

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 31 May, 1982

Time — 8:00 p.m.

SUPPLY - CROWN INVESTMENTS

MR. CHAIRMAN, J. Storie: This committee will come to order. I direct members attention to page 35. We're here to consider the Estimates for the Crown Investments Department. An opening statement by the Minister.

HON. W. PARASIUK: Mr. Chairman, it gives me great pleasure to rise on this side of the House to present the 1982-83 Spending Estimates which are the first Estimates for the Department of Crown Investments. As part of my introductory remarks I would like to share with you the distinction between my dual responsibilities as Minister of the Department of Energy and Mines and the newly created Department of Crown Investments, particularly as it relates to the so-called mega projects under review by the government at this point in time.

Mr. Chairman, I can make available to the members copies of a diagram showing the government's structure on dealing with the mega projects. I head up a Cabinet Committee called the Mega Projects Committee of Cabinet which includes the Minister of Finance, the Attorney-General and the Minister of Economic Development.

While staff of both departments are involved in technical and analytical work, the lead role with respect to potash developments and ManFor is being taken by the Crown Investments Department under the direction of Mr. Mal Anderson, the Deputy Minister responsible for the Department of Crown Investments. The lead role with respect to reviews of the Western Power Inter-Tie and the aluminum smelter projects has been assumed by the Department of Energy and Mines under the direction of Mr. Marc Eliesen, the Deputy Minister of Energy and Mines.

What I propose is to review and answer questions related to both the potash development and the Manfor Project under the Ministerial Estimates of the Department of Crown Investments; and the questions related to the Western Power Inter-Tie and the aluminum smelter projects be taken up when we discuss the Ministerial Estimates of the Department of Energy and Mines.

Now, turning to the role of the new Department of Crown Investments. Our government has spelled out the following objectives for this newly created department over the next year:

- (1) to provide general administrative policy advice to Crown Corporations;
- (2) to coordinate the financial requirements of Crown Corporations both in the short term, medium and long term;
- (3) to review the short, medium and long-term plans of selected Crown Corporations to ensure compatibility with government policies, such as purchasing, export policy, possible building of plants outside Manitoba and investments outside Manitoba, etc.;
- (4) to assist in the development of new corporation thrusts. For example, the Department of Crown

Investments is taking a lead role in drafting legislation and laying the groundwork for the establishment of a government-owned oil and gas company.

As mentioned in the Speech from the Throne on February 25th of this year, our government is committed to using public investment as the major means of sparking economic activity and the private investment in Manitoba. In order to improve upon financial administration and to ensure the most effective utilization of all public investment, especially between diverse and competing possibilities within different Crown Corporations, we have established the Department of Crown Investments.

The new department has begun to plan for provincial investment by the Crown Corporations with particular emphasis on natural resources. We believe that Crown Corporations have had and will continue to have a major impact on provincial economic development. However, I would like to stress that we intend to complement rather than to supplant the role of private enterprise in Manitoba; Manitoba which has a mixed economy.

It is our intention to limit the size and scope of this newly created department in order to ensure that the traditional corporate operating independence day-to-day continues and the government does not find itself becoming involved in the day-to-day management of these corporations. Rather, the purpose of the department is to develop and maintain an overview of Crown Corporation activity, direction and future financial implications.

During the initial stages of developing this organization of the 1982-83 fiscal year, our Estimates call for the expenditure of \$563,200 with a permanent staffing complement of six staff person years in addition to the Deputy Minister's position.

We are presently in the process of defining the specific responsibilities of the four senior professional staff who will form the nucleus of this newly created department. All four senior positions will be bulletined and advertised in the usual manner. Competitions for the two clerical support staff are presently in progress. Support in matters relating to financial administration personnel along with general administrative services will be provided by the Central Administration Division of the Department of Energy and Mines.

I should also point out that we will be utilizing the services of external consultants to augment resources that will be available within the department. Presently, several significant activities are being undertaken by the government, including work on ManFor, potash development and the proposed oil and gas company.

Respecting the long-term options for ManFor, I'd like to point out to the House the following meeting on February 26, 1982, with the Honourable Herb Gray, agreement was reached on a joint review of the ManFor complex at The Pas to examine alternatives to optimize the long-term viability of the complex. Project authorization formally committing both levels of government to cost-sharing of these investigations up to a maximum cost of \$800,000 was signed the third week of March with the starting date of April 1, 1982.

These investigations are being implemented under

the auspices of a steering committee comprised of senior representatives of ManFor and the Governments of Manitoba and Canada. Progress to date on this activity includes:

(1) the appointment of Allan Bourgeois as a project manager to provide day-to-day management of the study process and provide coordination and liaison between all parties;

(2) analysis of wood-supplying costs has been ongoing and is near completion;

(3) retention of a consultant to examine options for the sawmill are in final stages of negotiation and it is expected a consultant will commence work on this component within the next two weeks;

(4) a market analysis for pulp and paper is being reviewed and a consultant is to be engaged within the next few weeks to update existing data and material;

(5) the ongoing review and examination of possible options for the pulp and paper mill with the request for proposals being finalized and sent out hopefully within the next two weeks is under way.

Officials associated with these investigations are carefully examining all available technical and resource data to ensure that the options to be examined include the widest possible range of feasible possibilities. We are optimistic that under these investigations work will be completed this fall as had been indicated earlier.

It should be noted that the management of ManFor are being utilized to the fullest extent possible, thus ensuring that the evaluations have the detailed knowledge of the present facility being taken into account and also the Board of ManFor is being kept informed of what is taking place with respect to future possibilities regarding ManFor.

As I have said previously in the House, we are continuing discussions with Repap with respect to their possible involvement in the future, but of course any development regarding the pulp and paper complex, especially Bell Pulp and Paper complex, as opposed to the sawmill complex, does require federal contributions and we are going through this joint process in order to maximize the possibility of getting federal contributions to the pulp and paper complex that exists in The Pas. To date, the response from the Federal Government in this respect has been very promising.

With respect to potash, in reviewing the potash project there were several concerns which had been expressed by the previous negotiating team which we felt required further work. The areas of major concern were communicated to IMC and are subject to ongoing discussions. Furthermore, Mr. Jack Roper, who was previously Assistant Deputy Minister in Mines, a Board Member of the Manitoba Mineral Resources Corporation and also a member of the previous administration's negotiating team, was retained as project leader in developing an up-to-date provincial position on matters related to potash. The areas to be covered by this review includes geological information, potash reserve estimates, private and public potash mineral rights ownership, provincial taxation and royalties, definition of bid areas, mine sites and sizes.

Several factors have changed since the original Memorandum of Agreement which have influenced

the world potash scene. These are countries such as Brazil and China who still have need for potash, have been unable to acquire it because of a lack of hard currency. Third World countries that need potash are having great difficulty getting together the hard currency required for the purchase of potash, especially since they require so much hard currency to keep up with even minimal oil purchases and this has been difficult for them to do as the oil prices have increased. Hopefully, the glut in the oil situation right now worldwide might temper that to a degree, but we haven't noticed it yet.

Continuing high interest rates have curtailed purchases of fertilizer. High costs of inventories, in addition to lack of demand, have caused a reduction in the production of potash with a temporary shutdown of some Saskatchewan mines. All of these factors have created a softening in real prices and the terms provided to customers. Also, the cash flow of companies has been negatively impacted. All of these factors are short-term conditions which affect bargaining positions of various parties. We expect a strong future for potash over the long run, however, and we have had discussions with several firms in addition to IMC who have shown interest in developing Manitoba potash reserves. However, given today's downturn in potash markets, we expect that it'll be some time before we conclude agreements for development in Manitoba's potash reserves.

With respect to the proposed oil and gas company, we have had discussions with several companies who are interested in working out joint ventures with the proposed provincial oil and gas company. While the discussions with these companies have been good and the reaction has been very positive, I would like to indicate to the House it is not our government's intention to introduce legislation creating the provincial oil and gas company at this Session. We believe it is important to communicate with the industry in Manitoba and with those companies operating in Manitoba, but located in Alberta, and with other companies, many in Alberta, who we believe may indeed, and will indeed, be interested in more active activity within Manitoba. It is not our intention to go into high-risk ventures on our own, but rather to proceed with joint ventures with companies to focus attention on the development of the oil reserves in Manitoba. In order to ensure full communication of this message we intend to meet with oil companies in Manitoba and elsewhere and to outline our strategy for focusing development of Manitoba oil reserves.

It should be noted that in the event that an excellent opportunity for joint activities to develop Manitoba's oil reserves should present itself before Manitoba oil and gas legislation is passed that we would utilize other mechanisms such as the Manitoba Mineral Resources Limited or Manitoba Development Corporation, Part II, to ensure the opportunity for development is not lost to Manitoba, but it is our intention to focus our activity in the short run in further communication with the industry. In fact, in some of my discussions with the industry, many of them have indicated that some of the larger ones just haven't focused enough attention on Manitoba because they, in part, felt that their overhead might be too high for the possible small Pool developments in Manitoba and that

much of the activity had been undertaken by small companies who were, indeed, very entrepreneurial and who had been persevering but who were caught in very difficult cash flow situations, given the current worldwide and North American economic recession.

These smaller companies have been very interested in dealing with us; we've had some very good discussions with them. I must say that, to date, the industry has been very cooperative and supportive and I wanted to take the opportunity of ensuring that I met with virtually all of them before we proceeded with the legislation because of the positive support that I had received to date.

