



Fifth Session - Thirty-Sixth Legislature

of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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The Honourable Louise M. Dacquay  
Speaker*



**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Sixth Legislature**

Member	Constituency	Political Affiliation
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary	Concordia	N.D.P.
DOWNEY, James	Arthur-Virden	P.C.
DRIEDGER, Albert	Steinbach	P.C.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
FAURSCHOU, David	Portage la Prairie	P.C.
FILMON, Gary, Hon.	Tuxedo	P.C.
FINDLAY, Glen	Springfield	P.C.
FRIESEN, Jean	Wolseley	N.D.P.
GILLESHAMMER, Harold, Hon.	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
MALLOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McALPINE, Gerry	Sturgeon Creek	P.C.
McCRAE, James, Hon.	Brandon West	P.C.
McGIFFORD, Diane	Osborne	N.D.P.
McINTOSH, Linda, Hon.	Assiniboia	P.C.
MIHYCHUK, MaryAnn	St. James	N.D.P.
MITCHELSON, Bonnie, Hon.	River East	P.C.
NEWMAN, David, Hon.	Riel	P.C.
PENNER, Jack	Emerson	P.C.
PITURA, Frank, Hon.	Morris	P.C.
PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
RADCLIFFE, Mike, Hon.	River Heights	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack, Hon.	Niakwa	P.C.
RENDER, Shirley, Hon.	St. Vital	P.C.
ROBINSON, Eric	Rupertsland	N.D.P.
ROCAN, Denis	Gladstone	P.C.
SALE, Tim	Crescentwood	N.D.P.
SANTOS, Conrad	Broadway	N.D.P.
STEFANSON, Eric, Hon.	Kirkfield Park	P.C.
STRUTHERS, Stan	Dauphin	N.D.P.
SVEINSON, Ben	La Verendrye	P.C.
TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin, Hon.	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.
<i>Vacant</i>	St. Boniface	

## LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, June 16, 1999

The House met at 1:30 p.m.

## ORAL QUESTION PERIOD

## PRAYERS

Kostiuk Family  
Minister's Follow-up

## ROUTINE PROCEEDINGS

PRESENTING REPORTS BY  
STANDING AND SPECIAL COMMITTEES

## Committee of Supply

**Mr. Marcel Laurendeau (Chairperson):** Madam Speaker, the Committee of Supply has considered certain resolutions, directs me to report progress and asks leave to sit again.

I move, seconded by the honourable member for Portage la Prairie (Mr. Fauschou), that the report of the committee be received.

**Motion agreed to.**

## Introduction of Guests

**Madam Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the public gallery where we have this afternoon, firstly, a number of visitors from Illinois, one of whom is a member of the state Legislature there.

Also, twenty-nine Grades 9 to 11 students from Westpark School under the direction of Miss Melody Martens. This school is located in the constituency of the honourable member for Portage la Prairie (Mr. Fauschou).

And, fifty-five Grade 5 students from St. Andrews School under the direction of Mrs. Sandra Mulholland. This school is located in the constituency of the honourable member for Selkirk (Mr. Dewar).

On behalf of all honourable members this afternoon, I welcome you.

\* (1335)

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, Miranda Kostiuk visited this Legislature with her daughter on June 2, and the Minister of Health promised to follow up specifically with the family and their concerns about delays and difficulty in having their child get an operation.

We have been informed today that when they were told that the minister would get back to them and follow it up, they have not heard from the minister over the last couple of weeks. There has been no follow-up directly with the family; in fact, they are quite concerned about the lack of follow-up.

Madam Speaker, if information to people is so important that the government can waste thousands and thousands of dollars on ads, why is it not important enough to follow up directly and give information to people after the minister gives that commitment?

**Hon. Eric Stefanson (Minister of Health):** Madam Speaker, the family that the member refers to, their daughter, Kaela, I believe received the surgical treatment the very next day, on June 3, at Children's Hospital by a general ophthalmologist. So, certainly in terms of the treatment, it was provided very quickly, within 24 hours, in that individual case.

There is the issue that we have one pediatric ophthalmologist, but we do have 26 ophthalmologists in the province of Manitoba. Obviously, they also can provide services to people of all ages, and they do just that, and that is exactly what happened in this particular case.

So there are opportunities to provide those services through the 26 ophthalmologists here in place in Manitoba. We are pursuing the issue of attracting another pediatric ophthalmologist,

recognizing when it comes to pediatricians I think the Leader of the Opposition recognizes, or I hope he does, that we have more pediatricians per capita than any other province in all of Canada, so it shows our significant commitment to providing that care to the children here in Manitoba.

But in terms of this particular family, the procedure was provided the next day. We are following up on the attraction of a second pediatric ophthalmologist, and I will certainly be communicating further with the family.

**Mr. Doer:** And regrettably the person indicated that the only thing the minister wants to do is impress the media, not follow up with the citizen, Madam Speaker.

#### **Health Care System Advertising Campaign**

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, Very Reverend Michael Skrumeda considers the ads a waste of taxpayers' dollars, and he cites his father-in-law who was injured in an accident and taken to the Steinbach hospital, transferred to the Health Sciences Centre, transferred again to the Grace Hospital, and because of a lack of beds and the pressure on that hospital, was moved again to the Steinbach hospital where 48 hours later, regrettably, his father-in-law died. He feels very strongly that the pressure on the health care system contributed to the death of his father-in-law.

I would like to ask the question to the Premier. Would it not make more sense to spend the hundreds of thousands of dollars that the government is spending on propaganda ads, on behalf of the Conservatives, would it not make more sense to spend those monies on ads on patient care in Grace Hospital so people would not have to be discharged early?

**Hon. Gary Filmon (Premier):** No government in the history of this province has ever put more money into health care. This government spends the second largest proportion of budget on health care of any province in Canada. This government has increased funding for health by \$800 million a year in the 11 years that we have been

in office, Madam Speaker. This government has spent 35.5 percent of all of its money on all of its expenditures on health care. It is by far the No. 1 priority.

This has been done continuously over a period of time in which the federal government reduced its transfers to the province for health care by over \$260 million a year, and they have only begun in this budget to restore 40 percent of those cuts. And those figures, for the member for Inkster (Mr. Lamoureux) who is chirping away, are right out of the federal budget, \$260 million a year less in transfers for health and education. This government is the government that is giving the commitment to make sure that our health care system not only is one of the best in Canada but continues to improve each and every year.

\* (1340)

**Mr. Doer:** I do not think the Reverend Skrumeda will be very impressed with the arrogance and heartlessness of the answer to deal with his father-in-law.

Delores Waletzky has called the minister's office three times and has not had a response from the minister. Her orthopedic surgery that was scheduled in March, cancelled in September, is now scheduled in November, Madam Speaker. She says the TV ads paid for by her tax dollars are not true and therefore should not be paid for by her tax dollars, but rather that money should go into her health care system.

I would like to ask the Premier the same question. Why can we not divert those ads for the Tory purposes, for the health care of the Tory party, and put that into the health care of Manitobans?

**Hon. Eric Stefanson (Minister of Health):** This budget alone, our 1999 budget that the Leader of the Opposition and his colleagues stood up and supported here in this House, includes \$194 million more for health care. I want to give the member an example of some of the things that are being done to address the very issues that he is raising. Madam Speaker, \$62 million, or 8 percent more funding will be used

to expand surgery capacity and other acute care services, and to give him some examples: 11,000 more mammograms in Manitoba, 15,000 more dialysis treatments, 30 percent more radiotherapy treatments for cancer through an additional \$1.3 million, 600 to 700 more procedures for access to hip and knee surgery in the province of Manitoba. Capacity for CT scans will increase by 15 percent, 8,000 more bone density screenings, 12,000 more MRI scans, 3,000 more adult and 300 more children will have access to echocardiogram. That just gives the member a sense of what this budget and the additional resources put in place in this budget are doing to continue to improve access to the entire system for all Manitobans.

### **Health Care System Advertising Campaign**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, perhaps the minister can explain that to some of the individuals who are in the gallery today who attended this morning, individuals who had their orthopedic surgery cancelled and moved back; individuals who have had their family members shifted from hospital to hospital because there are no beds available in our system, individuals who had to go to Riverview to feed their loved ones because there is not enough staff to feed the patients.

Madam Speaker, can the minister explain to us how his \$175,000 ads this time and \$500,000 ads recently, how one penny of those ads benefit those individuals and those people who are suffering because of their cuts to the health care system?

**Hon. Eric Stefanson (Minister of Health):** Madam Speaker, again we have members opposite I think as usual wanting to be on all sides of every issue. They are the members who also stood up and supported our budget here just several weeks ago, our budget that includes \$2.1 billion for health care, a \$194-million increase in health care funding to address the very issues that they are talking about today. I remind the member for Kildonan that we provide 15 million medical services alone in the province of Manitoba; over 240,000 Manitobans access our hospital system alone each and every year.

I have just given the Leader of the Opposition a number of areas where services continue to be improved in the province of Manitoba, where waiting lists are going down for diagnostic services, where we have some of the shortest waiting lists in all of Canada, where waiting lists are going down for surgical procedures so today we have some of the shortest waiting lists in all of Canada. When it comes to per capita support for specialists, for pediatricians, for nurses, the province of Manitoba stacks up amongst the best in all of Canada. That is because we have continued to dedicate more and more money for health care services in our province.

**Mr. Chomiak:** Madam Speaker, my supplementary to the Minister of Health: will the Minister of Health not admit that the \$750,000, three-quarters of a million dollars that they are wasting on Tory propaganda, could go a long way to reducing the waiting lists, much like the \$500,000 the government found just before the last provincial election to decrease waiting lists? That \$750,000 could go a long way towards easing these waiting lists, not to broadcasting and trying to re-elect this government who have been abysmal in their health care—

**Madam Speaker:** Order, please. The question has been put.

**Mr. Stefanson:** Madam Speaker, sometimes I think members opposite just do not listen. I mean I have indicated already, in this budget alone there is \$62 million more, 8 percent more funding to expand the surgery capacity and other acute care services, \$62 million. And it is doing a number of things that I have outlined for members in this House: improving dialysis service, reducing waiting times for a number of diagnostic testings, whether it is MRIs or CT scans or ultrasounds, providing 600 to 700 more procedures for hip and knee surgeries in the province of Manitoba, \$62 million, let alone the remainder of the \$194 million added in this budget to increase home care services, to increase personal care home beds, to do a number of things to enhance quality services in health care for the people of Manitoba.

