area here.

MR. McBRYDE: Mr. Chairman, did I understand that we are being asked to approve a \$15,000 item that is unspecified and that the Minister has no idea what it will be spent for yet?

MR. CHAIRMAN: 6.(f)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, I'm sure the Minister wants to deal with that question. He's asking for approval of a \$15,000 item, and he does not know what it's for. He says that he's going to make some kind of grant this year and he has no idea of what that grant is, and he wants us to approve \$15,000 for an unknown grant. —(Interjection)—

Mr. Chairman, I'm sure the Minister is going to answer the question and I don't think we can

pass the item until he does answer the question.

MR. MacMASTER: I'm advised that last year, and the Member for The Pas may recall that there was an X amount of dollars surplus if you wish, extra if you wish, in this particular area, that was left for a contingency basis. In this particular year, after working it out, we find that there is a \$15,000 point at this particular stage.

MR. McBRYDE: Mr. Chairman, you talk about poor administration or sloppy administration, the Minister now stands before the House and asks approval for \$15,000 in grants, that's in a section that he can pay out, those funds, with Cabinet approval, to whoever he wishes. He's talked about his efficiency as Minister, he's talked about his reduction in expenditures, his reduction in staff man years, and yet, Mr. Chairman, he did not appear to even know that it was there in the first place, and now that's it there, he doesn't know how he's going to use it. Mr. Chairman, I would, and I'm sure that the people of this House, would feel much more comfortable if they knew what the Minister was going to do with this \$15,000.00. I mean, it's not enough to build a bridge, Mr. Chairman, and this is not an election year, so he doesn't need the extra slush fund there, for whatever purpose is necessary, and I wonder if he could indicate what he is going to use the money for?

MR. CHAIRMAN: 6.(f)—pass — the Member for The Pas.

MR. McBRYDE: Mr. Chairman, it's very unfortunate that the Minister isn't able to answer that question, and he has a \$15,000 item that's left hanging, with no justification, no purpose. Maybe, Mr. Chairman, the Minister would like to amend his Estimates now, and reduce the \$15,000 out of there, or use it on the study for the Norway House bridge or maybe, Mr. Chairman, he might need it yet, the special grant of \$135,000, that's the per capita grant that goes to communities and to northern Indian bands. That amount, the figure that he gave us for last year, I wonder if it includes the population adjustment that we've already discussed in the Chamber, or whether that figure will have to be added to, because it does not include the population adjustment with the upgrading of the population by the 1976 census, which was not available in time last year, and which the Minister hopes to pay out within the next month.

MR. CHAIRMAN: —pass — the Honourable Minister.

MR. MacMASTER: I'm advised, Mr. Chairman, that last year in the 1977-78 appropriations No. 23(5)(b)(3), there was \$80,000 that was earmarked to be disbursed at the then Minister's discretion.

MR. McBRYDE: Mr. Chairman, the figure that the —(Interjection)— I know the members are having a good time opposite, and if any of them want to make a speech, I'd be glad to sit down for a moment, and let them make a speech, Mr. Chairman, but we're dealing with the total figure in this section which is \$345,000.00. Last year those funds were broken down, \$135,000 special grant, \$70,000 NACC, \$40,000 NACC directed to communities, \$100,000 native communication, and, Mr. Chairman, that doesn't leave quite the room that the Minister is talking about in terms of dollars.

Mr. Chairman, I was asking the Minister about the special grant of \$3.00 per capita, and Mr. Chairman, I don't know if the Minister didn't hear the question, or whether he chose —(Interjection)— I wonder if the Member for St. Matthews would care to make a speech, Mr. Chairman? Mr. Chairman, I wonder if you could ask the Member for St. Matthews then, to shut up so I could complete my comments on this matter?

Mr. Chairman, I was asking the Minister . . .

MR. CHAIRMAN: Order please. The Member for The Pas.

MR. McBRYDE: Mr. Chairman, I wonder if you could tell the Member for Pembina to shut up so I could complete my remarks?

Mr. Chairman, I was asking the Minister, and I don't know whether he didn't hear me or whether he didn't want to answer the question or what the situation was. He mentioned \$135,000, I believe, for a special grant, and I wonder if that amount includes the makeup for the change in the census, for the change in the population figures, or whether it doesn't include that change?

MR. MacMASTER: We're hoping that it certainly will, Mr. Chairman.

MR. MacMASTER: Approximately \$162,000 will be paid out in the near future to cover the

in moneys that was advanced and the moneys that are coming.

MR. McBRYDE: Sorry, Mr. Chairman, does that mean that the total amount of the special \$3.00 per capita should then be \$162,000?

MR. MacMASTER: We're working on the breakdown right now, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, while the staff is working on that . . . Of course the figures I would like to see to make sure it's clear is the amount paid out, first installment last time, and then the amounts expected to be paid out in the \$3.00 per capita makeup, how close that comes to 135. It'll be the same figure this year, I assume, because they'll be using the 1976 figure this year.