The 1978 Task Force on Government Organization and Economy stated that the mechanisms which link Crown Corporations to the Legislature are of critical importance. Freedom from political interference in day-to-day affairs must be balanced by accountability to government for the actions of the corporations. The relationship between the corporations, the Legislature, the Minister responsible in Cabinet must be reviewed to ensure that they contain appropriate checks and balances. In my estimation the previous administrations made some strides toward defining the relationship that should exist between the corporations and government. For example, I was a strong supporter and I agreed when the previous government separated the role of chairman of the board and the president or general manager. However, there is further work required in clarifying the role of the board of directors and their respective responsibilities to government and ultimately to the Legislature.

It is my intention as Minister responsible for the Department of Crown Investments to work with my colleagues in Cabinet along with the chairpersons and boards of the various corporations to come to grips with defining and agreeing to the links that should exist. Maximizing public investment opportunities of Crown Corporations, particularly as they relate to resource and industrial development, is the theme that will guide this newly created department over the years to come. I look forward to a positive and constructive review of our spending intentions for the 1982-83 fiscal year.

MR. H. GRAHAM: Thank you, Mr. Chairman, I wonder if the Minister - and this is purely a procedural thing - would be kind enough to give us either his opening statement which was a prepared one, or copies of the same because Hansard probably will be a day or two and we'll be completing this before we get copies of Hansard.

HON. W. PARASIUK: I haven't received copies, but through the course of the discussion, I'll send out to get copies made. In fact, I brought some extra copies and I'll check . . .

MR. CHAIRMAN: The Honourable Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, it was interesting to hear the Minister's explanation of what this department might do, but I must say that at this point I'm still uncertain as to exactly what we can expect to see accomplished by the Department of Crown Invest-

ments. Clearly, they're going to spend money and they're going to hire people and they're not going to interfere with other Crown Corporations that initially have had their individual freedom of operation. It still remains a little uncertain to me what we would expect to see accomplished by this department. I wonder if the Minister can outline to us some sort of time span by which he expects to see certain things happen. How are we going to measure the success of this department? Will we gather a year from now to review the Estimates of the Crown Investments Department again? What should we expect to have happened in the meantime in order that we'll be able to say that the Crown Investments Department has been a success or a failure?

HON. W. PARASIUK: I think that governments have created Crown Corporations and they've established mechanisms in the past to deal with Crown Corporations on an individual basis. They haven't developed, in our estimation, good enough mechanisms for keeping an overview of what would be called the aggregate of Crown Corporation activity. When you have government guaranteeing the bonds there is a type of Treasury Board function that can be played in the general overview manner with respect to Crown Corporations. In the past Finance has done this to a degree; Finance's activities have been geared more so to look at the regular departmental activities. Activities of Crown Corporations are somewhat different from activities of regular line departments and therefore, we felt that it was important to provide that special focus and I must say that sometimes this special focus was just lodged in a department in a fairly ad hoc manner.

For example, my predecessor Minister in the Department of Energy and Mines had a position on the letterhead called "Director of Crown Investments." Now, obviously, that Director of Crown Investments had some activity in relation to some Crown Corporations but I think it's more important to institutionalize that.

There was the whole set of activities undertaken in the Department of Energy and Mines that really in some way went beyond the Department of Energy and Mines. They picked up the tabs of consulting work relating to possibilities of Crown Corporations, either with respect to ManFor, or with respect to potash, or with respect to other activities. What we decided to do was to institutionalize this in a clearly identified entity; to staff it with a small core staff of people; to develop some expertise in Crown corporate activity; to relate to external consultants and to use them for specific tasks but in a sense, not to turn over the entire task of relating to Crown Corporations or doing an analysis of a Crown Corporation's viability solely to an outside consultant.

So we wanted to develop some in-house capacity. We feel we can hire and put together a very small, highly competent team that will, in fact, be able to relate to the Crown Corporations in an overview sense. We are as I said, taking the lead with respect to the potash development; with respect to ManFor; we're acting as the coordinator there, we've involved the management. We'll certainly be doing this with respect to other Crown Corporations if new thrusts

are thought of, indeed, we're an embryonic body so we have not as yet done an overview with respect to what all the Crown Corporations are doing.

I think it might have been useful for the government to have a better idea of what some of the immediate or long-term implications of an Ida project might be, or for the government right now to develop a longer term appreciation of what some of the implications might be if Manitoba Telephone System gets involved in some activities with partners in Canada relating to some export possibilities. These are opportunities but they are also liabilities or contingent liabilities and it's important for government to get a clear idea of what these directions are and what their future financial implications might be.

It's all well and good for Crown Corporations per se to be looking at project possibilities and working these up from the point of view of what is good for the Crown Corporation per se, but in the final analysis it's the government that has to raise and guarantee the money. It's important for them to have an overview as to what these various opportunities are and what the cost implications of them will be in the long run and that's the intent of this department. It's going to be a small one; it's going to be one which we hope will work in a co-operative way with all the Crown Corporations and provide the overview position for government that I think government needs and has, I think, developed in a more mature way with respect to other departments. This is a small step in trying to develop that type of overview and mature relationship with Crown Corporations.

I think over the course of the year, as we proceed with some of the negotiations that are presently under way, we will certainly be reporting to these. We'll bring them forward next year in the Legislature and I'm hoping that by that stage they'll be far more mature and in a position whereby I can bring forward more details on those. I hope by that stage we'll be able to develop a much better overview position with respect to different thrusts of the Crown Corporations and what some of those implications might be for our financing - not only over the course of the next five years but possibly over the course of the next 10, 15 and 20 years. Also what some of the implications might be for staffing and what our relationship is with respect to other Crown Corporations and with respect to salary levels. There is always difficulty within Crown Corporations comparing salary levels between senior executives, there are a lot of anomalies. I think these have to be looked at in order to ensure that again, from a government point of view, there is some consistency and coherence from an overall perspective with respect to the Crown Corporations.

MR. CHAIRMAN: Before we proceed, the opening statements having been made, the Honourable Minister could bring in departmental personnel at this time if he wishes.

The Honourable Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, I'm still not that much clearer on how the department is going to function in terms of directing investment. How, for instance, will it relate to Manitoba Hydro?

HON. W. PARASIUK: I'll use ManFor as an example and I think it's a good example. The previous administration had some thoughts about possibly selling or entering into a joint venture with another company with respect to ManFor. That work was not carried out by ManFor management or the ManFor Board, they really weren't that aware of what was going on but rather the Department of Energy and Mines hired some consultants who undertook analyses in that respect but there wasn't that close link between the government and the Crown Corporation that had existed for some time. We think that's a normal activity for government to undertake. We think that maybe there should have been closer links with ManFor but that rather than have this possibly take place in the Department of Energy and Mines or the Department of Industry and Commerce, depending upon the Minister, that this type of overview activity should have a permanent ongoing home and that is the Department of Crown Investments, it relates to the Crown Corporations.

It will have that type of knowledge that often the Department of Finance, often Treasury Board has with respect to specific departments and when, in fact, one talks about the development of the pulp and paper complex and sawmill at The Pas there are obviously some governmental perspectives that are involved as well as those that might be looked at from a more narrow ManFor perspective. That's why we are taking this role and it's the lead role with respect to the ManFor options and the developments; it is clearly identified. The people in the industry know it; the Federal Government knows it; ManFor knows it; it's part of that process and the focus is clearly identified.

We aren't undertaking any activity at this particular stage with respect to looking at any sales - Flyer Industries - but I know that the previous government had undertaken that type of activity. I don't know if it undertook that activity with the knowledge and full participation of the management of Flyer Industries but that was an activity carried out by the previous government. Again, I'm not sure if people in the industry were aware as to what the focal point for that was, whether people in the Federal Government were aware of what the focal point for that was, and we think that could better have been done through a focused Crown investment department. Again, it's an approach that this government is taking.

I know there was some thought when the previous administration had commissioned a task force to possibly create a Ministry of Crown Investments. The previous government chose not to do that but I do know there had been some discussions at the task force level in that respect. Now the government chose to do otherwise; that was their prerogative three or four years ago. We have decided to establish a focal point to develop this overview, to look at the financial implications, to look at the opportunity costs of investments and to be able to inform and advise Cabinet in a much more focused way than has been done in the past as to what the pros and cons of various investments that government, basically, has to underwrite are. We will indeed do this in close co-operation with the Crown Corporations themselves but there are perspectives and elements that I think are larger than those of a Crown Corporation per se

that have to be addressed and brought to Cabinet's attention and that certainly will be my intention.

MR. B. RANSOM: Mr. Chairman, I believe my question was, how will it relate to Manitoba Hydro?

HON. W. PARASIUK: You said, for example, how would it relate to Manitoba Hydro? I took some particular examples. When we talk about Manitoba Hydro, the discussions relating to the aluminum smelter and the Inter-Tie were not undertaken by Hydro. They were undertaken by the Manitoba Government with certain people of Manitoba Hydro being involved to provide information, other people being involved, supposedly, as part of the negotiating team, but certainly government took the lead in that respect. We do want to ensure that, in these discussions, the Crown investment overview position, as it might relate to future Capital implications, as it might relate to future contingent liability implications, is indeed addressed, and that Cabinet is advised of these dimensions when government has to make those types of decisions which ultimately are made at the Cabinet level.

With respect to senior personnel, there have been audit procedures of the company's activities, little checks at its efficiencies in certain areas vis-a-vis other companies. This again will be done in co-operation between the department and the professional staff of the Crown Corporation. We are looking at ways and means of actually improving the way in which Crown Corporations operate and we believe that we can be a small step but a very valuable step in this direction. We believe that the first step required is to get a good overview of the different types of Crown activity that take place, some of which is related to resources, some of which is related to manufacturing. In some senses that developed through the back door but still the government is involved in the manufacturing business. Some of those activities are different; they require different types of financing, they require different types of contingents liability and it's important for government to have a handle on that and that's what we'll be doing.