\* (1345)

### Waiting Lists

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, perhaps the minister can explain to the people of Manitoba why it is that we had until recently the longest waiting lists for diagnostic services in the country, the longest surgical lists in the country, and it only took an imminent provincial election for the government for the first time in 11 years to all of a sudden promise the resources, yet they are not delivered yet and will not be down the pike for some time. It took a provincial election for this government to try to do something with those waiting lists.

**Hon. Eric Stefanson (Minister of Health):** Well, I am glad the member for Kildonan finally acknowledges on the record that waiting lists are coming down and coming down significantly in the province of Manitoba, and it is because of the continual dedication of more resources from our government. During a time when the federal government was reducing funding by \$260 million annually, we backfilled all of that money, and we continue to put more money into the system.

Today we finally have the federal government recognizing the errors of their ways and starting to restore some of that money. All of that money is going back into health care services. That is why today we have some of the shortest waiting lists when it comes to diagnostic services and surgical procedures. That is why we have one of the best Home Care programs in all of Canada. That is what we are doing with these resources, dedicating them across the board to our health care system to improve access and quality for all Manitobans.

### Health Care System Advertising Campaign

**Mr. Steve Ashton (Thompson):** If there is any example, I think, that typifies best the arrogance of this government after 11 years, it is day-in and day-out refusal to listen to the people of Manitoba who are saying that it is insane to spend \$675,000 of public money on ads on health care for the purpose of this Conservative Party and not on health care.

I want to ask the Premier if he can confirm that they have already spent \$675,000. That amount, just coincidentally, is exactly what they are allowed to spend in an election campaign. We have already seen the equivalent of what they spent in the last election on ads, except this time it is being paid for by the people of Manitoba.

**Hon. Gary Filmon (Premier):** I do not consider it arrogance to respond to what people are telling us is the No. 1 priority. We have met with people throughout this province. We were on cabinet tours to over six regions of the province, night after night, throughout the winter months. I met with groups and individuals throughout the city of Winnipeg ridings and talked about the issue of health care. That is why there is over \$190 million of additional funding for health care in this budget which the members opposite voted for, because we are listening to the people. We are responding to their priorities, and that is why waiting lists are coming way down. That is why members opposite are only trying to make a political issue of it.

**Mr. Ashton:** I am wondering if the Premier, who says he is talking to Manitobans—and we have been. We have not found one person that agrees with spending the money on health care ads. I want to ask him: how many people out there are saying spend it on ads, and how many people are saying spend it on health care?

**Mr. Filmon:** What the public is telling us is that health care ought to be our No. 1 priority. That is why we spend 35.5 percent of our entire provincial budget; that is the second-highest proportion of any province in Canada. That is why the increase this year on health care is over \$190 million. That is why we are spending \$2.1 billion this year on health care, which is \$800 million a year more than it was when we took office in 1988, and that is why we are making the investments that people are telling us are the No. 1 priority.

**Mr. Ashton:** If the Premier will not answer that question, I am just wondering how long it is going to take and how much more money are they planning on spending. I mean, is this the limit? How much more money are they going to

waste on ads instead of putting it where it is needed, the health care of Manitobans?

**Mr. Stefanson:** I think members opposite are hard of hearing or they just do not want to listen to the answers in terms of the significant commitment we continue to make year in and year out to health care, the significant commitment in this 1999 budget that they voted for. I assume that one of the reasons they voted for the budget was because of the significant commitment to health care, the amount of money going in to reduce waiting times, to relieve hospital overcrowding, to support the retention and recruitment of health care professionals.

In all of the meetings that I have been a part of, people want more information about their health care system. Any surveys indicate people want more information about their health care system. It is incumbent on governments to provide information. It is only members opposite who are afraid of the facts and the real information. They are the only ones who seem to oppose providing information to Manitobans about their health care system.

\* (1350)

### **Health Care System Bed Shortages**

**Mr. Doug Martindale (Burrows):** This morning we heard a very sad story about the late William Lobur, who died after being bounced from two hospitals and died in a third hospital, totally unnecessarily moved from one hospital to another in spite of the fact that he was seriously ill. I would like to ask the Minister of Health: why is your planning so bad that there are not sufficient beds that people have to be discharged from one hospital, discharged from a second hospital, sent to a third hospital where he died after 48 hours and where the doctor said he should never have been transferred, he was too sick? Why is this happening? Why is your planning so bad that this happens to an individual?

**Madam Speaker:** Order, please. The question has been put.

**Hon. Eric Stefanson (Minister of Health):** Well, Madam Speaker, I am certainly prepared to look into the individual aspects of—the individual's name that the member brings here today, but I believe we have a very strong and credible health care system. Certainly the feedback that I get from Manitobans on an overall basis is very positive about our health care system. Again, the member for Kildonan (Mr. Chomiak) I know agrees with this. When people access our health care system, they are very proud of the services they get, and that is a compliment to the nurses, the doctors, to the health care aides, to the people that are working in our health care facilities and providing those services day in and day out.

We provide over 15 million medical services each and every year. We provide over 240,000 services each and every year in our hospital system, again a significant commitment to the quality health care of all Manitobans, and our system is providing that. But I will certainly look into this specific case that the member brings here today.

### **Advertising Campaign**

**Mr. Doug Martindale (Burrows):** I would like to ask the Minister of Health or the Premier: why is your government spending \$750,000 when the people of Manitoba, patients, family and friends of patients are saying take off the TV ads, spend the money instead on health care? How many nurses could you hire for \$750,000, and how many beds could you reopen for \$750,000 so that people will not die?

**Hon. Eric Stefanson (Minister of Health):** The member for Burrows talks about \$750,000. This budget alone includes \$194 million more for health care services. It includes an all-time record spending on health care of \$2.1 billion. It includes spending of \$5.6 million each and every day on our health care system to address all of the issues that I have outlined for the member when we have had discussions during the Estimates process. The member himself from Kildonan acknowledged that waiting lists are coming down. In some areas we have amongst the shortest waiting lists in all of Canada when it comes to diagnostics and surgery.

When you look at our number of surgeons and specialists per capita, we are amongst the best in Canada. When you look at our pediatricians per capita, we are amongst the best in Canada. When you look at our nursing ratio, in spite of the fact we still need more nurses in Manitoba, we stack up amongst the best in Canada, and when it comes to nurses, this budget alone includes \$32.5 million to recruit 650 nurses, a number of commitments right across the board for health care that members opposite, I am assuming, supported that budget for all of those reasons, or I certainly hope they did, Madam Speaker.

**Mr. Martindale:** Will the Minister of Health listen to the people of Manitoba, cancel the health care ads, get the Conservative Party to pay for the \$750,000 and use that \$750,000 to hire nurses and reopen beds? Will he do that?

**Mr. Stefanson:** Well, Madam Speaker, I can only repeat for the benefit of the member for Burrows and his colleagues that this budget alone, the 1999 budget that they voted for, that they supported I am sure because of the significant commitment to health care in this budget, includes \$194 million more for services in all of these areas, for services to improve access to diagnostic and surgery, for more services to home care.

Home care alone has \$20 million more in this budget, now \$147 million being spent on the Home Care program in the province of Manitoba, \$15 million more for our personal care home program, \$62 million more for expanding surgery capacity and other acute care services, doing all of the things that they talk about and they have asked us day in and day out to do, we are doing in the province of Manitoba. This budget is helping to accomplish that, and we are seeing significant improvement in all of those areas in our health care system.

#### **Land Expropriation Private Companies**

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, over the weekend we had heard from a farmer who expressed a great deal of concern in terms of expropriation—

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please.

\* (1355)

**Mr. Lamoureux:** Yes, as I was saying, a great deal of concern from a particular farmer in regard to owning some property. N.M. Paterson and Sons Limited is proposing to build a grain elevator in the northwest corner of the city, a large plot of land, invested millions of dollars, now wants to have access to Inkster Boulevard. And I look to the Minister of Highways to indicate the government's position on expropriation of land for private companies.

**Hon. Darren Praznik (Minister of Highways and Transportation):** Madam Speaker, first of all, it has always been a policy of the Department of Highways to be able to accommodate, in our highway planning and construction of roads, industrial development that takes place anywhere in the province. One of the prime purposes of our highway system is to be able to ensure that there is movement of trade goods and accommodation of commerce in our province. We work with municipal people and certainly those who are building large facilities that require access to our road system to attempt to accommodate traffic flows in a safe manner that sees further economic development in our province. And we will—imagine whoever is the minister—continue to do that because that is the prime purpose of our highway system.

**Mr. Lamoureux:** Madam Speaker, then just for clarification from the Minister of Highways: is it the government's policy then to take action of expropriation on behalf of a private company on to someone else's land? Does the minister not realize the impact that that actually takes on the individual who is getting their land taken away, potentially?

**Mr. Praznik:** Madam Speaker, first of all, the government nor this department expropriates land on behalf of a private developer. If an expropriation is involved in this particular piece, it will be for the purposes of building a public roadway. From time to time, in most of our highway projects, land, particularly where we are building a new road, a new access road, or



expanding a public roadway to accommodate residential development, to accommodate economic development, whatever, if we are unable to purchase land and it is a sufficient enough public purpose, then we proceed to expropriate.

I would be delighted to discuss the details of this particular situation with the member, in Estimates, when I have my staff with me who have more detail. But we do not expropriate land for private purpose. We expropriate land, where required, for public roadways.

