

June 25, 2000

■ News Release

Jon Singleton

Provincial Auditor
Office of the Provincial Auditor
500 - 330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

Dear Mr. Singleton:

The Canadian Taxpayers Federation calls on the office of the Provincial Auditor to perform and report on a value-for-money audit in respect to the public monies awarded to the True North Entertainment Complex Limited Partnership ("True North L.P."). A value-for-money audit would assess and comment on the efficiency, economy and effectiveness of the government's resources used to accomplish its outcomes with respect to the True North L.P.

The provincial government recently announced financial commitments and contributions toward the construction of an entertainment and sports complex at the site of the former Eaton's store. The recipient of the public monies are the True North L.P. - limited partners who will develop, finance, manage and own all aspects of the True North Centre.

The anticipated cost of True North Centre project is \$125 million, part of which will be financed through the Government of Canada, the Province of Manitoba and the City of Winnipeg.

The terms of the agreement between True North L.P. and the Province of Manitoba are as follows:

The provincial government will award a \$10 million grant and an additional \$3 million contribution.

The province will also cause the Manitoba Lotteries Corporation to enter into a Siteholder Agreement with True North L.P. providing for fifty redistributed video lottery terminals to the True North Centre. The revenue allocation formula will yield \$1.8 million per year for 25 years.

As well, Manitoba has agreed to recommend changes to regulations under The Municipal Assessment Act and if passed, True North Centre would fall into a property class where the portion of assessment would be reduced to 10 per cent for the year 2003 and the subsequent 25 years. This represents a minimum \$5 million per year tax break for 25 years.

Finally, Crocus - a public/private venture capital fund - will become shareholders in the True North L.P. investing an undisclosed amount.

The scale of taxpayer investment in the True North Centre is considerable. Notwithstanding the federal and civic contributions, Manitoba taxpayers are on the hook for a minimum of \$13 million in contributions and \$45 million in VLT revenues over 25 years.

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The provincial government has failed to satisfy the test of accountability and transparency in so far it as has not presented to the public a business plan in support of the True North Centre and a cost/benefit analysis of the government's contributions.

Moreover, the rapid-fire conclusion to the terms of the agreement has dodged fair and thorough public scrutiny. No public hearings over the government contribution have been announced.

Since the agreement was announced on May 9th, City Council voted to approve the terms only two weeks later. Settlement, execution and approval of the Master Agreement by the public and private parties is scheduled for June/July 2001.

With respect to your reviews on other private/public venture capital funds, you eloquently summarized the imperative of government accountability and transparency to the public.

"The question remains though, when elected and appointed officials put public monies at risk, should they set a higher standard than private citizens may set when putting their own monies at risk? My answer to the question is Yes!"

The CTF has misgivings over the provincial government's contributions to a high-risk business venture that has not satisfied the "higher standards" test of public transparency and accountability. We therefore request that the office of the Provincial Auditor meet public expectations for full disclosure of the efficiency, economy and effectiveness of the provincial contributions to the True North L.P by performing a value-for-money audit.

Thank you.

Yours truly,

Victor Vrsnik
Provincial Director
Canadian Taxpayers Federation - Manitoba

-- 30 --

For further information contact:

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