MR. B. RANSOM: Mr. Chairman, why would the negotiations on Alcan and the Grid then not come under this department as well? If we're going to have a Department of Crown Investments and we're undertaking those kind of negotiations and personnel in this department and are going to be dealing with potash and with ManFor, why would they not also be dealing with Alcan and the Grid?

HON. W. PARASIUK: This department is, indeed, very closely involved in that activity but the lead activity is being undertaken by the department that has the responsibility for the marketing of electricity between provinces or with respect to major users. I'm pretty sure the previous government recognized that by establishing a special procedure whereby it was the government of Manitoba, not Manitoba Hydro, that was negotiating the Western Inter-Tie. The same thing held true with respect to the aluminum smelter proposal. This is not to say that the department isn't involved in that activity but the lead role is being taken by the Department of Energy and Mines. In part, it's a

function of time at this particular stage having come into office with four different types of negotiations in various stages of progress. It was a decision on my part, then, to break it down that way. One conceivably could have added the aluminum smelting potential to the activities of the Department of Crown Investments, but with respect to the Inter-Tie, I think we're dealing with the marketing of electricity outside of the province and that's why that lead role was kept within the Department of Energy and Mines.

MR. B. RANSOM: Is a member of the Crown Investments Department represented on the negotiating committees then, for Alcan and the Grid?

HON. W. PARASIUK: I'm sorry, I did mean to pass this out, if I could get a Page, I certainly would pass this out to members. Mr. Anderson is a member of the negotiating team related to the Inter-Tie and to the aluminum smelter.

MR. B. RANSOM: Would it be the Minister's expectation that corporations like McKenzie Seeds and Moose Lake Loggers and Channel Area Loggers and maybe even the Manitoba Telephone System, that the other Crown Corporations will all eventually be reporting to the Legislature through the Department of Crown Investments?

HON. W. PARASIUK: They will be reporting to the Legislative Committee, as they have to date, through the Minister responsible, but when we run into a situation that I guess we'll have to take a look at in the near future, namely, possible refinancing of McKenzie Seeds, and I think the government should take a look at that from a governmental perspective as well. I would expect that in that activity the Department of Crown Investments will be involved in that because it will entail a potential Crown investment just as they are involved in ManFor because any activity there will entail a potential Crown investment and one will look at the general benefits and costs of that, what the financial implications are, and make appropriate comments to Cabinet on that matter.

As I've pointed out, we haven't had a chance to get too involved with the Telephone System to date but I think, had we been involved we would have looked at something like an Ida in the past, or would have taken a closer look at some of the export possibilities that the Manitoba Telephone System could get involved in from the point of view of what is the contingent liability from the province's perspectives or how much, in a sense, financial resources do we want to allocate to activities which really, in a sense, are going to take place outside the province even though they will derive some funds, money, back to the province. I think those are important perspectives for the Provincial Government to have and that's the type of activity that we'll undertake as we develop more staff capacity. But again, we don't feel that we need a large group to do that type of work.

MR. B. RANSOM: I take it from that answer then, Mr. Chairman, that it's not the Minister's expectation that a company like McKenzie Seeds would eventually be reporting through the Minister of Crown Investments

which, I guess, strikes me as a little curious that if you're going to have a department that is to coordinate Crown investments - I suppose to a layman it comes fairly quickly that you might expect to see the Crown Corporations reporting through that Minister - I believe that really was what the recommendation of the task force was, not to have a department that was coordinating investment of tax dollars . . . one Minister who was responsible for the different Crown Corporations in their reporting to the Legislature.

I believe the Minister made some reference to allocation of financial resources. Will the Department of Crown Investments have a vote of money, so many millions of dollars that they'll be able to apportion to areas where they think that it's necessary to have investment take place in the economy; or will they be placing some control on other Crown Corporations such as Hydro or Telephones in telling them that investment of a certain type is perhaps not in the best interests of the province or investment of another type would be in the best interests of the province?

HON. W. PARASIUK: That's a function that is undertaken by Cabinet. Traditionally, it's been the Department of Finance that has allocated the funds. The advice will still in part come from the Department of Finance, but there will be a particular focused approach through the Department of Crown Investments with respect to alternative investment, possibilities that do come forward for Cabinet consideration. That is what the department will do and provide the technical work, review what the Crown Corporations come forward with, take a look at what the situation is with respect to other Crown Corporation activity because, again, it all comes down to demands for funds and in a period that I think will be extended for some time where financial resources are somewhat limited. Therefore, one has to be very judicious and prudent with investments and in order to try, I think, to get the biggest bang for a buck, one would want to make sure that one has done this work with respect to alternative investment possibilities that come forward. This in no way will detract from the Crown Corporations themselves doing their work, putting forward their best case, but it is important for the government to have the overview as well.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. H. ENNS: Thank you, Mr. Chairman. Mr. Chairman, despite the fact that I've been around for awhile, the importance of this occasion doesn't escape me. We're watching the birth of a new bureaucracy, a new department at it's very infant stages and we really don't have a great deal to talk about other than the philosophical intent of that department. It's pretty well one line in the Estimates of some-half-million-dollars and we're talking about the coordination and review of activities of Crown Corporations and their direction.

Mr. Chairman, I come from that period of time where the Crown Corporations were, indeed, operating at an arm's length from government, but reality doesn't escape me in that that has changed. That was changed demonstrably in the late '60s when governments became more directly involved in the opera-

tions of Crown Corporations. One that I was particularly involved with was Hydro and such decisions as to whether or not Hydro should proceed in the development at South Indian Lake on the Nelson River. Then the next year, in 1970, with the incoming of a new government on a very highly-charged political issue; and the creation of a new major Crown Corporation such as Autopac; and the involvement, and much closer involvement, of government with Crown Corporations and we have seen that develop. Mr. Chairman, indeed, the previous administration had Cabinet Ministers as chairmen of Crown Corporations, of Autopac. The current First Minister was the first Chairman of Autopac, followed by the now Minister of Agriculture, followed by the former member for Dauphin, Mr. Peter Burtiak, as Chairman of Autopac.

Mr. Chairman, I should say that I have not caucused this with my party and I speak as the individual Member for Lakeside. I've come to the conclusion that the separation of politics from Crown Corporations is not possible in the 1980s, in the complex natures of the kind of involvement that major Crown Corporations have in the everyday life of Manitobans. Even though we made a point of attempting to separate that during the past four years, by separating the executive officer, the presidencies with the chairmen and appointing separate chairmen, I candidly acknowledge to the honourable member that, in my judgment, that really is *passé*. Mr. Chairman, the present government, by appointing very well-known, active, immediately past politicians, members that I have a reasonable amount of respect for, into those same positions in the person of the current Chairman of Hydro, current Chairman of Manitoba Telephones, have seemed to take it one step further. Mr. Chairman, the question that begs is, why don't we take that final step further, indeed, making the Chairman of Manitoba Hydro the responsibility of a Cabinet Minister; the Chairman of Manitoba Telephone Systems the responsibility of a Cabinet Minister, as was the chairmanship of Autopac once the responsibility of a Cabinet Minister during the NDP years?

What bothers me here as I watch a new bureaucracy being born here is that what is the rationale for having a Minister answering for Telephones in this Chamber as we now have, the Member for St. George? What is the responsibility of Autopac? What is the rationale for having the Minister of Corrections answering for MTS in this Chamber, if this bureaucracy, this Ministry in this department that we're now discussing, is going to provide that coordination and review of activities of Crown Corporations?

Mr. Chairman, there'll be prophetic words. We are now dealing with an Estimate line of half-a-million dollars. Would anybody want to guess what it will be at the end of this government's term of three or four years? If that's the case and I'm simply saying - I'm begging the question, in fact, I'm possibly agreeing with the concept - that today's complex or interrelation as between Crown Corporations and the everyday business of Manitobans is such that I don't think we can take the position that we can simply appoint a board, remove them at arm's length and pretend that they are not going to be directly responsible to this House, to a government, to the people of Manitoba.

I know it didn't matter what Chairman we appointed,

what board of directors we had, didn't save my former colleague, Don Craik, any of the slings and arrows that were directed against him for whatever members opposite that day, or the general public, perceived that he was going wrong with the Crown Corporation that he was responsible for. Nor, indeed, is it going to save you any of those slings and arrows that are going to be tossed across, not just in this House but by the public.

It seems to me that if we're seeing developed in the embryo stage right now a brand new department which this is, then the Minister should favour us with some conceptional ideas about how he sees this run. This really follows on the questions by my friend, the Honourable Member for Turtle Mountain, that who will the various Crown Corporations eventually end up answering to. I say this in deference to the Crown Corporations. If they have to worry about a kind of a super department of Crown Corps, headed by Willie Super Corp, or if they have to be responsible to the individual Ministers that are assigned to them, it creates unnecessary friction and unnecessary difficulties. I have problems with knowing just where this department tends to go with the existing Crown Corporations.

Mr. Chairman, I think we could probably get into a far livelier debate, I suppose, about where they intend to go; how much of Manitoba taxpayers' dollars they want to put into future Crown Corporations which we may take issue with, such as ManOil, or brick factories, or shoe factories which have been tried in the 40s and other jurisdictions, then we could get into a livelier debate. But right now I'm more interested in where are the existing Crown Corporations that we have in this province, mainly the principal ones, Hydro, Telephones, Autopac, all of whom have individual Ministers now answering to this Chamber for their activities, but at the same time charged by this new department are supposed to coordinate their activities with the Minister's Estimates that we're now discussing. So that already gives these Crown Corps two masters or two persons that they have to report to.