**Mr. Lamoureux:** Madam Speaker, then again for clarification from the Minister of Highways, if I understand what the Minister of Highways is saying, I ask the Minister of Highways then: will he then give assurances that, in this particular instance, if in fact it is for private use for a grain elevator, in fact the government would not be in a position then to expropriate an access to Inkster Boulevard?

**Mr. Praznik:** Madam Speaker, I would be delighted to discuss, when we are in Estimates, the specifics of this particular plan.

But I would just remind the member that when facilities are being constructed that require intermodal relationships, the linkage of roadways with railways, often there are very limited places where those types of facilities can be constructed to take advantage of intermodal opportunities. In many of the debates and questions that we have had in this House, the need to accommodate intermodal transportation is critical to prevent unwarranted further truck traffic on our roadways when rail is an option. So I would be delighted to discuss those issues with the member.

#### **Driver Licensing Written Tests—Ukrainian Language**

**Hon. Darren Praznik (Minister of Highways and Transportation):** Madam Speaker, if I may while I am on feet, yesterday a question was taken as notice on my behalf, a question by the member for Swan River (Ms. Wowchuk), and I have to say to her doze djakoyu [thank you very much] for asking it.

I must admit to the House that is one of those moments that I think every member fears

when within one's department a decision is made by administrators. I am very pleased to inform the House today that as soon as I became aware of the issue, that decision has been cancelled and reversed. I have asked my administrator in that area to prepare a proposal to me to provide for a full range of language opportunities.

I will say I do accept my responsibility, and I offer an apology on behalf of the department. I just hope the Leader of the Opposition has the same courage to accept his responsibility with respect to his campaign manager and what happened in Seven Oaks School Division.

#### **Flooding Compensation for Farmers**

**Ms. Rosann Wowchuk (Swan River):** Madam Speaker, the announcement of \$10 an acre to help with seeding was welcomed in some parts of the province, but in many parts of the province, such as the Melita area, it will be of little help because the soil is in such poor condition and it is a bigger weed problem that they are dealing with. I want to ask the minister when he is going to recognize that this program is not going to help, given that the Premier (Mr. Filmon) has alluded to a \$50 per acre payment. When are we going to have an announcement of a specific payment that is going to help these farmers who will not be able to get on their land or take advantage of any program to seed this year?

**Hon. Harry Enns (Minister of Agriculture):** Madam Speaker, I want to assure the honourable member for Swan River that all of us on this side of the House, from the Premier to a number of us ministers who have spent considerable time in that area, recognize, have recognized for some time that there is a very serious problem that too many of our farmers are facing not only in the southwest part of the province, although that is the predominant area. It includes areas along the northwest, north of the Trans-Canada, as well as in the southeastern part of the province. Negotiations are underway with my federal counterparts. Senior officials from the Department of Agriculture are talking daily with the federal officials on how we can best apply the federal-provincial programs to address this issue.

\* (1400)

### **Impact on Businesses**

**Ms. Rosann Wowchuk (Swan River):** And certainly we recognize that there are other parts of the province, such as Grandview, Gilbert Plains, the Interlake, where there are seeding problems, but it is the southwest part of the province that is the hardest hit. I would like to ask the government what they are going to do for the businesses in the communities that feel that their businesses are at risk because of lack of cash flow in the communities. Given that there was a JERI program that was applied for to help the people in the Red River Valley businesses, why is the government not moving more quickly to have these same kinds of programs established to help the other businesses that are suffering because of this disaster?

**Hon. Frank Pitura (Minister of Government Services):** I appreciate the member's comment with respect to the businesses and the concerns that they have on the western side of the province and in fact anywhere in the province where they are having a great deal of difficulty getting their crop in the ground.

I would like to share with the member that I have had a phone conversation and I have subsequently followed up with a letter to the minister responsible for the Western Diversification Fund and that is the minister, Ron Duhamel. I have asked him for his appreciation and his co-operation in addressing the situation here, similar to the way the situation was addressed in the Red River Valley in 1997 with programs such as the Custom Seeding Program. I have even gone as far as adding spraying to that part of the request, as well as a cash advance program, as well as aspects of the JERI program that might pertain to the producers in the western side of the province. So I have put that request forward, and I have yet to have a response from the minister.

### **Disaster Assistance Programs Public's Awareness**

**Ms. Rosann Wowchuk (Swan River):** I would like to ask the minister whether he will table for us the correspondence that he has on this matter

and tell this House why this government has not informed the business community and the farmers in the area about what options are there. We spoke to them last night, and they said nobody from this government told them anything about the possibilities of getting funding from a program like JERI.

**Hon. Frank Pitura (Minister of Government Services):** Madam Speaker, I believe the correspondence that the member is referring to has already been shared with the Leader of the official opposition. We spent all day last Friday meeting with groups on the western side of the province. We discussed these issues with them at that time, and in fact asked that they support us in our request to the federal government to participate in these programs with us that I just mentioned to the honourable member. So it is there that our request is in place, and we have discussed this with many individual groups out on the western side of the province.

### **Conflict of Interest Civil Servants—Business Loans**

**Mr. Tim Sale (Crescentwood):** Yesterday I raised questions about a conflict of interest between an employee, a senior staff member of the Department of Industry, Trade and Tourism, and his work and a client of his and a private loan. The minister responsible said that the report from the Civil Service Commission had found that there was no conflict. I wonder if he would like to correct the record because that is not quite what the deputy minister wrote. He wrote, and I quote: The report, however, goes on to consider the question of whether or not Mr. Robertson's private business dealings may have resulted in an apparent conflict of interest or the apprehension of a conflict of interest.

Would he like to expand on his answer and recognize that the Civil Service Commission did in fact find that this man had breached the conflict of interest rules of this province, because they deal with conflict apprehension; they do deal with—

**Madam Speaker:** Order, please.

**Hon. Mervin Tweed (Minister of Industry, Trade and Tourism):** As I suggested to the

member for Crescentwood yesterday, upon hearing the allegations that were brought forward, I asked the deputy minister to get involved. He contacted the Civil Service Commission who carried out an investigation, and the conclusion was as I stated, that the employee accused was found not to be in direct conflict of interest.

I would suggest to the member opposite that due process has been followed. We went to the Civil Service Commission to get an independent evaluation of the situation. They came forward. The member opposite continues to try and partake in character assassination of employees of the government. I think that is shameful, and I can tell you that the member, if he wants to continue in that vein, then that is certainly his prerogative, but I can suggest to the members here today that we have offered to the person who brought the allegation forward that there is an alternative method for him to follow. If he is not pleased with the investigation, he can contact the Ombudsman, who would investigate the procedure that has taken place.

**Mr. Sale:** Does the report not say that Mr. Robertson's private business dealings with Mr. Collette may have resulted in an apparent conflict of interest, which is a central issue in the conflict guidelines? That is what the report said. It is what the deputy minister wrote, and I will table the letter, Madam Speaker.

**Mr. Tweed:** The suggestion that there was an apparent conflict of interest is what was said and why we brought in the Civil Service Commission to do the investigation. The member opposite continues to slander and attack people that work in the public service in the province of Manitoba, and I think he should be ashamed of that.

**Mr. Sale:** Has the minister told Mr. Robertson that he should not loan any more personal money to any clients as the assistant deputy minister responsible for business development and industry development in this province? He is responsible for every industry, every business. He should not be loaning private money to any businesses.

**Madam Speaker:** Order, please. The question has been put.

**Mr. Tweed:** Madam Speaker, the member of allegation continues to bring forward arguments that the process was not followed. Indeed, the process was followed, and the Civil Service Commission came back and reported to my deputy minister that the employee named was found not to be in direct conflict of interest.

Again, I have to emphasize continually to the member opposite that to bring forward allegations on a constant basis as he does, which, after investigation and throughout time, tends to prove not totally factual, is shameful on behalf of the member opposite, and I think he should feel that way.

### **Pediatric Ophthalmology Availability**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, earlier in Question Period we raised the issue of the surgery for Miranda Kostiuik's daughter, and the minister, as usual, evaded the question and said everything was fine and dandy. Well, we are informed that the surgery did not go well, and there is a major problem. I want the minister to understand that the surgery did not go well because the pediatric ophthalmologist did not do the surgery.

Can the minister please explain why the government—[interjection] Well, perhaps you can talk to the mother who is waiting in the hallway to talk to the minister, Madam Speaker. Can the minister explain to the mother and to the House why this province does not have those kinds of specialists available?

**Hon. Eric Stefanson (Minister of Health):** Well, that is an interesting accusation by the member opposite, because the information that my department has provided is that the pediatric ophthalmologist does an assessment, does the referral, but that on-call ophthalmology service is provided by the 18 adult ophthalmologists who perform the pediatric surgery in most cases. So it is not at all uncommon that one out of the other 26 ophthalmologists should be performing the surgery and also to be performing the pediatric surgery.

So, once again, I do not know what his motive is here in terms of obviously questioning

the capabilities of an individual ophthalmologist in the province of Manitoba, who certainly has the medical and educational expertise to provide these kinds of services. In terms of the original request, this service was provided within 24 hours to the individual.

But again, the process is certainly one that it is these other ophthalmologists who in many cases perform the pediatric surgery that the member opposite is now accusing an ophthalmologist of—I do not know what he is suggesting here, whether or not the ophthalmologist did not perform the function properly or not. I say shame to him.

**Mr. Chomiak:** Madam Speaker, there are three problems that are wrong in this: firstly, the minister did not get back; secondly, that you have to wait eight months to get a pediatric ophthalmologist; and thirdly, why you have to go to Alberta to get the surgery done.

**Madam Speaker:** Order, please. Does the honourable member for Kildonan have a question?

\* (1410)

**Mr. Chomiak:** Yes, Madam Speaker. Those are the questions that the minister has to answer, those three questions.

**Mr. Stefanson:** Well, Madam Speaker, I go back to his root question, what expertise he has to be questioning the individual medical abilities of an ophthalmologist, to come here and make that kind of a suggestion in this House. I really call into question what his motive is or what his research is on this issue. The process is very clear in terms of the role the pediatric ophthalmologist plays and the role that the other 26 ophthalmologists play in performing the surgery.