I wonder while that's being worked on, Mr. Chairman, if the Minister would explain what his intentions are in terms of the payout of the Northern Association of Community Council Grants, what method of payout will he be using?

MR. MacMASTER: Identical as before, Mr. Chairman.

MR. CHAIRMAN: The Member for Rupertsland.

MR. BOSTROM: Mr. Chairman, just to expedite the committee's work with respect to that \$15,000, I note that the Minister made an undertaking early in his Estimates that he would indicate to us where the Executive Assistant and his secretary would be placed that is left over from the Associate Deputy Minister's office, having been transferred out, and before his Estimates are over; he indicated he would let us know where those would be used and if not, they would be cut. Perhaps he could make the same undertaking with this \$15,000 and we could pass this item.

MR. MacMASTER: I can't make that, Mr. Chairman. A portion, all of or part of may be used when our census is completed.

MR. McBRYDE: Mr. Chairman, I didn't catch the Minister's answer on the payout of the Northern Association of Community Councils. From past experience I know it's a very important matter how that is handled, and I wonder if the Minister could just clarify that because I just didn't hear his words.

MR. MacMASTER: I said identically to how it had been handled before.

MR. McBRYDE: Mr. Chairman, while we're waiting for those other figures on the native communications, which is a grant that's cost-shared with the Secretary of State to provide native language radio service in northern Manitoba, the Minister gave a couple of figures. I know there was some expectation that the Secretary of State was going to increase the amount and I'm not positive in the end whether they did or didn't. — if it was anticipated again this year as it was last year, that could very easily be where the extra amount of dollars comes in as well.

MR. MacMASTER: They did not increase their contributions, Mr. Chairman. It was 85 from the Federal Government last year and it's 85 again this year.

MR. CHAIRMAN: 6.(f)—pass — the Member for The Pas.

MR. McBRYDE: I wonder if the Minister has the answer to the first question.

If the staff is still working on that, Mr. Chairman, could the Minister indicate whether he has any concerns with the native communications, its structure, its accounting for funds expended; whether he has had an opportunity yet to review that matter, is quite happy with that operation and would see no problem in advancing the \$85,000 this year.

MR. MacMASTER: We have allocated \$85,000 and we figure that it will be dispersed in an appropriate manner.

MR. McBRYDE: Mr. Chairman, I shouldn't have given the Minister such a hard time on that 15. Probably what has happened is that somebody just forgot to reduce that figure, because it was anticipated that it would get to \$100,000 last year and it was probably transferred into this year's budget without realizing that the actual payout was only \$85,000; that the Minister will in fact have that surplus approved by the Legislature which he'll probably have to revert to general revenue or

go unexpended this year, I would assume.

MR. MacMASTER: I'll have to get the breakdown of the initial amounts paid and the additional ones that are coming; I'll have to get that in writing and explain it more thoroughly that way to the Member for The Pas, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, in regard to the Northern Association of Community Councils' corps funding in the community amount, has the Minister yet received the audited financial statement for the NACC for last year, and has he made any payouts yet under that appropriation?

MR. MacMASTER: No initial payments have been made out at this particular time to the NACC. I was right and I was wrong. The amounts haven't gone to the communities, but an initial amount went to the NACC for corps funding.

MR. McBRYDE: Mr. Chairman, has the Minister's office received the audited statement of the NACC yet?

MR. MacMASTER: I could stand corrected, but I don't believe I have specifically seen it, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, in regard to the NACC, I wonder if the Minister has had any discussions or negotiations with the Northern Association of Community Councils, similar to those that he held with the Manitoba Metis Federation; whether there has been any discussion with the Northern Association of Community Councils of their assuming the administration and delivery of other services or programs at the department.

MR. MacMASTER: I've carried on discussions with the Northern Association of Community Councils, the same as I have other groups that my departments are affected with, Mr. Chairman.

MR. McBRYDE: Mr. Chairman, I wonder if the Northern Association of Community Councils did submit a budget before the Estimates were approved or before the Legislature convened, and how much over \$110,000 was their proposal?

MR. MacMASTER: They did submit a budget, Mr. Chairman, but I can't give you an exact figure of how much their original proposal was.

MR. CHAIRMAN: 6.(f)—pass; Resolution 6.—pass; Resolution 100: Resolved that there be granted to Her Majesty a sum not exceeding \$6,435,700 for Northern Affairs and Renewable Resources and Transportation Services—pass.

Committee rise. Call in the Speaker.

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

IN SESSION

MR. SPEAKER: The Honourable Member for Emerson.

MR. DRIEDGER: Mr. Speaker, I move, seconded by the Member for Pembina, that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: The Honourable Government House Leader.

MR. JORGENSEN: Mr. Speaker, I move, seconded by the Member for Winnipeg Centre that the House do now adjourn.

MOTION presented and carried and the House adjourned until 10:00 a.m. Friday morning.