Mr. Chairman, I think sometimes we wonder when we sit back and see how complex government gets, how much red tape we build into the system. I just ask members to pause for a moment to consider. We are right now creating some of that red tape; we are right now building that bureaucratic empire. Right now it's only one line and it's a fine high-sounding line. This Minister just wants to coordinate the various activities of the existing Crown Corporations.

But what he hasn't quite had the determination to do is to say to his colleagues in Cabinet, or to his Premier, and say hey, if I'm going to be charged with the responsibility, then don't have me second-guessing the Member for Brandon East or the Member for St. George, how he's running his Crown Corps. You know, you're being charged with the responsibility of coordinating all these Crown Corps. Now, who do we really zero in on?

Mr. Chairman, maybe it escapes the Honourable Member, the Minister of Energy and Mines but - I'm possibly even speaking supportively of his cause - in the sense it seems to me that rather than make government unnecessarily cumbersome and rather than make a blur, the lines of responsibility that are already

far too blurred in most instances, then let's at least be clear-cut who's responsible to this House, who answers directly to the people of Manitoba for the activities, the coordination of Crown Corporations in this province.

I see an opportunity here, except I don't see a will on the part of this Minister or on this government, to in fact carry out what otherwise passes as being an acceptable position on paper. I have no indication from this Minister that that is his intention. I say to the Honourable Minister that he has accepted a very responsible role in the whole affairs of the Government of Manitoba if this department is indeed going to coordinate the activities of Crown Corporations because, Mr. Chairman, I happen to be one that believes that the Crown Corporations need a substantial amount of direction of their activities from time to time.

I'm not particularly pleased or proud to have to acknowledge in this Chamber that a Crown Corporation made a half-a-million dollar loan to a private company without so much as informing a Minister then responsible to this Chamber and only learning about that because of a question from a member in the Opposition. I'm not particularly pleased about that at all; I'm not particularly pleased that a Crown Corporation can go on self-generated, no matter how righteous or how justifiable that is, of spending X-number of tax dollars, \$4 million, \$5 million, \$6 million on a futuristic communications program and then finally saying that, hey, the thing didn't work out but that's all right, all we have to do is go to the Public Utilities Board and ask for a rate increase and the telephone users will cover the bill.

If I have to answer for that, or if any future Minister has to answer for that in the House, I at least want to be in on the decision-making, that's all I ask. I acknowledge that in today's politics the day, in my judgment, is over, is long gone and over where you can have an arm's length, when we can in a Utopian way think that we can appoint a board of directors, where you can appoint a board of directors and that some way absolves us from our responsibility of the activities of that Corporation, through this Legislature to the people of Manitoba.

Our problem with the Minister's presentation to date on this set of Estimates is that he has not indicated to us in any way just how bold he intends to become in this regard, or that he intends to want to become indeed if we are to accept this role for this department - a justification for even the half-million dollars that he's asking for. I don't see that half-million dollars, or half of it, or \$100,000 coming out of the now Minister responsible for Telephones' appropriation or the now Minister responsible for Autopac's appropriations. I simply see another layer being added; we're just watching how another layer of bureaucracy another 10, 15, 20 feet of red tape gets added to the system. Mr. Chairman, that's all I wanted to say.

HON. W. PARASIUK: Yes, I quite appreciate the comments of the member. I think he was being quite candid in relating some of the difficulties that exist in being a Minister responsible for a Crown Corporation or being a government and having a number of Crown Corporations existing. The examples he gives are very good ones; they did involve and entail Capital invest-

ments on the part of the Crown Corporation involved. They entailed funds being really allocated by the government. It's just not a matter of going to the Public Utilities Board and asking for a rate increase because the rate increase pays for that over a period of time. What should have been looked at I say, and hopefully will be looked at more fully in the future is, what are the implications of those types of things because often they don't start with a \$6 million expenditure, they start with \$100,000 expenditure that appears minor - it's still a Capital expenditure.

People don't ask the questions about what the future implications of that might be and what the liability implications of that might be but I don't think Ministers and government ever get a clear appreciation. So when the Minister says will this confuse accountability, I'd like to point out the Treasury Board example. You have a Treasury Board, you don't have a Chairman of Treasury Board; you have some of the functions, not all of the functions of Treasury Board, pertaining to Crown Investment activity. These are allocations in a sense, of public funds. The Cabinet ultimately has to make those allocations, or guarantee them because if there is a \$500,000 loss and there has to be a borrowing to cover that; or a \$6 million loss and there has to be a borrowing to cover that; or a contingent liability that could exist of say, \$10 million or \$20 million, it's a contingent liability but it still has to be covered. Then there should be people who look for those things, advise Cabinet, do it through a Minister. The Minister can deal with the other Ministers.

Now we've had this process operating, in part, this way with line departments for a long time. There always has been a type of review, say, of new expenditures or what have you, from a central perspective. That's never confused the accountability of the particular line department Minister within the House and to the general public. When the member says it's possible to have a Minister of Crown Investments who then becomes Minister responsible for all of them, that is a possibility. There are some features to it that are strong but I would recommend against it because I don't think that the Minister would be able to relate to the public which, I think, is important.

In his other comments the member did indicate that a Minister just can't be at arm's length from a Crown Corporation. You are going to have to pay attention to some of the day-to-day activities of a Crown Corporation in terms of how it deals with the public, and we've had instances in our administration and there have been instances in the past where not only should government look at, and should have looked at, Capital investment decisions but the Minister or government should look at day-to-day operating decisions.

The carpenter who is looking for work and puts an ad in the paper and then gets a phone call saying your rate's going to be changed or he's going to have it cut off, those will go on always and there are circumstances where people feel that they have been wronged by a Crown Corporation. I'm sure the member, when he was the Minister responsible for a Crown Corporation, had many instances of that. It's important that that openness and relationship with the public continue and that there be sufficient attention paid to those public concerns regarding day-to-day activities that come forward as an appeal, almost, to the Minis-

ter and the Minister looks at it to see whether, in fact, it makes sense or not. Is the individual getting deprocessed? Is he or she being fairly treated by that Crown Corporation?

That takes up, I would think, from my experiences as a Minister responsible for particular Crown Corporations, a fair amount of time if one wants to perform that function well enough. We have reached the stage where Crown Corporations do constitute a significant portion of our lives. One might argue about whether, in fact, it's too high or too low but I think that there would be agreement that there is a significant portion of our lives affected by Crown Corporation activities. I think there would be consensus that a substantial amount of economic activity is influenced by Crown Investment decisions; those are of a different nature.

So there always is this tug between a type of centralization and a type of decentralization on it. We hope to be able to provide a Cabinet, on an ongoing basis in the future, with this overview without interfering with the day-to-day operations and responsibilities. The final authority and the final accountability rests with the Minister responsible for the specific corporation, as it does with respect to line departments. The Treasury Board has played a role; we don't want it to play as big a role as Treasury Board with respect to line departments but we do want it to play that type of overview role.

This is new ground, I don't think it's been done like this anywhere in Canada. Saskatchewan had a very detailed organized system. We hope to keep ours very small and I can appreciate the members comments when he says, is this the first step of this massive entity; that's a valid comment and I respect that and I say the proof of the pudding, obviously, is in the eating. It's in Hansard and I expect that the member isn't shy about referring back to past statements that he or I have made or will make today and will be looked at in the future.

But I think if one keeps a small contact group and is prudent in the way that the member himself says he wishes more prudence had been shown, then I think we'll have contributed somewhat to public administration with respect to Crown Corporations in the country, because I think that this is a problem facing all governments in Canada. You take a look at the Federal Government - they have literally hundreds of Crown Corporations. If you ask anyone what's the list of Crown Corporations and what do they do, and are there some that are useless and some that could be improved, there's no one there that could tell you. When we wanted to find out years back what the operating costs, what the major decisions might be regarding C.N., I can recall the Minister saying, "Well, I'll have to pass some legislation to get the information out of C.N.," because the Minister responsible for C.N. at the time couldn't get the information. So if the Minister feels badly that he possibly wasn't sufficiently informed when he was Minister responsible, let me tell you we have a real zoo in Ottawa and they are doing nothing. They are doing nothing to try and correct that situation.

Now the Conservative Party when it became Federal Government, had what they thought was the solution. They would basically disband or get rid of a number of Crown Corporations because they felt that

government wasn't handling them but I think rather than doing that, we should try and see whether it's possible to get a handle on Crown Corporations, and if we can do so with a lean apparatus then I think it will be a step in the right direction and I say we can be judged in terms of our performance over the next two or three years.

MR. CHAIRMAN: The Member for Lakeside.

MR. H. ENNS: I appreciate the Minister's comments. Mr. Chairman, I should indicate to the Minister I'm well aware of the role that Treasury Board has always played in the Province of Manitoba, having been a member of that body in 1966, '67, '68, and having enjoyed being a member of Treasury Board during the immediate past four years, but that just adds to my problems. The Treasury Board already plays to some extent that overall, governmental watchdog role of allocation of resources.

My problem is partly because I tend to believe some of the NDP propaganda. You see, I happen to be one of those Manitobans that every once in awhile actually believes what they say and I do believe that when they say - and I say this seriously - that you expect Crown Corporations to play a major role in the economic development in the Province of Manitoba and that really is part of the rationale for the creation of this department. I am well aware that Crown Corporations, principally having been part of a government that didn't have the benefit of having a Crown Corporation put upwards to \$200 million, \$250 million in late 1970, into the construction industry in Manitoba as the previous NDP administration had during the 70s, how important that is to the economy of Manitoba.