**An Honourable Member:** Have a heart.

**Mr. Stefanson:** The Leader of the Opposition (Mr. Doer) says "have a heart." This case was brought to attention and was addressed in 24 hours in terms of the surgery being performed for the individual. We have indicated that we have 26 ophthalmologists in the province of

Manitoba. We have indicated that we are pursuing the recruitment of an additional pediatric ophthalmologist.

But again, I question what the motive or objective is of the member for Kildonan questioning the abilities of an ophthalmologist here in Manitoba.

**Madam Speaker:** Time for Oral Questions has expired.

### Introduction of Guests

**Madam Speaker:** Prior to members' statements, I would like to draw the attention of all honourable members—

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. Oral Questions time has expired. I am attempting to introduce another class that has just arrived.

I would like to draw the attention of all honourable members to the public gallery where we have this afternoon twelve Grade 5 students from Westpark School under the direction of Mr. Wayne Sawatzky. This school is located in the constituency of the honourable member for Portage la Prairie (Mr. Fauschou).

On behalf of all honourable members, I welcome you this afternoon.

## MEMBERS' STATEMENTS

### Portage Industrial Exhibition

**Mr. David Fauschou (Portage la Prairie):** Madam Speaker, this past weekend as MLA for Portage la Prairie I had the opportunity to attend the official opening of the new exhibition office building of the Portage Industrial Exhibition Association at Island Park. I also had the pleasure of representing the Minister of Culture, Heritage and Citizenship, the Honourable Rosemary Vodrey, who, I am very proud to say, supported this particular project. The Portage Industrial Exhibition has provided a valuable service to Portage la Prairie and surrounding area for over 125 years; in fact, this year will be

the 127th consecutive exhibition, which is the longest—

#### Point of Order

**Mr. Gary Doer (Leader of the Opposition):** On a point of order, Madam Speaker. The member for Assiniboia has been heckling all Question Period, and she does not even have the good sense not to heckle during her own member's statement. Perhaps you could call her to order, Madam Speaker.

**Madam Speaker:** Order, please. The honourable member for Assiniboia, on the same point of order.

**Hon. Linda McInosh (Minister of Environment):** My heckling was always in response to things said to me from the other side during Question Period. So, Madam Speaker, if I point, it is to show him how silly he looks pointing, and I do enjoy what my member is saying. I wish they would be quiet so we could hear him.

**Madam Speaker:** Order, please. On the point of order raised by the honourable member for Concordia, I would like to remind all honourable members to listen attentively, as I have requested on several occasions, and to pay due respect to members when they are making their members' statements. It is far too noisy in this Chamber when individual members are recognized to speak.

\* \* \*

**Madam Speaker:** The honourable member for Portage, to complete his member's statement.

**Mr. Faurchou:** Madam Speaker, do I have the permission of the House to start over again, please?

**Madam Speaker:** Does the honourable member for Portage have leave to—

#### Point of Order

**Mrs. McIntosh:** On a point of order, Madam Speaker. It is against the rules to heckle, and the Leader of the Opposition, after getting up and

making a self-righteous speech about other people heckling, starts in heckling the minute we all sit down to start these proceedings over again. If they would just not set the standard. They can set a standard; we will respond accordingly.

**Madam Speaker:** The Leader of the official opposition, on the same point of order.

**Mr. Doer:** On the same point of order, the member for Portage correctly asked for leave, and we gave leave with reason. I apologize for giving our reasons; leave is granted to the member from our side.

**Madam Speaker:** I thank the Leader of the official opposition.

\* \* \*

**Madam Speaker:** The honourable member for Portage, to start his member's statement again with the co-operation of all members on both sides of the Chamber.

**Mr. Faurchou:** Thank you, Madam Speaker, and I appreciate leave as provided to me by the Chamber.

Madam Speaker, this past weekend I had the opportunity as MLA for Portage la Prairie to attend the official opening of the new exhibition office at the Portage Industrial Exhibition Association's facilities at Island Park. I also had the privilege of bringing greetings on behalf of the honourable Minister of Culture, Heritage and Citizenship, the Honourable Rosemary Vodrey, who, I am very pleased to say, supported this program.

The Portage Industrial Exhibition Association has the distinction of being the longest running industrial exhibition in all of western Canada, and this year will be the 127th consecutive fair. Many residents of Portage la Prairie and surrounding districts for generations have had the opportunity to attend, and this new facility will offer the Portage Industrial Exhibition Association the opportunity to enter into the new millennium with a facility that will offer efficiency and professionalism to the operation of the Portage Exhibition.

I would like to congratulate all organizers, directors, volunteers and sponsors who played a part in this project in making it a reality. I would like to draw a special note to Mr. Marvin McCallister and Mr. Don Coubrough, who were co-chairs of the building committee, for their outstanding accomplishment. Best of luck. Thank you very much, Madam Speaker.

### **Cardiac Care Program**

**Ms. Becky Barrett (Wellington):** Madam Speaker, I am concluding the letter from Lorrie Roulette from Brandon that I began yesterday, outlining the problems that she and her family have had with the health care system.

I quote: You are scared but also want this surgery over and done so you can begin the healing process. It will save his life, but Manitoba Health does not seem to care. So sorry, an emergency arose; let us try Monday. So sorry, another emergency; let us try Friday. So sorry, there are no beds today; let us try Monday. So sorry, you have a cold now plus there are no beds in intensive care. No beds, no nurses, no doctors. This is health care?

With each new date of surgery you have prepared yourself emotionally and physically just to be put off again and again. The mental anguish is incredible, the upheavals in your life unbelievably stressful. How are you coping with this situation? How are you avoiding another heart attack from the stress that you must be going through? What has happened to the Manitoba health care system? Why can Manitoba Health no longer take care of Manitobans' health? Why can a scheduled surgery no longer take place on schedule? What happened to our efficient, compassionate and smooth-running hospitals of 10 years ago? What is the cause of this bedlam, government cutbacks or inept health authorities? Who is going to not only address but mend the many problems before patients die? How many already have?

Thank you, Madam Speaker.

\* (1420)

### **St. Norbert Foundation**

**Mr. Marcel Laurendeau (St. Norbert):** This morning I had the pleasure of attending, along with our Premier (Mr. Filmon) and the Minister of Family Services (Mrs. Mitchelson), an announcement at the St. Norbert Foundation. Our government will provide an additional \$500,000 annually to create additional spaces to help addicted parents on welfare receive treatment. This new initiative is one more way we are working to improve the lives of all Manitobans. This morning's announcement will encourage people on social assistance with dependency problems to seek assistance to overcome their addictions.

When a one-tier social assistance program was implemented in April, the Department of Family Services adopted the City of Winnipeg's policy of obliging childless people with chemical dependency problems to seek treatment. This government is taking it a step further to ensure that we are encouraging addicted clients to get treatment. Treatment options vary, depending on the needs of each client. Parents with addictions will also be aggressively encouraged to take part in addiction treatment programs; however, their benefits will not be terminated for noncompliance. Since my government always concerns itself with the welfare, safety and security of children, we will put the necessary safeguards in place to ensure that the children are not placed at risk in these instances where their parents continuously refuse treatment.

This new approach will help Manitobans with addictions to become healthy and productive members of society. This will help them achieve personal goals and lead more fulfilling lives, and it will provide substantial benefits for their families.

### **Health Care System**

**Mr. Gerard Jennissen (Flin Flon):** The planned May election was cancelled, but round two of questionable health care ads by the provincial government has now begun. According to the latest advertising campaign, the Manitoba government now has a health plan. A large part of that plan clearly involves using tax

dollars to try and re-elect a government mired by hallway medicine, frozen food in hospitals and vote-splitting schemes.

Apparently the Health minister (Mr. Stefanson) learned nothing from public opposition to the \$500,000 wasted in health care ads of March and April. Once again taxpayers are paying for ads promoting the Conservative Party and the Filmon cabinet. This time the bill for two 30-second TV ads is \$175,000. These ads will run for a full four weeks. Even the minister admits that the ads are another attempt to deal with the fact that most Manitobans do not believe the Filmon government when it comes to providing quality health care. For residents of the Norman Region, including Flin Flon, The Pas, Snow Lake, Pukatawagan, Sherridon, Cranberry Portage and some northern Saskatchewan communities, the timing of yet another promotional campaign is more than questionable. Just over a week ago, Linda Campbell, the CEO of the Norman Regional Health Authority, resigned. She was the second CEO of the regional health authority to quit in less than two years. Her resignation came just days after it was revealed that the special care unit of the Flin Flon Hospital closed due to lack of staff.

Earlier in May, Campbell had gone public when she spoke to the Flin Flon Chamber of Commerce over her concerns with staff shortages, nurse burnout, a continuing deficit at the Flin Flon Hospital along with other issues. The RHA is now advertising in newspapers locally and elsewhere for a new CEO. Given the problems facing the Norman Regional Health Authority, just why northerners or any other Manitobans should have to pay for yet more advertising campaigns promoting the Filmon government is hard to understand. Would the money not be better spent on front line health care, Madam Speaker? Thank you.

### **Simplot Plant-Brandon**

**Mr. Leonard Evans (Brandon East):** On Monday I raised the question in the House regarding the explosions at the Simplot plant in Brandon. The explosion that occurred a few days back is the third one that has happened since last September, and indeed people in the

east end of Brandon, in fact the whole community of Brandon are very concerned.

Last year, at the time of the two first explosions, I raised the matter with the then Minister of Environment, the MLA for Brandon West (Mr. McCrae), and I raised it with the Premier (Mr. Filmon) by way of a letter requesting an independent review of the matter, bringing in expertise that I do not believe is available in the Workplace Safety and Health Division, and I repeat, this is no reflection on the staff; they are excellent staff. But you need expertise in this matter, and that expertise is available, as I found out by doing some research, through the American Institute of Chemical Engineers. They conduct an ammonia safety symposium every year. There is considerable information on this, and indeed I have mailed this, some months back, to various officials involved.

I now note that the City of Brandon is prepared to conduct an independent review and is now going to meet with Simplot officials and officials from Workplace Safety and Health to see how this may occur. I want to take this opportunity to again urge the Minister of Labour (Mr. Radcliffe), who is responsible in this area, to forthwith hire the expertise to conduct this review. This is not anti-Simplot. In fact I repeat that the company is prepared to engage in this independent review, welcomes it. Unfortunately, the MLA from Brandon West said that we are trying to close down Simplot. Far from the truth. The company is prepared to cooperate and wants this in the interests of safety, in the interests of everybody.

Thank you, Madam Speaker.

## **ORDERS OF THE DAY**

### **House Business**

**Hon. Darren Praznik (Government House Leader):** Madam Speaker, I have a number of announcements to make about business today and over the next few days. First of all, given that we will be dealing with private members' hour tomorrow at 10 a.m., I think if you canvass the House you will find there is a willingness to waive private members' hour today.

**Madam Speaker:** Is there unanimous consent of the House to waive private members' hour today in appreciation that we will have two one-hour segments of private members' hour tomorrow morning? [agreed]

**Mr. Praznik:** Madam Speaker, in the interests of making sure members have as much notice as possible—and I want to thank my colleague the opposition House leader—we have been attempting to be able to make private members' time one in which members would find to be a more interesting and worthwhile than the past. Tomorrow I would like to indicate to the House that we will be calling for consideration Resolution No.18, moved by the member for Swan River (Ms. Wowchuk) with respect to the Estey report.

Madam Speaker, at this time I would like to ask for leave of the House for this period a number of things. One is we would like to have both hours tomorrow dedicated to the debate of this resolution. So that is the first thing for which I will need leave.

We would also like to amend the rules to shorten the speaking time to 10 minutes per member, because we anticipate a great deal of interest in this matter.

Thirdly, we, with unanimous consent, would like to call upon Madam Speaker to interrupt the proceedings tomorrow at a quarter to 12 to vote on this resolution.

As members appreciate, we are attempting to do some different things in private members'. So, if we could have leave of the House today for those three things, then members will have full notice as to and in anticipation of what we will be doing tomorrow.

**Madam Speaker:** Is there unanimous consent of the House to deal with private members' hour for two hours devoted to Resolution 18 proposed by the honourable member for Swan River (Ms. Wowchuk), firstly? [agreed]

Is there leave for Madam Speaker to interrupt the proceedings at 11:45 a.m. to have a vote on this resolution? [agreed]

Is there also unanimous consent of the House to reduce the normal speaking time from 15 minutes to 10 minutes per member for this resolution only? [agreed]

\*(1430)

**Mr. Praznik:** Madam Speaker, then the work for tomorrow morning's session I think is complete, and when the House reconvenes at that time, at 10 a.m. tomorrow, then the business is there at hand for that particular day.

Secondly, I would also like to serve notice—and I just look to the opposition House leader (Mr. Ashton) because I want to make sure this, in fact, is confirmed. But we were looking at calling the committee to complete the work on the Workers Compensation Board for next Tuesday, the 22nd of June. So I would indicate and announce today that the Standing Committee on Public Utilities and Natural Resources will meet on Tuesday, June 22, 1999, at 10 a.m. in Room 255 for consideration of the Annual Report of the Workers Compensation Board for the year ended December 31, 1998, and the December 31, 1998, Report of the Appeal Commission. I just look to the others. I think that has covered all the matters before that committee. [interjection] Yes, I believe that there are issues around the Five-Year Annual Report. So the matters that have been under consideration, we would also indicate should further be considered until that work is completed by the committee.

**Madam Speaker:** The announcement is that the Standing Committee on Public Utilities and Natural Resources will meet Tuesday, June 22, at 10 a.m. in Room 255 to continue to consider the matters of the Workers Compensation.

**Mr. Praznik:** Madam Speaker, in the interests again of as much information to members as possible, for tomorrow afternoon the opposition House leader and I are discussing a manner in which we can, in maximizing time, also be dealing with several bills. I hope to make that announcement tomorrow. But I just wanted to indicate that there are discussions currently going underway as to how we could manage that for the maximization of time and business this House must dispatch.



With respect to Committee of Supply for this afternoon, it is my intention to move the motion for the House to go into Committee of Supply. I would ask, because I know we have had some juggling of Estimates to accommodate a number of issues on both sides of the House, that in the Chamber for this afternoon the Sport department could continue in its Estimates. We understand that that may in fact be completed today, in which case the Department of Rural Development would then continue with its Estimates in the Chamber. In Room 255, the Department of Consumer and Corporate Affairs will continue, and I imagine if they complete by six o'clock the next in order would follow. [interjection] Pardon me, I may have just made an error in my notes. I had checked with the deputy opposition House leader. We may have had different information.

**An Honourable Member:** Sports, then Consumer Affairs.

**Mr. Praznik:** Okay, and in the Chamber will be Rural Development.

Madam Speaker, just to amend that then, in the Chamber we will be dealing with the Department of Rural Development; in Room 255 we will complete, I understand, the Estimates of the Sport secretariat followed by Consumer and Corporate Affairs; and in Room 254, the Department of Energy and Mines.

**Madam Speaker:** Is there unanimous consent of the House for the following adjustments to the Estimates sequence for today only: Rural Development to be considered in the Chamber; Energy and Mines to be dealt with in Room 254; and the Estimates of Sport—and upon completion of the Estimates of Sport, the Department of Consumer and Corporate Affairs—to be considered in Room 255? [agreed]

**Mr. Praznik:** I make notice as well, at this point the opposition House leader and I are working on an order for a number of other committees to meet on Tuesday morning, and we hope to be able to announce that over a number of weeks very, very shortly to accommodate a variety of requests for annual reports to be dealt with.

I would then at this time move, seconded by the honourable Minister of Environment (Mrs. McIntosh), that Madam Speaker do now leave the Chair and that this House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

**Motion agreed to.**

\* (1440)

## COMMITTEE OF SUPPLY (Concurrent Sections)

### ENERGY AND MINES

**Mr. Chairperson (Gerry McAlpine):** Will the Committee of Supply please come to order. This afternoon, this section of the Committee of Supply meeting in Room 254 will resume consideration of the Estimates of the Department of Energy and Mines. When the committee last sat, it had been considering item 23.2. Energy and Mineral Resources (c) Mines (1) Salaries and Employee Benefits on page 59 of the main Estimates book.

**Ms. MaryAnn Mihychuk (St. James):** I do know that my colleague for Flin Flon (Mr. Jennissen) also has additional questions that he would like to ask and will be joining us later on during the process. He will probably be here very shortly. I will turn over the questioning when he comes.

I have a number of questions related to the Mines Branch. A lot of them have been generated from the recent Mining Board hearing, where we did find individuals involved who fraudulently staked a number of claims, which ultimately raised a series of questions as to the number of inspectors that we have. Are we able to ensure that The Mines Act is being complied with and, ultimately, is it enforceable?

So I would like to start off the questioning in a general way by looking at the overall personnel changes. We do see additional staff indicated in this area and would like some clarification as to the additional 1.5 staff members in the Professional/Technical line of the Mines Branch.

**Hon. David Newman (Minister of Energy and Mines):** The department intends to utilize 1.5 staff years, as specified on page 29 of the subappropriation 23.2.(c), for the purpose of providing the kind of supervision you suggest when they are not engaged in the activities related to the quarry rehabilitation program.

**Ms. Mihychuk:** Is the minister suggesting that quarry inspectors that deal with sand and gravel and the construction industry are going to be expected to do claims inspections?

**Mr. Newman:** Only to the extent it relates to aggregate quarries.

**Ms. Mihychuk:** Can the minister indicate how many inspectors there are in the petroleum component, the metallic mineral component and the quarry sector of our mineral industry?

**Mr. Newman:** Four inspector functions or positions in the petroleum area, five persons in the quarry area, and six persons in the minerals area. One of those is employed by our department, and five of them are employed in the Department of Labour.

**Ms. Mihychuk:** Can the minister tell us how many employees are hired in the Department of Labour that deal with petroleum and quarry minerals?

**Mr. Newman:** To my knowledge, zero.

**Ms. Mihychuk:** Is it not true that the inspectors for petroleum and quarry deal with the mineral management and the operation and the enforcement of The Mines Act, similar to the one inspector in the metallics, and I guess my question is: why would the minister indicate there are six inspectors for the metallic minerals branch when in reality there is one? The other five deal with safety issues and are actually in the Department of Labour.

**Mr. Newman:** This perpetuates the misunderstanding which you obviously had when you asked me a question in Question Period—through you, Mr. Chair. There is an entire branch of the Department of Labour responsible for mines inspection. In addition to a head office in Winnipeg, this branch has

regional offices in Thompson, Flin Flon and Snow Lake. My understanding from the briefing of my staff is that that branch includes five mines inspectors, one safety and health officer and a director of mining inspections.

The roles of the various inspectors in Energy and Mines differ substantially. To highlight this variability, but first to summarize, the roles and responsibilities of the quarry and petroleum, in the view of my department, are considerably broader and more complex than the roles of the claims inspector. The duties of the claims inspector, from the perspective of my staff, are focused on ensuring claims have been staked in accordance with the appropriate legislation and regulations, and, therefore, they characterize this as a legal inspection responsibility. The duties of the claims inspector include assisting prospectors, testifying before the Mining Board and providing training with regard to staking requirements, and while these duties are client service activities, they are related to the legal inspection responsibility.

The duties of a quarry inspector involve inspections to ensure necessary permit, lease and registration certificate dispositions have been obtained in accordance with legislative requirements and that production reports are accurately filed and the associated royalty payment and rehabilitation levy payments are submitted. These are legal inspection responsibilities.