My problem is that I take verbatim the direction given under this heading of the Estimates, provides for coordination, review and activities of the Crown Corporations and that you will be instrumental in making some of the decisions, so that the decisions of the Crown Corporations happen to coincide with the economic goals of your government; that the manner of staging different developments within the Crown Corporations, the manner of how different Crown Corporations go to the money market, all of these things will be funnelled through this department. I then have trouble buying the concept that you still nonetheless, have to have Treasury Board doing their function, this new Crown Corporation agency doing their function, plus the individual Ministers answering for their functions.

Now, Mr. Chairman, the Honourable Minister says that 101 individual consumer complaints come to the line department of the Minister responsible. Of course they do. I'm also aware, and the Minister is well aware, that it's the function of the Minister to have good and capable people, whether it's the Ina Grieves of Autopac or others, to look after these kind of matters. The Minister surely is not saying to me that he is spending 60 percent of his time answering Autopac complaints or that the Minister of Agriculture is doing that. He's had enough trouble trying to answer to the complaints of the cattlemen of this province right now, Mr. Chairman, but I'll desist at this particular point.

All I'm saying is, we're seeing the birth of a brand new bureaucracy. The Minister has done a pretty

good job of saying that the current Ministers responsible for Telephones and for the individual Crown Corporations are essential because they're doing an essential job. He has also made a pretty good job saying that the overall review that Treasury Board, of which I assume he's a member, is doing a pretty good job of allocation of government resources and things like that, then begs the question, "What the hell is this agency really going to be doing?"

MR. CHAIRMAN: The Honourable Member for Virden.

MR. H. GRAHAM: Thank you, Mr. Chairman. I'm very thankful that the Minister has given me the opportunity to take part in the debate, mainly on account of some of the comments that he has made and some of the concerns that I have had and I'm sure all Manitobans have, when he sets up this Department of Crown Investments.

He was speaking a little while ago about his own personal experience when he was a researcher in Ottawa and the concerns they had with the various Crown Corporations down there and the fact that probably they weren't even able to get a handle on the exact number in which the Federal Government was involved and the fact that they couldn't get answers to the various legitimate questions that could be asked and should be asked regarding the activities of those various organizations.

So with that background in mind I was somewhat surprised when, in the Minister's opening statement, he itemized the role where he said: "Our government has spelled out the following objectives for this newly created department over the next year." One, was to provide general administrative policy advice to Crown Corporations; second, was to coordinate the financial requirements; the third, was to review short, medium and long range plans of selected Crown Corporations to ensure compatibility with government policy; and four, was to assist in the development of new corporation thrusts and there the Minister left it.

He has told us personally of his own experience and yet he has failed in putting forward his program, to provide for any accountability. Probably he thinks that there is maybe sufficient accountability in his power as the Minister, but I suggest to him that his role as a Minister is one role but there is also a role for this Legislative Assembly and that is where the Minister is to account to this Assembly for all of his guardianship activities as the Minister of the Crown. So I would have hoped that the Minister would have had, in his general policy direction, some method of accountability to the people of Manitoba and to the Legislative Assembly.

I hope it was just an oversight on the Minister's part because I want to tell him that if he doesn't provide it, there's a very good possibility that some member in the Opposition would bring forward a resolution asking specifically, for accountability to the Legislature and some means of an orderly review of all of those activities throughout the year, on either an ongoing basis or on an annual basis because when the Minister goes to the people, or this government goes to the people with their Budget requirements and their Throne Speech of their aims and objectives, when they start spending one dollar of taxpayers' money there should be a means of accountability.

I would hope the Minister would consider very seriously adding a fifth point in there to provide the means for accountability to the Legislative Assembly for an annual review of all activities that occurred, even if it means setting up a special committee of the Legislature to review purely activities of corporations where the Crown has either a minor or a major direct financial interest so that that committee, a special committee of the Legislature, could have the opportunity to review on an ongoing basis. Whether or not it's necessary for them to have the power to sit inter-sessionally, I don't know. It would depend on the activities that are involved and the number of corporations that are involved.

At the present time, some Crown Corporations are reporting through the Public Utilities Committee, some of them, not all of them. We have some that are reporting through the Committee of Economic Development, some of them, but not all of them. Perhaps it is time that we have a review of those activities and put all of the activities in which the Crown has a major or a minor role into one specific committee for annual review so that the public then could get a handle on the extent of public participation in the everyday activities that go on within this province.

HON. W. PARASIUKE: Well, the comments of the member are well taken. I'd ask him to look to Page 8 of my statement where I said I thought that the previous administration made some strides toward defining the relationship that should exist between corporations and government. I then said that further work is required in clarifying the role of the Board of Directors and their respective responsibilities to government and ultimately to the Legislature. I said that it is my intention as Minister responsible for the Department of Crown Investments to work with my colleagues in Cabinet along with the chairpersons and boards of the various corporations, to come to grips with defining and agreeing to the links that should exist.

The points that the member raises about the different reporting procedures to Cabinet, different Cabinet committees, one could say that about the reports. When do the annual reports come out? Is there any consistent way in which they've been treated in that manner? Which ones are tabled in the Legislature and which ones aren't? There are differences. We hope to come to grips with that, bring all this information in and I hope that over the course of the year we'll be able to do this and I'll be able to report back when my Estimates come forward next year in a more definitive manner with respect to some of the points that the member raises, which I take as being legitimate points, and say that I will certainly be pursuing over the course of this year.

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

MR. W. MCKENZIE: Thank you, Mr. Chairman. I'd like to ask the Minister who in the province is asking for this new branch, Crown Investments? Where does it come from? In my years in this House and touring this province, it's the first time it's ever been raised to me that we need this type of a new department to be set up, so I hope the Minister would be kind enough to

answer. Is it part of their political philosophy, or does it come from the Honourable Member for Ste. Rose? Is he the one who's been asking for another department with a whole lot of bureaucrats added, running around our constituencies? Because over the years government has done a pretty good job in the rural areas.

I'm also wondering if the Minister intends to move into the field of agriculture in these Crown Corporations as he mentions here, to assist in the development of new corporations thrust. Does this take over maybe MANCO and help us solve the cheese problems which the Honourable Minister of Cooperative Development hasn't been able to resolve? Is that the thrust that we can expect, that we'll maybe get into cheese?

Can I ask then, as a means of sparking economic activity in private investments in Manitoba, the taxpayers in my constituency will be asking, what kind of costs are attached to those figures? I'd like if the Minister would be kind enough to give us some indication of what kind of dollars are we looking at to spark the economic activity in private investment in this province, or are we going back to listen to the resolution that we heard this afternoon from the Honourable Member for Thompson, was it, espousing his philosophy as to the activity? The other one that says the new department has invented a plan for provincial interest by the corporations with particular emphasis on natural resources. What kind of bucks are we looking at to move into that field on behalf of the taxpayers?

I notice over further it says, "Our intention is to limit the size and scope of this newly created department." I wonder if anybody in his wildest imagination could make that statement. When you set up a Crown Corporation, and we only have to look at the example of Ottawa, how can you limit the size of it? It's expanded and I think historically, it has all over the world. But it says here, "It's our intention to limit the size." I wonder if the Minister would tell the Committee how he hopes to limit the size because once you set it up, how are you going to limit the size of it? I think the people of this province are entitled to an answer to that.

There was one other one. Yes, it says here, "And would ensure that the traditional corporate operating independence continues." Corporate independence, how can you say that it will be political from Day One? How can a Crown Corporation keep its independence as explained in the Minister's comments here? Those were a few of the questions. I have more later on I would like to discuss under the potash, but I'd like some answers to those if I could, Mr. Chairman. Thank you.

HON. W. PARASIUKE: Well, I think the member had concerns about whether, in fact, we'd be expanding the role of Crown Corporations significantly with respect to economic activity. I think the Budget indicated the extent to which the government is actively making investments through the Crown Corporations in a manner which we believe will, in fact, help spark some economic activity in this province.

When it comes to resource development we have said we are going to be active in that area, but prudent. I indicated to the member that I have been in consultations with oil companies, for example, and we have made a statement to the effect that we would be invest-

ing something in the order of \$20 million in oil development, but I'm prepared to take the time through the consultation with the industry. I know that many of them - and I don't know if the member was in when I made these points - have come to us, the smaller ones that are entrepreneurial, but have been successful in Manitoba, saying that they are having difficulty getting the big companies. They've had difficulty over the past number of years, the past four years prior to that time as well, getting the larger companies that have better cash flows and possibly have a better tax position with respect to the Federal Government, with respect to the Federal Government's tax expenditure policies, with respect to the established large oil companies, getting these people interested in Manitoba because they think the pickings are too small and their overhead's too high, so they don't get involved with these small entrepreneurs who are active and aggressive in Manitoba.

We believe that the Crown can play a useful role as a catalyst in dealing with these entrepreneurs. It's important that again we try and separate the wheat from the chaff. We hope to be prudent in this respect, to be careful, but at the same time we have said that the Crown will get involved and will consider joint venture activity with entrepreneurs that are operating in Manitoba who want to come to Manitoba with respect to future oil development in the province. We think that's a useful role that we can play. We have said we'd do it on a voluntary basis as well. We're not going to force anyone to come into a joint venture with us; we're not going to do what's called the backdoor joint venture, have them develop something and come along and take a 25 percent share of that. I've made that statement with respect to the mineral industry. It's what exists right now. We've said that we wouldn't change that and that we would continue on that basis.