\* (1450)

The quarry inspectors enforce environmental operating standards applying to pit-and-quarry operations and provide a one-window response to any environmental complaints from the public. This is an environmental inspection responsibility.

Quarry inspectors direct mining or public-operated Crown pits and quarries to ensure orderly operation of progressive rehabilitation. Inspectors also conduct necessary safety inspections under The Workplace Safety and Health Act for pit and quarry operations. This is a safety inspection responsibility. Inspectors carry out rehabilitation of all depleted pits and quarries.

Petroleum inspectors are responsible for inspecting complex surface facilities and witnessing downhole operations to ensure the requirements of The Oil and Gas Act are complied with. These inspections constitute a legal inspection responsibility.

Petroleum inspectors, as well as the director of Petroleum and the chief petroleum engineer, are designated as safety and health officers under The Workplace Safety and Health Act. Inspectors exercise this authority in respect of all oilfield operation, including trenching, confined entry, derricks and cranes, accident investigation and reporting, and so on. These activities constitute a safety and health inspection responsibility.

Petroleum inspectors are the first point of contact with regard to environmental issues relating to the oil and gas industry; for example, spills, emissions, et cetera. Issues arising out of these inspections are either dealt with under The Oil and Gas Act or referred to Environment for input or collaboration. These activities constitute an environmental inspection responsibility.

Petroleum inspectors also play a significant role in client service as they are the first point of contact to new companies investing in the province. In addition, as many Manitoba-based operators lack the sophisticated knowledge to properly and effectively develop marginal oil and gas resources, the inspectors often provide information and guidance to these individuals. These activities constitute a client/service responsibility.

I might add, I just read while I was in the House actually, the Northern Miner, June 7-13, '99, issue, in a letter to the editor. The heading was: Saskatchewan Gives Prospectors Short Shrift. It was talking about the overzealousness of the officials in the Department of Energy and Mines there in terms of enforcing and acting in ways that offended this individual from Thunder Bay, Ontario, to such a degree that he concluded his letter to the editor by saying: if you want to explore and spend your money in the East Germany of western Canada, give the department of mining and energy my regards. He is referring of course to Saskatchewan Energy and Mines.

If that is the kind of direction that a great deal of policing, which is done inappropriately, is in your mind, in relation to your whole approach to the inspection responsibilities to the department and a lack of appreciation for what is preferred as an honour system or self-responsibility system, then we are obviously going to agree to disagree on that.

**Ms. Mihychuk:** How many claims are staked annually?

**Mr. Newman:** Mr. Chair, in 1998, there were 571 new mining claims staked and one exploration permit recorded. That might not be an average or a representative number, because we are not in the best of times. The high end, as I am advised, would be in the range of about a thousand.

**Ms. Mihychuk:** How many of these claims have been inspected by the claims inspector?

**Mr. Newman:** Since last October, we did about 120 inspections.

\* (1500)

**Ms. Mihychuk:** I know that the department has contracted several inspectors. In fact, for quite a while there were no mines inspectors, no claims inspectors, and that because of the dispute that came forward to the Mining Board—and I understand there are additional disputes—that there has been a concerted or a flurry of activity in, particularly, the eastern region. If we excluded that case, how many claims have been inspected?

**Mr. Newman:** The contracted position is expected to do, over the three months of that contracted period, about 35 additional inspections to the 120 I mentioned.

**Ms. Mihychuk:** I need clarification. The 120 inspections were in eastern Manitoba in the Bissett area. Is that correct?

**Mr. Newman:** The estimate from my department is that there is about 60 percent in the east and 40 percent in the north.

**Ms. Mihychuk:** Is it possible for the minister to provide a report—I am assuming that the

inspectors indicate where they have been and when they have been there—so that we could have an idea of how many inspections? I find it very difficult to get a handle of the actual numbers. It seems to be fairly speculative as to the number of inspections that have occurred. I did not think that this would be a particularly difficult question, but perhaps the paperwork is just not here.

Can the minister also indicate, on average, how long does it take to inspect a claim block or a claim?

**Mr. Newman:** If you want an average figure, my advice is that the range is so diverse, depending on the circumstances and the difficulties of access and the terrain and weather conditions and everything, that it would be a pretty unreliable figure. The other point I make—I mean, you can continue to explore this line of questioning; it is your choice of how you use your time, but this is essentially intended to be not an inspect-every-claim process; it is essentially a random kind of process designed not to make claim stakers lazy but rather to make them all believe that any one of them at any time could be subjected to an inspection.

Once again, referring to that Saskatchewan situation where the East German kind of approach referred to is taken, there the allegation is made that the company had not written "international" in full as part of the company name on claims posts so that the department disputed that. The goal of our claims inspectors is to induce honourable and legal behaviour by claims inspectors, not to be a nanny to claims inspectors.

**Ms. Mihychuk:** I take from that that we do not know how long, on average, it takes to walk a claim, that in fact that would be an important, I think, piece of information to know, whether the department has sufficient staffing to cover the 571 or even to do one in four claims. Is the staffing ratio sufficient? What would the minister call appropriate, one in 10 claims, one in a hundred claims? Can the minister indicate what he would consider to be a sufficient inspection ratio?

**Mr. Newman:** If you are trying to calculate the odds of not getting caught or something, by

virtue of the allocation or what is deemed to be an appropriate randomness, it is random. Those statistics are not kept, and quite frankly I find it somewhat disturbing that you would suggest that we should be keeping track of average times of inspections as if that is a performance measure, that is a performance evaluation of an inspector or something. I mean, it would be like saying the community police or something that, you know, you have got to make—in any event, if you want to pursue this line, we will try and answer, but we do not have that information at hand, and I would find it difficult to volunteer. I will not volunteer doing that kind of analysis. It would be counterproductive, a waste of valuable time and valuable people.

\* (1510)

**Ms. Mihychuk:** Can the minister tell us what the claims inspector who was based in The Pas, what his job role was? Did it include the inspection of all quarry mineral sites in northern Manitoba as well as the metallic mineral claim staking?

**Mr. Newman:** No.

**Ms. Mihychuk:** Can the minister indicate who the quarry inspector is, responsible for the Thompson area?

**Mr. Newman:** Jack Adams of the Department of Labour.

**Ms. Mihychuk:** Can the minister clarify? Do I understand correctly that we have a Department of Labour inspector doing quarry inspections?

**Mr. Newman:** Yes, that is so.

**Ms. Mihychuk:** Given the responsibility of quarry mineral inspectors, is the minister confident that this individual has the training or expertise in quarry minerals to do that inspection?

**Mr. Newman:** My deputy minister and director of Mines are satisfied that they have the required competence, qualifications to do the job, yes.

**Ms. Mihychuk:** How many active or temporarily inactive quarry sites are there in what

we would call northern Manitoba? That would be from Swan Lake up to the Territories.

**Mr. Newman:** The best information that my department can come up with without researching it, and this is not readily available information, as I gather, is that there are probably about 4,000 pits and quarries throughout the province of various sizes and levels of activity. In terms of actual numbers, active, inactive, regardless of size, that is about the number.

**Ms. Mihychuk:** My questions are leading to the department's ability to ensure the compliance with The Mines Act. There are a number of questions that I have about the availability of inspectors and the size of the geography and the number of sites that inspectors are able to handle realistically. We want to ensure that the mineral industry in all sectors is complying with The Mines Act. Otherwise, we would not have a Mines Act, or if it needs revision, we would be reviewing it.

However, the question of the overall number of inspectors, I think, needs to be reviewed. If we have five quarry inspectors, and all of them are based in southern Manitoba and we have or are relying on an inspector from the Department of Labour to do the rest of the province, is that equitable distribution of work, and are we assured that we are getting the royalties and that the safety standards and environmental issues are being complied with in half of the province? Those questions, I think, are serious and deserve the minister's attention and review.

Five quarry inspectors fully trained and working are concentrated from Dauphin south, or they may even go up to Swan River. I am not sure of how far north the Dauphin-Roblin area goes in terms of a northern extension. But there are a number of quarries and activities in the North that, with one inspector from the Department of Labour, it leads to the question whether the department is getting compliance. That is an important aspect when we are looking at fairness, when some companies are required to pay royalties and others maybe are not.

There is an onus on, I believe, the department to ensure that The Mines Act is

being complied with. I really was not going to focus on the quarry mineral aspect, because five quarry mineral inspectors for an industry that generates approximately \$80 million of economic activity may be reasonable, I am not sure. But, you know, compare that with \$80 million in the petroleum industry. There seems to be some relative equality or equity in those numbers. Even if you looked at the Department of Labour individuals in the metallic industry, they do quite a different job: they do mine sites; they ensure the safety conditions are appropriate; they do a lot of labour and workplace inspections. So, even if you counted them in, that would only be six, and the metallic mineral industry generates a billion dollars worth of economic activity.

Those questions, I think, are relevant, important, and should be of a concern to the minister, given the recent scandal with information that a number of claims, I understand, perhaps exceeding 40, were inappropriately staked. This leads to the question: are we able to ensure a reasonable compliance; and, if we are not able to, does it not lead individuals into a form of paper staking where locations are given in to the recording office but the posts are not necessarily marked and tagged appropriately? The lines are not marked.

For the randomness that the minister talks about is, indeed, I would say, on the odds of being quite rare. We have to be concerned that fraudulent stakers, fraudulent staking in Manitoba is inappropriate, will not be condoned by the government, and there needs to be the assurance by the department that they have sufficient staffing to ensure that fraudulent claim staking will not occur. Otherwise, I think it is an obligation of the government to indicate another form of staking. If they are going to map staking, then I think there is an onus on behalf of the government to make that clear because people invest a lot of time, money, energy, to go out and do either one or the other of the processes. But, to be fair and above board, it is important to tell the industry what the expectations are in the present and in the future for people involved in claim staking.

\* (1520)

**Mr. Newman:** The expectation is that claim stakers will do their job honourably and in accordance with the law and in accordance with the expectations of the licence, and, if they do not, they are going to lose their licence. If they swear false statutory declarations, the direction given to the department is for violations of the Criminal Code and violations of The Mines Act, that people should be held accountable with prosecutions when appropriate to make sure that everyone is aware that there cannot be inappropriate activity as a claim staker with impunity. So the deterrent aspect is a very important creative tension in ensuring that there will be rare cases, hopefully, where there are violations.

The other thing which you do not seem to appreciate is that there is an obligation, I would suggest, on people in the industry, whether it is fellow employees or fellow claim stakers or employers, managers, anyone who is a citizen to report any inappropriate activity. I was in the labour relations field before I came into government, and that is what drives complaints about payment of wages and all those kinds of things. It is whistleblowers; it is people who do not want someone else to get an advantage.

Sometimes it is malicious. Sometimes an inspection is driven by a desire to hurt somebody else or embarrass somebody else, but there is no question the inspectors in our department respond to complaints. They also have enough judgment that—some people are new claim stakers, and they might as a result be green and more apt to make mistakes, so those should be areas which would attract a higher degree of inspection probability.

The answer is that it is a judgment call. It is a management judgment call as to whether or not, given all of the kinds of ways of ensuring or maximizing the assurance that people are doing things in accordance with the rules and regulations, it is a judgment call as to whether or not you need more inspector hours, whether you need more inspections, whether you need a different quality of inspection, whether you need more deterrence, whether you need more education of people involved in staking, whether you have to encourage people to whistleblow more, to take this seriously. All of those are the

kinds of considerations which are entrusted with the people who manage the department.

I do not get involved in micromanagement of the department. If the inspections and all of the other tensions are not resulting in a high standard of claim staking, the people, the management of the department, right through to the deputy minister, are going to be accountable to me for that. You were suggesting on the strength of the one case before the Mining Board that there must be far more to this, that this is the tip of the iceberg. Well, my department, in light of that decision, is certainly going to give me the assurance that either the status quo is going to be improved to minimize the chances, and prosecution is one of the ways to address the consequence of that one, or they are going to have to look at whether or not we do need more inspection hours, whether we need different kinds of inspection, whether we need more education.

That is their responsibility, and my deputy knows that and the people in the department know that. If you do have any evidence that this kind of situation goes beyond the instance that went before the Mining Board, I invite you to share it with the department through me or directly. I would appreciate it, if you do it directly, to copy me on it, because then I will be able to make them accountable for, as I say, making sure that there is a confidence in the industry that claim staking is being done appropriately.

In the bigger picture, I have indicated earlier that I have also asked my department to take a look on a pilot basis, more than take a look, but to move forward with a consultation process to develop a pilot project for map staking which will then see whether or not that has something that has some merit over time as a way to, one, avoid this kind of doubt about the system entirely, and, secondly, maybe to send out a message to stakers that there is an alternative if they are not going to do things right.

There is an alternative which could be implemented, perhaps. We want to find out what the implications of doing that are, and, thirdly, that the reliability of that system and the attractiveness of that to explorationists generally,

because they have to have confidence in this, they have to believe in it as well, and a huge amount of self-interest in preserving the status quo because that is the way things have always been done.

But that is not reason not to look at it. It is a good reason not to think that today's wisdom and limited experience in other jurisdictions suggests that that is the best way to go or the fairest way to go. There has got to be also consideration about the big players, who probably would support map staking, and the small players, who would oppose it. So it is a very interesting issue. It is an issue which has become very political. It is simply the kind of thing that should be done in cautious, measured, consultative ways with a view to determining what is going to serve the industry and therefore the public interest best.

**Ms. Mihychuk:** Is the minister through the department pursuing prosecution of the individuals found to have fraudulently staked claims?

\* (1530)

**Mr. Newman:** The furthest I can go on that is that it is in the hands of the Justice department evaluating evidence and will decide whether or not there is grounds for prosecution. If there are that is what I presume they would do.

**Ms. Mihychuk:** It is my understanding that the Justice department has actually given an evaluation of the ability to prosecute and that The Mines Act requires onus or intent to be proven and that basically witnesses would be necessary. Given that many claims are staked in areas of remoteness, it is very unlikely that there would be witnesses to the act. Can the minister confirm that there has been communication with the Department of Justice?

**Mr. Newman:** Quite the contrary, your information is not based on information that has been received by us. My deputy and the director of the Mines Branch have no knowledge of what you speak. We have not yet heard from the legal counsel who is doing the evaluation of this particular situation.

**Ms. Mihychuk:** Is it true that the individuals that have turned in their licences and turn back

the claims are able to continue to work in the province of Manitoba as claim stakers? I will leave it open.

**Mr. Newman:** The licence of the impugned individual here was suspended and the person cannot do claim staking without a licence.

**Ms. Mihychuk:** It is my understanding that individuals can be contracted by companies that hold claim staking licences and that these individuals would then be working on behalf of another party. Would that be an avenue that these individuals would in fact still continue to be staking in Manitoba?

**Mr. Newman:** I am having some difficulty following this through. I am going to have to express what I understand you are saying. You are saying if John Smith, who has a claims licence, hires the person whose licence is suspended to do claim staking for John Smith, your question is whether or not that suspended claim staker has the right to then work for John Smith doing claim staking work. The answer to that would be yes, but then the person with the claim staking licence, John Smith, would have to swear the statutory declaration saying that the staking was done in a certain manner. The inspection responsibility, if you will, would be that person who hired this individual to do it. So all of the accountability falls on the person with the licence. The person who has the licence then has accountability for his performance, and the person that has the name on the claim has accountability. The same person who puts the name on the claim, that particular licence inspector is accountable as the claim holder as well as the claim staker.

**Ms. Mihychuk:** What process does the department use to inform industry of individuals who have been found to have staked claims fraudulently?

**Mr. Newman:** One, a notice is sent to all recording officers. In addition to that, you would have to have a licence to be able to record. So there is a notice and a requirement to produce a licence. The recording offices are in The Pas, Thompson, and Winnipeg, of course.

**Ms. Mihychuk:** Am I to understand that anybody who may be hiring a claim staker

should go down to the recording office and ask for the references or the personal status of individuals? If they have been found to have done some illegal activities, how would a company like Inco or Falconbridge know that these individuals have participated in that?

We are talking about industry taking on a certain onus. Obviously they have the responsibility of that, but I know that in fact these individuals themselves have staked claims for others who have lost their claims and lost a lot of money because of it. So how would those small companies or larger companies be aware that there are unscrupulous individuals out there available for hire? I ask again, is the onus on behalf of the industry to check into recording offices on individuals that they intend to hire?

**Mr. Newman:** My advice and it seems to me the common-sense expectation would be that the responsibility of the hirer is to do a due diligence before engaging in an employee or a contractual relationship with anybody. One of the first steps in such a due diligence would surely be to ask that individual for a licence. In any relationship, if it is an employee relationship, I mean, you do all your regular due diligence checks, including reference checks, which might or might not involve the mining recording offices, but that seems to be a pretty appropriate place to do a check.

The other kind of relationship, a contractual relationship, those are buyer-beware kinds of relationships. I mean, you go with people that have a known reputation for performance. You would probably go beyond finding out whether they have a licence or not. In the contract you have with them, you would have presumably some warranty. I mean, whether you are dealing with a claim staker, whether you are dealing with a supplier of equipment or whether you are dealing with a supplier of legal services or a supplier of advice of any kind, it would just seem to me that that is the responsibility of the person doing the hiring or engaging.

**Ms. Mihychuk:** Have the individuals who have been found to have fraudulently staked claims received government grants through the MEAP or the prospecting program?

\* (1540)

**Mr. Newman:** Before I answer the question, perhaps you could clarify specifically who you were referring to. Which alleged fraudulent staker were you referring to in asking whether MEAP monies had gone to such an individual?

**Ms. Mihychuk:** Perhaps the minister can indicate how many fraudulent stakers we have in Manitoba.

**Mr. Newman:** At the moment, I only know of one who is alleged to be a fraudulent staker, and I am not sure whether you have another one or dozens or whatever. I have invited you to volunteer that information, so just tell me the name of the individual, because the individual who is the subject matter of the Mining Board hearing was given a MEAP incentive grant of \$7,800 in 1997. The work there was inspected and was in accordance with the conditions of the grant.

**Ms. Mihychuk:** I understand it is a father, son, both with the similar last name Kaus, so I think that there were actually two individuals in this specific case that were identified having participated in shady business. Does that amount include both parties?

**Mr. Newman:** Yes.

**Ms. Mihychuk:** Can the minister tell us how many claims are actually up in dispute as a result of this complaint?

**Mr. Newman:** I am advised the first Mining Board hearing involved 35 claims, and the second one involved three claims.

**Ms. Mihychuk:** Can the minister tell us the process for opening up these claims again that were found to be fraudulently staked? What process is being developed so that individuals have an opportunity to regain the properties that they have invested in or potentially stake this land in their own names?

**Mr. Newman:** The process is that the claims are cancelled; then they are free to be staked. In this particular instance, my advice is that the person who claims to have been the victim of



this particular unfortunate situation, Mr. Winiasz, proceeded to then stake what I understand to be the majority of those claims again. The question of whether or not anyone else has staked the balance, my information is no.

**Ms. Mihychuk:** This is my final question in this area. The Mining Board process was quite interesting. I had an opportunity just to sit in on a meeting that had to be cancelled because the individuals involved did not show up, the Kauses did not show up. I felt some sympathy for the complainant who had certain expenses, and obviously the process is one which is fairly judicial or legalistic. It has some power to make decisions and involved a number of people. So the Mining Board process itself I have asked the minister to review, because compared to other provincial review boards—and I had the privilege to sit on one myself—was quite different than the Mining Board process. A lot of the investigation and the calling in of witnesses was done by government as the prosecutor as bringing in the evidence and presenting it. In this case it was left up to the complainant, my understanding was.