We have received a number of inquiries from different companies in the mineral sector looking to the Crown for some joint activity. I know that the previous administration and this administration were looking at some public input of one sort or another with respect to whatever developments might take place at Man-For. That would require some public input of one sort or another; it could be a grant; it could be an investment; it could be a loan or a loan guarantee. So there were those options.

So I can't set this global figure to the member when he asks for one right now. As I said, I think that's one of our tasks to look at that and see what makes sense from the perspective of the Crown as to what should have been invested. What can it invest; what are the limits; or do we just add up the total that comes forward as possibilities from different Crown Corporations and then go out and try and raise that money; or do we say we'll see if we can't afford some of these things, maybe this is a more judicious investment than the others? And since government does have to guarantee or underwrite these we feel that's an appropriate task for the government to take and we're setting up this small entity to undertake that task.

When the member says it's critical that we limit size and how can I limit size? Well, as I said, the only way I can say that is to say, yes, it's our intention to limit that size. Obviously, I come forward next year. You'll be able to see these Estimates; you'll be able to see what

happened; you'll be able to comment and criticize me on that, and it is all here within the public forum for everyone to consider. I think that is the way in which we want to approach this activity, very much in the open with Estimates stating what we've done. It provides a forum each year for the Legislature to hold a Minister responsible for Crown Investments accountable in terms of what's happened in the overview.

You're going to have the particular instances of Ministers being answerable with respect to individual Crown Corporation activity. There will be the opportunity - we think it's a valid one - for these matters to be raised and discussed within the Legislature and for the government to be held accountable for it.

MR. W. MCKENZIE: Mr. Chairman, the Minister didn't answer a lot of the questions I put into the record. I'll not repeat them because he apparently isn't going to answer them.

I note here that during the initial stages of the development of this organization - we're passing some 560,000 - what's it going to cost us in the third or fourth year of your government?

HON. W. PARASIUUK: We're hoping that we can keep this figure constant in constant-dollar terms, that is, we don't expect that we should be increasing in constant-dollar terms beyond what we are right now. If it's \$563,000, if you take into account inflation and discount that, then we will stay at this level. It's not our intention to go beyond that.

MR. CHAIRMAN: The Honourable Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, that famous election manifesto which has been referred to on a number of occasions by members on this side of the House, said that Manitoba Hydro and ManOil were going to be responsible for providing the funds that would allow the government to save every house and farm and business that might be lost in this province as a consequence of high interest rates. We have learned in committee, looking at Hydro, that, indeed, there's very little prospect that the members opposite are going to be able to use any funds generated by Hydro to fulfill those promises. Therefore, that leaves ManOil as essentially the only economic thrust which the government, the NDP Party, had held out to the people as a means of generating the kind of economic activity that would allow them to sustain a level of services that they inherited from this government.

I'm wondering, therefore, Mr. Chairman, why the Minister of Energy and Mines would choose at this time not to bring in that kind of development which they said held out so much promise?

HON. W. PARASIUUK: Yes, recalling that statement that the member keeps referring to, I think Hydro and ManOil were used as indicative examples of what can be done through Crown activity that could have impact on Manitoba's economic performance. I think certainly you can look at what's taking place in other provinces with respect to resource developments that have contributed very substantially to the public purse and one can look to the province next to us and

look at a billion-dollar Heritage Fund. That certainly didn't help the government that was in power at the time that it developed that billion-dollar Heritage Fund; they were defeated. But that billion-dollar Heritage Fund certainly will, in fact, have some substantial impact on the living conditions and the economic prospects of the people of Saskatchewan and so much of that came through Crown activity.

Now, I thought I explained to the — (Interjection) — no, not really, if you look at the potash returns, but again, you can look at the potash returns if you want to look at the Saskatchewan situation. I think one could do some work in that respect and show how much came into Saskatchewan's coffers and will come in over the future through that activity. But when the member asks about ManOil or the Manitoba Oil and Gas Corporation, I did explain that it was our intention to go through a very thorough process of consultation with all members in the industry in Manitoba; to have consultation with the members in other provinces who might be interested in coming to Manitoba so that they got a very clear understanding of the fact that we weren't going to have compulsory joint ventures; to have a very clear understanding that we weren't going to have compulsory backdoor participation.

I wanted to take that opportunity to go to the industry, spend some time with them, explain that to them because there were some people in the industry that have concerns. They had concerns about when they heard that they're going to establish an oil and gas company.

When I explained our intent that we would not have compulsory backdoor participation, that it would be voluntary joint participation, they indeed were very open, very receptive and very positive and I want to take the time required to do that. I hope it will be the best course of action. Certainly we could have passed the legislation, then gone to explain it to the people, but I'd rather take the opportunity at this stage and do that and come forward in the future with the legislation. As I said, if some outstanding opportunity becomes available or becomes apparent in our discussions with the industry, the government does have mechanisms to proceed with some type of a joint participation but it's my hope that the consultative process will work and that we'll be further on.

Certainly I expect that over the course of the summer I'll be going out and talking to some firms in Alberta that have expressed some interest in coming to Manitoba. They've said in the past that often they just haven't focused their attention sufficiently on Manitoba because Manitoba is smaller in comparison to what might take place in Alberta, or the United States, or Saskatchewan, but some of the factors that augur well for Manitoba are that when you drill here if you find something there's a probability that it'll be oil, as opposed to gas. They're finding a lot of gas in Alberta but they'd like to look for oil. Some of these companies have gone to the United States and they've been burned. They're looking closer to home so I think the prospects for further and greater activity in Manitoba are there and we hope to pursue these fully.

MR. B. RANSOM: Mr. Chairman, during the last six years or so of the Schreyer administration the government was involved in joint ventures with the private

sector in oil exploration. I think they spent something in the neighbourhood of \$1 million on joint exploration during that period of time. What is it that the Minister then is contemplating by way of an oil and gas exploration company that differs from what was done during the Schreyer administration?

HON. W. PARASIUK: Generally this was done through Manitoba Mineral Resources Corporation, I don't know if they had had that much expertise in the oil industry. I think it's important to develop a more focused type of expertise and we hope to do that. I think the developments in Manitoba, with respect to different techniques used, are substantially different than those that were used six years ago. I think that there's been some new breakthroughs. People have been far more aggressive, far more patient in trying different techniques for finding oil at different levels. I think in the past people tended to follow what Chevron had done and stopped there but there was far more work done and I think that the previous administration simplified the royalties, simplified the taxation procedures. I would have to say that that was an incentive and we haven't changed that. We do find, in our discussions with the small companies especially, especially given today's circumstances, that they need some partners and, again, we have to be very judicious and very prudent.

We have said that we are prepared to consider joint ventures. Now, if the Opposition says that the Government of Manitoba should consider no joint ventures with any entrepreneurial enterprising oil companies who are active in Manitoba, or want to become active, fine, that's a clear position. We have said that we are prepared to consider these types of joint activities.

MR. B. RANSOM: Mr. Chairman, the Minister said he didn't believe that there was any particular expertise in Manitoba Mineral Resources to deal with the area of oil exploration, perhaps that was why they might need a new Corporation. The Minister also has said that they have met on a number of occasions with some smaller oil companies that might be interested in Manitoba right now. I wonder if the Minister could advise the Committee who has been meeting with these oil companies.

HON. W. PARASIUK: I didn't really want to downplay the capability of the people in MMR because they're good; it's just that there tends to be different procedures used for dealings with oil people. To date when we've had meetings they've tended to have been meetings that were held by the Deputy Minister and myself and these oil companies. At times, wearing a different hat, we've had general discussions with the oil companies from the position of the regulator; we administer the leases and we have people who are expert there but the knowledge that they have is not passed on to the knowledge of the Department of Crown Investments. We don't want to give Crown Investments, or any Corporation that might be created, any type of inside knowledge. We want them to have the same footing as does any private operator in Manitoba.

So, to date, we have just been talking in general terms with them. We hope to talk to people and we've

had some discussions with people in the oil industry about what types of staff capability are required and, again, they've been very co-operative, very open with us and we appreciate that. We certainly will be moving in that respect over the course of the summer and fall because it is important to get good people who can assess the opportunities well enough and at the same time, I think it's important for the government to be prepared, to get involved in joint ventures. We have said that before and we stand by it. Again, I'm not sure whether the member is asking or suggesting that we shouldn't be involved in contemplating any types of joint venture activity with any private oil entrepreneurs in Manitoba.

MR. B. RANSOM: Mr. Chairman, I'm not suggesting that, I'm just trying to find out what the government's intentions are with respect to fulfilling their commitments to the electorate. The Minister makes a comment that he thinks Manitoba Mineral Resources perhaps weren't just the right Corporation to carry out this kind of activity because perhaps they didn't have the expertise and then he tells me that he, and the Minister and his Deputy are the people who have been meeting with the oil companies because things have changed in the oil business, that there are new techniques involved.

I recognize that's why the Minister would be meeting in that capacity and I recognize that the Deputy Minister is a very capable administrative person who has served the government in the past but I'm not especially aware that the Deputy Minister of Crown Investments has had any particular background in the oil industry, therefore, it raises some question as to what direction the government is going and how they're really going to fulfill these commitments.

The Minister made some reference to adjustments in taxation and royalty structure as one of the reasons why we're now experiencing almost unprecedented levels of oil exploration in the province. One of the other reasons why we are experiencing that kind of exploration, Mr. Chairman, is that the government went back to leasing the Crown rights again to private corporations for exploration activities contrary to the method that was followed in previous years by the Schreyer administration in making those leases captive to Manitoba Mineral Resources and that would be a very key to whether or not we would continue to see the private sector active in the province. I would therefore ask the Minister whether it would be his intention, in the creation of a Crown oil and gas corporation, to provide them with the inside track on Crown leases, or whether or not the corporation would have to bid competitively for those leases.

HON. W. PARASIUK: I indicated that to the Member for Russell. If I didn't I'd like to clarify it. It is certainly our intention that a Crown Corporation would be treated as other entrepreneurial actors in the oil industry and that they would have to bid competitively on leases and they would not be receiving favoured, insider treatment. That is what I have communicated to those people in the oil industry that I have met with to date.

MR. B. RANSOM: Mr. Chairman, in the Minister's

statement he said that it is not the intention of the government to go into high-risk ventures on their own, but to track joint ventures for high risk and then he proceeds to talk about the development of oil reserves. Normally, my understanding of an oil reserve is something that is known to be in existence and development of it is simply getting it out of the ground. Exploration for it is quite another thing. The Minister has made reference, basically, to development of oil reserves in the same way that he makes reference to development of potash reserves. Potash reserves, of course, we know in many cases are there. I wonder if the Minister could give a little elaboration on that point. Is it his intention that the Crown Corporation, then, is only going to operate in areas where there are known reserves or is it actually going to become involved in exploration activity? I believe, in the election, that there was talk even that this company would be, perhaps, even exploring in Hudson Bay and perhaps in areas where no other company has even dared to go to look for oil, that we would find this corporation going there and into other areas.

HON. W. PARASIUK: Certainly it's our intention and, if my statement wasn't clear in this respect, it's our intention to consider both exploration, joint ventures and joint ventures to enhance recovery from existing reserves. Some companies have said that they would be interested in exploring possibilities in this area and it's one thing finding the oil and, sometimes if you've got the oil already, if you can develop better methods of getting more oil out, then that will add to the provincial economy and the provincial treasury substantially so that would be our priority.

With respect to possibilities in Hudson Bay, we note that the Quebec Government and the Ontario Government are undertaking some substantial commitments in that respect. As I said today in the House, it's our intention to monitor what they do very closely because if, indeed, their pretty significant inputs there result in the finding of oil, obviously I think the people of Manitoba would want Manitoba to be in a position to take fullest advantage of that. We certainly aren't doing that as a first priority; we don't have it as a plan for the foreseeable future. As I said, it's our intention to monitor what the Governments of Ontario and Quebec do in this respect for a period of time.

MR. CHAIRMAN: The Honourable Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, the Minister has made a few comments that, first of all, have created some concern. I would first like to ask the Minister where he and his party and now government felt the great pressure to come forward with a concept of getting into the oil business, the development of our energy. I represent an area that is somewhat, I would say, satisfied with the development that has taken place. I know that there are a few individuals who maybe have found it difficult to lease their properties in the past, but the general comments have not been that it should be the government's responsibility to develop an oil company, to get into the development but rather to, first of all, update the surface rights legislation and give them the kind of protection in that area. That, basically, has been the number one pres-

sure point to give them that kind of legislative protection.

But following on the questioning from my colleague from Turtle Mountain, when the Minister has indicated that they're interested in the proven reserves or development of them or the pumping of them, is the Minister prepared through the ManOil or Manitoba Oil and Gas Corporation, planning to buy an existing company in the province to get in the immediate operation of a gas and oil company? If that is the case, seeing it will be taxpayers money that he's using, is he planning to purchase a company that is presently operating or moving in that direction?

Secondly, if so, what about the further step to move into the distribution and the providing of gas and oil to the consumer at the pump level such as we're seeing at PetroCan? I think it's fairly important for people who are paying tax dollars towards government operations that they have some answers to these.

HON. W. PARASIUK: I'd like to point out to the member that we acted fairly quickly with respect to the whole question of surface rights; we moved on that faster than anything else. We have received material from the Surface Rights Association; we've been in communication with them. I'm not that sure that we'll be able to get the legislation done this Session; I indicated that to them. I expect that we'll probably have to bring it in next Session, but I indicated that to them and we've been working on that as a top priority. I think our priority is to move on surface rights. I don't know if the member is aware, and I don't have it with me but I can bring it. I've received a letter, I think the Premier has received a letter from the Mayor of Virden, asking that when the provincial oil and gas company is established we would establish the headquarters of that company in the Town of Virden; I believe that the Member for Virden has received a copy of that letter. So there are some people out there who aren't being negative about it, in fact, see it in a positive light and that's understood. I'm hoping that we'll be able to respond in some way with respect to some presence in that area. —(Interjection)— I would like to see Imperial Oil's headquarters in Virden. The point is, I talked to them and they haven't been active in Manitoba. I pointed that out to the member, indicating that I had hoped that some of the larger companies would have been involved and they say that their overhead is too high and that maybe smaller companies might be more efficient, given a scale with Manitoba or given the scales of the Pool and we've had continuing discussions.

Hopefully, we'll see further activity and greater activity from Chevron, which is a large company, which does have skills and which does have some very good seismic ability and some good exploration ability. They're the company that drilled Hibernia. We hope that they'll be more active and we've had some discussions with them and the discussions were I think very constructive and promising, but again the proof of the pudding there will be in the eating. So there have been local people who have expressed some positive comments to us with respect to the whole question of an oil and gas corporation for exploration or further enhancement of return from existing reserves.

When it comes to setting up some type of a Crown Corporation in Manitoba to compete with PetroCan, that's not our intention. We would hope that PetroCan, which I think is involved in retailing which I believe the people of Manitoba and the people of Canada support as an entity involved in exploration and development and distribution and retail will continue.

I don't know about the member opposite but I feel pretty good when I drive by and I see some of the PetroCan signs with the Maple Leaf up there. Now, maybe he doesn't. Now there is laughter, but —(Interjection)— yes, it does, it does and I say that, fine, I wouldn't equate PetroCan with a Gumm Store in Moscow. I believe that PetroCan will serve a very legitimate need in Canada and there might be a difference of opinion between members on this side of the Legislature and people on that side of the Legislature as to the value of PetroCan but we aren't going to compete and that was the question that I was asked. I said that we would not be competing with PetroCan and I hope that they continue to operate in an effective manner.

When it comes to whether, in fact, we will purchase an existing company, I don't exclude that possibility, but at the same time I don't think that it is really a probability. What I foresee is a possibility of getting involved in some joint activity with an existing company and that's different from purchasing out, from buying out an existing company. But there is room for joint venture, joint activity with existing companies and that's what we certainly hope to pursue.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I would take from the Minister's answer that there could be a possibility that the Government of Manitoba may move into a purchase of an existing corporation if that were to best suit their objectives and their needs and give them the immediate kind of exposure they want or the immediate kind of - intrusion maybe isn't the proper word - but involvement in the research and energy field.

Mr. Chairman, the question of the Town of Virden or the Mayor of the Town of Virden putting forward a request that the Head Office of ManOil or Manitoba Gas and Oil Company is I guess - one could put it this way - if it's inevitable that one is going to have to have such a corporation in the Province of Manitoba, that they have to make the best out of a bad situation. I'm sure that the Town of Waskada and Melita and all those other towns in the southwest are equally as happy that they have a private company, and I guess Omega is one of those companies that has moved in and really made the Town of Waskada a fairly major centre as far as the oil development is concerned. I think that any town where they see that kind of development take place is anxious and setting the philosophical thing aside, whether the ManOil is supported or not by the Mayor, he would be not doing a responsible thing if, in fact, that were to take place in putting forward the bid for that organization to be - if it's inevitable that it's going to be - located in his community. So I don't think that adds any support to the Minister's argument that there's some great urgent need to get into the oil and energy development field in that whole business.

I think, Mr. Chairman, that there is a desire by a lot of local people and particularly in my constituency, who would like to see the oil development take place, who feel they would like to be involved in it, but basically the way in which has been traditionally most satisfactory has been to create that development through a program of tax incentives, a removal of taxation from them and from the energy or the industry that they want to develop, not to further put another layer of taxation on them to support a government imposed energy company.

I, again have not been able to identify when I visit with the people of that constituency - and the Member for Virden can speak for himself - but I have yet to this point had anybody hammering down my door with great amounts of support for a Provincial Government oil company. As I've indicated, there is quite a bit of satisfaction, in fact, I would say the majority of people that I have talked to in recent times have been quite pleased with the development of the oil fields that have taken place in the last few months. Again, as my colleague from Turtle Mountain has indicated, the changing of the taxation system in the province and, of course, the increased prices of oil and gas have certainly added to it. But I think the development that has taken place without the kind of government bureaucratic company that we all had some experience with, is happening at a good and reasonable pace.

Again - and I want to make this point very clear - without adding the additional cost of a government company onto what they're now paying in taxes and that, I think, is the other side of the coin. Mr. Chairman, we have to look at what the cost is that's going to be applied to those people who are now either in the business of producing oil and gas; those people who are the owners of the mineral rights and have leased them out and I would advise the Minister to take a pretty careful look at the overall ability for him with the taxpayers' money to obtain sufficient enough areas in which to drill within the province to be able to maintain a corporation. You know, we talk about \$20 million when you go into the oil business, that's the tip of the iceberg and I would think you'd have to have a pretty big bank account and cheque book to carry on with that kind of an organization because it's not small business, it's business that takes tremendous amounts of capital and, again, the capital has to be raised from the taxpayer who at this particular time, I think, has a heavy enough burden as it is, to carry. The idea that the government has that it will pay for the grandiose social ideas that they want to implement is a long long way off in the future, Mr. Chairman. In fact, I would think that the oil and gas company they're going to develop will for many years be a drain on the taxpayer rather than a help to them.

HON. W. PARASIUK: I just wanted to make a correction. I had one letter in my files here. I thought I had a letter from the Mayor of Virden. I may have inadvertently misled the House on that because I'm pretty sure there was one from the Mayor. I also have one from the Virden Chamber of Commerce, but I'll have to check through my files to make sure that there were, indeed, the two letters. There just could have been one but I was quite certain that there were two and the one I

have in my file right now is the Virden District Chamber of Commerce. They say that they have the expertise, manpower as well as the support industries to achieve the proposed Crown Corporation's objectives of exploration and development of Manitoba's petroleum resources. They go on to say what type of expertise and resources they have; they say that they're available at any time to discuss with me and my Ministers or with the Premier and his Ministers, the benefits of locating the Manitoba Oil and Gas Corporation. And that's fair; we'll certainly pursue that. As I said, we certainly have had positive responses in our discussions with people in the oil industry. I'm hopeful that we, indeed, can pursue those fruitfully as I hope that all people would be in favour.

Now, granted the member takes a different position with respect to oil and gas development. He's saying that \$20 million is a drop in the bucket; isn't enough. We're going to be careful and prudent and hopefully that money will be spent judiciously. It may not even be an entire \$20 million over a four-year period. Again, a lot depends on the opportunities. We're talking about voluntary joint venture. But certainly, from our discussions to date with the industry, we believe that we can be a very good catalyst, and response from them has been very good.

MR. CHAIRMAN: The Member for Virden.

MR. H. GRAHAM: Thank you, Mr. Chairman, just to add further to what the Minister was saying and also to some of the comments from my good colleague and friend, the Member for Arthur. Yes, there were letters from the Mayor of the Town of Virden and also from the Virden Chamber of Commerce. You have to, I think, take them in their proper perspective. I have had the opportunity of talking both to the Mayor and to the Virden Chamber of Commerce. Basically, it goes back to the old story that when you're up to your waist in alligators, sometimes you forget the main purpose is to drain the swamp.

The Town of Virden and the Chamber of Commerce really are concerned about who has the concession for the waist waders. If they have the opportunity to sell the rubber boots and the waist waders, that is their number one concern. It's quite logical, too, because the Town of Virden for many years has boasted quite properly, that Virden is the oil field capital and the oil capital of Manitoba. They have the expertise, and the headquarters of the various companies that are active in Manitoba are in the Town of Virden. If there's going to be another oil company active in Manitoba, they feel that if the headquarters was in that town as well, it would be quite agreeable with them. The concentration of the head offices in that area would probably facilitate the various activities and the cross references that are so necessary quite often because I don't think there are too many members - and I certainly don't understand - all of the various activities that do occur in the oil exploration and development field. But I can tell the Honourable Minister that today the activities of our Land Titles Offices are so antiquated that the activities in the oil field today are mainly done in lawyers' offices on agreements that are subject of final search to prove that caveats do or do not exist.

The oil industry is one that cannot sit and wait

forever for a search of title to finalize an agreement, because they are operating quite often in a highly competitive field. It's absolutely necessary to have immediate decisions made so they don't even bother with the Land Titles Office anymore. They work on legal agreements that are drawn subject to the final proof that they can get from the Land Titles Office at some future date.

I don't want to preclude any further discussion on oil, but there were one or two comments made by the Minister earlier on that did cause me a great deal of concern. I go back to the remarks that the Honourable Minister made with respect to the Heritage Fund that was established in our sister province. One or two of the comments he made certainly do not bear close scrutiny when you consider all of the implications.

I can't speak for the oil industry or some of the other resources but in the field of potash, there has been considerable money that has been siphoned into the Heritage Fund. I want to tell the Minister that when the basis of your argument starts from a false premise, then you can certainly get led away off into left field and I would ask him to consider again very seriously the implications of what he said. He stated that much of the money in the Heritage Fund did not come from taxes and royalties. I would suggest to him that if you take a look at the potash industry in Saskatchewan that had the normal taxes, royalties and all of the other incidentals that a private company is subject to - high interest rates and all the rest of it - that Saskatchewan's investment in the potash industry would still be in the red today. The people of Saskatchewan have still not recovered the money that has been invested in potash development and mining in Saskatchewan, given the normal royalties, taxes and interest rates that accrued of private industry. So if you don't realize that, you may start off in a very wrong direction because of wrong information that you started from. I can't speak for the oil industry because I don't know enough about the Lloydminster field and the revenues that have been there for a long, long time and the total impact that it's had on their Heritage Fund. But I know in the potash industry, the Province of Saskatchewan still has not recouped their investment in that respect.

HON. W. PARASIUK: The points of the member are well taken in that sense. The bulk of money in the Heritage Fund had come from royalty and taxation. There was a good base established and there is a good base established in Saskatchewan right now with respect to their Crown investment. Their investment in potash was only recent and I think they've gone some way to paying a good portion of that off and, of course, a lot of it's open right now as to what the present government will do. They certainly have the option of selling out what the people own with respect to potash or they have the option of keeping it and, of course, we'll have to watch with interest and see what they do there.

The point of the member in terms of what exists right now in terms of that \$1 million Heritage Fund is, indeed, a point well taken and I do make that correction that the bulk of it is coming from royalty and taxation, but the base is a very solid base. It has been established by an aggressive activity with respect to public investment in Crown Corporations because

they did run into some difficulties with respect to taxation as I think the member can recall, with respect to the Supreme Court and federal interventions when Saskatchewan attempted to get what they thought was a fairer share of returns from potash.

MR. CHAIRMAN: The Honourable Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, on Page 2 of the Minister's remarks: No. 2 - to coordinate the financial requirements of Crown Corporations. Now, as far as I know at the present time that coordination and all of the financial requirements for Crown Corporations has been handled by the Department of Finance. Is that going to change now? Is the Department of Finance not going to be involved with the coordination and financial requirements of Crown Corporations?

HON. W. PARASIUK: As I indicated to, I think it was the Member for Lakeside, the Department of Finance raises the money and will continue to raise the money and will continue to have that function. The task of looking at what those medium, long-term, possible, financial requirements of various Crown Corporations might will be undertaken in a more systematic way by the Department of Crown Investments, because you have demands for financing coming forward from different Crown Corporations that tend to look at the world through their particular perspectives. Yet it's the government overall that has to do the overall financing and so we will be providing advice to the Cabinet in that respect. I expect that Finance will continue to play the role that they have when it comes to raising funds, just as they have with respect to departmental spending. There is a function that is played by Treasury Board as well and we say that we're going to perform a more limited function and that we will be doing this assessment in a more systematic way in providing advice to Cabinet.

MR. F. JOHNSTON: In Item 3 then, to review the short, medium and long-range plans - well that's all plans, short, medium and long range is all plans - of selected Crown Corporations. I'm not sure what is meant by selected Crown Corporations - I guess maybe Autopac will be in there, maybe it won't - to ensure compatibility with government policy such as purchasing export policy, etc. Mr. Chairman, I would suggest that section 3 meansthat the Crown Corporation is going to be the body that directs the policies and the operations of the Crown Corporations which are selected to be there by the Cabinet. It seems to be a very, very strong statement that this body will be the decision makers of the long, short, medium-range plans of Crown Corporations.

HON. W. PARASIUK: The statement says that we will review, not that we will make those decisions, but we'll review them. The plans come forward from the Crown Corporations. When we say selected ones - if we said Crown Corporations, then you could turn around and say well, do you expect to do this for everyone over the course of the next year, and we'd have to say we wouldn't be able to. There are some that we'll be able

to look at that we will, as we sit down with them and review them - and we're sitting down with ManFor - obviously, that's the one that we're most involved in right at present. We are involved in the potash negotiations. There might be implications for MMR in that.

So this is the activity that we're undertaking on a selected basis at present. We don't have much in the way of staff, and I said we're deliberately keeping the number of staff small, keeping the complement small and maybe there might be one or two others that we would look at over the course of the year. Next year I'll be reporting on what we've done and I hope that we'll be able to sit down and have some discussions of a very preliminary nature with respect to all the individual Crown Corporations but that the more detailed work would, indeed, take place with those selected ones who are actually contemplating activities that may, in fact, be a bit different from what have been undertaken in the past.

Again, I see the Member for Lakeside, who indicated there were a couple of instances when Manitoba Telephone System got involved in some new activity. Again, we hope to be able to get a handle on that and be aware of what the implications might be, because often many of these items start off as very small items and often people don't ask what the long-term implications are, so when the member says well we're talking about short, medium and long-range plans, but they're all plans. Often people just put forward the short-run plan and they say well this is just going to cost \$100,000 or \$200,000.00. Push them and find out what the long-term possibilities might be, what are the contingencies. You might find out that we're talking about a \$10 million item. It's important to know that and be aware of it, and that's what we hope to do.

MR. B. RANSOM: Mr. Chairman, we have some further questions specifically on potash development and on ManFor Development which we will want to get into further. I wonder if the Minister might be disposed to have the Committee rise. I think we've dealt with the generalities here now and we have those two specific areas that we would deal with tomorrow.

HON. W. PARASIUK: So you're saying that you want to deal with ManFor and potash tomorrow in terms of specifics. Yes I'm agreeable with that.

MR. CHAIRMAN: If there's agreement, Committee rise