So I am wondering if the process is being reviewed, and can the minister indicate if the minutes of the Mining Board proceedings are public, or how would individuals get copies or even the results of the Mining Board decision? How would that information be disseminated to those interested, to the industry in a larger sense, which I think is important, because cases like this give us an opportunity to review our processes and hopefully to improve them.

**Mr. Newman:** I think the honourable member for St. James has raised a very interesting idea, and that would be an examination of what appears to be, from the understanding of my department, a current policy of not broadly disseminating the decisions of the board but making the written decision with reasons now available to all interested parties only. But I certainly do support and was a major influence on the labour board of this province, for example, and any other administrative tribunal, having been sensitive to the fact that there is an interest in what decisions are by people who might not at the immediate moment be interested and sometimes disseminating those kinds of

decisions broadly and even to media, and certainly to concerned media, can sometimes get a message out as to what the standards are and what the consequences are and so forth.

So I think you have made a very valid point which I take seriously, and I asked my department to look into that. When I get a report back from them as to what the Mining Board's exact current policy is, I will share that with you, and I will endeavour to encourage a policy that is along that kind of line.

\* (1550)

The other point you make about the prosecution here, the prosecution was effectively brought forward or the complaint was brought forward by an individual adversely affected by the impugned claim staker, and that is the way the process works. I am advised that the Mining Board does have authority toward costs against the department in an appropriate case where they have been in default or perhaps in the public interest, but costs were not awarded in this kind of situation. But what does intrigue me, in light of your question, is whether or not, if there were a prosecution and evidence is brought that a consequence of the prosecution is that someone was injured financially, a case could be made for restitution under the criminal system, whether by summary conviction or otherwise.

These are the kinds of things, I am sure, Harvey Winiasz would be getting advice from legal counsel about, but I am prepared to look into that as well. I think it is worth looking at, whether there is a disincentive to complainants coming forward because of the cost they are exposed to.

Two valid points. We will look at those, and I will get back to you.

**Mr. Gerard Jennissen (Flin Flon):** I am wondering again if I could ask some questions basically from around the Sherridon area, dealing with not only the contaminated site that we discussed yesterday but perhaps something somewhat different. It may in fact fall under Northern Affairs. I am not sure, but since the minister is also the Minister of Northern Affairs, I am sure he would not mind answering it.

That deals with the concerns some of the citizens of Sherridon-Cold Lake have regarding open mine shafts or capped stopes I believe they call them. These were fenced in approximately 30 years ago, I am guessing, with page wire, but are only sporadically maintained. I have talked with some of the citizens of Sherridon-Cold Lake, also the mayor, and they feel that it is just a matter of time when one of their children is going to fall into one of these mine shafts. I just want to ask the minister if there is a concerted effort to make sure that these open shafts that have been there for, I admit, a number of years, are fenced properly.

**Mr. Newman:** If ever I or any one of the members of my department heard that the situation was not safe, there is a responsibility on the department to fix it up immediately. So if you have any information that there is any issue, that is something the department should check out on an urgent basis because it is the responsibility of the department to keep them safe.

This is the short-term solution, the fencing solution. These situations, which fortunately are few, are the subject matter of the orphan site strategy, which we, through a number of the departments of government, are motivated and organized to address over time so that we have a permanent solution, not just a band-aid protective kind of solution, but a solution that addresses these unfortunate consequences of what in today's standards would be regarded as unacceptable mining practices and unacceptable rehabilitation practices. The standard is so much higher now with our new mine site rehabilitation regulations and the general standard expected by the industry. So these unfortunate taints from the past are a matter of considerable concern to us. In all of the competing priorities in government, it is something we want government to invest in resolving. But, in the meantime, there should be no compromise on safety. If you do have any information, please share it immediately.

**Mr. Jennissen:** I raise it only because the mayor of Sherridon-Cold Lake, Dennis Hatch, raised it, and they thought it was a serious issue. Nothing has happened yet, but they thought, you know, it would be wise to be proactive and make

sure that fencing is in good shape. I am hopeful then that the minister's department will look into that.

I believe people had worked on it somewhat a year or two years ago, but apparently the wires are down again. I have no idea how many sites are involved here either, by the way, how many shafts, but it is a concern to the mayor, so I am hopeful that the minister will have his department look into it.

\* (1600)

**Mr. Newman:** Right in your presence I have given instructions through my deputy to the director that they should make every effort to contact that person ASAP and find out what that person has to say. If there is any exposure to danger because of the standards not being up to the normal standards which the department considers acceptable, they should be on a urgent basis.

**Mr. Jennissen:** I thank the minister for that answer. I will relay the message back to Mr. Dennis Hatch, who is the mayor of Sherridon. I am sure he will listen to us, and he will listen to the deputy minister, Mr. Boulette, who would know Dennis Hatch quite well, because we were both involved with him as a student in Cranberry Portage, going back more years than we want to really acknowledge. But, going back to the orphan sites, it is very interesting the term that the minister uses.

How many sites are we talking about, because I walked that north country quite a bit, especially around the first, second, third Cranberry Lakes, Elbow Lake, Herb Lake, Herb Lake Landing, those regions? There are a lot of old mine sites. Could the minister put a number to orphan sites?

**Mr. Newman:** My advice is that six have been identified and classified under that description. If you have a knowledge of any other ones, share them with the department, with a copy to me, because any one of the remnants of what would be unacceptable rehabilitation practices today and would jeopardize safety, health or the image of the mining industry will be the subject matter of a strategy to bring them up to modern-day

acceptable standards. So you can send that message out there if there are any of these kinds of places.

It is in your interests as an MLA for Flin Flon and representing all the areas that you do in the North. It is incumbent on the MLA for Rupertsland and the MLA for The Pas, and any other MLA that has any mining in their area historically, to share that information so that for the sake of the image of mining we can make every effort to redress, as I say, these taints on the reputation of mining, because these kinds of ways of abusing the environment that are leaving a negative view of the relationship to the environment of mining do nothing but harm the image of mining. All of us who have an interest on behalf of the public to have a successful but environmentally and socially responsible mining industry should be motivated to address this situation, and so I invite your participating in the solution in that manner.

**Mr. Jennissen:** A lot of those old mine sites are something you trip over as you are moose hunting or fishing out in the bush in northern Manitoba. I have never actually encountered a danger, but I have heard others talk that it could be quite dangerous. It is true, mining practices have changed enormously. I am comparing places like Photo Lake and Namew Lake mine with something that would have been done 30, 40, 60 years ago when we were not as conscious of the environment. The minister is right. It is a billion-dollar industry. I am sure my colleague has also pointed that out. It is an industry we want to protect and support as much as possible. An image has an awful lot to do with it. So, yes, we want the positive image out there, and we want positive steps taken. I note some of them have been taken.

I was going to ask about a relatively new mine. I have actually never visited the site. But I have heard a lot about, and that was Puffy Lake mine, which is closed now. I am just wondering if the minister has any information on the status of that mine, or if cleanup is involved there or should be involved there. This is a very recent mine, and the minister may have more information than I have on that.

**Mr. Newman:** Puffy Lake, in the technical terms of art of the department, is considered an

inactive mine site. I guess my way of describing it is sort of a mine in suspension because it still is considered to be something that a deposit, a product, still might be available for mining production. So it is not an orphan site at this time. Another part of the definition or the criteria for designating something an orphan site means that there is no liability ascertainable for rectifying the inappropriate rehabilitation. So there are situations where you have not just an orphan site, not just an inactive site, but you would have a site that is in need of rehabilitation, where there is liability. The standing instruction to my department is to aggressively pursue any party that is liable for inappropriate rehabilitation where there are evidence and probable cause, and the best advice from the Justice department is practical, and positive results can be achieved by seeking recourse and making accountable the potentially liable contaminants. I know of at least one situation where that is in process.

**Mr. Jennissen:** Just out of curiosity, if the tailing site in Sherridon-Cold Lake were in a more isolated area where there were no towns, would there be less priority on cleaning it up? Is this strictly related to sites, the fact that we are attempting to aggressively address the pollution issue as in Sherridon-Cold Lake? Is it a factor of people living there, or would it be done regardless, even if that site were in a totally remote wilderness area?

**Mr. Newman:** There is a need to prioritize always things that involve the expenditure of money. Considerations which would be foremost would be, of course, human health and well-being, but animal health and well-being and other means of livelihood, and simply respectful of all life, are very relevant considerations for prioritizing. So one looks at all of these situations in a totally holistic way, mindful of the impacts of doing nothing. If there is a threat to life and health, life or health, that puts something into a more urgent kind of category, and that would, then, I am sure, be an impetus for moving faster with a solution.

**Mr. Jennissen:** If I can go back to some of the questions, rather aspects of discussion we had yesterday on the Sherridon site again. I am looking at the Order-in-Council of February 8,

1995, in which \$25,000 was allocated for the water quality monitoring program at Kississing Lake and an associated engineering review, and the minister mentioned that yesterday, as well as the Order-in-Council August 14, 1996, which involved \$400,000 and dealt with the purpose of funding identified civil engineering potable water supply program.

Just to recapitulate the reason this was done, reading actually from the Order-in-Council: It is recognized that the tailings at Sherridon were deposited during the operation of the Sherridon mine, a copper zinc producer from 1931 to 1951 and have been confirmed as acid generating in nature; and whereas surface run-off waters from the acid generated tailings had affected the quality of Kississing Lake from which the nearby community of Cold Lake receives its potable water; and whereas Order-in-Council 46 1995, approved February 8, 1995, in the amount of \$25,000 has confirmed the need for and estimates for the cost of providing the community of Cold Lake with an alternate potable water supply from Sherlett Lake; and whereas it is deemed advisable to provide funding from the mining community reserve to a maximum of \$400,000 over the '96-97 fiscal year to fund a civil engineering program designed to provide the community of Cold Lake with such an alternate potable water supply from Sherlett Lake.

\* (1610)

The minister suggested that the phase two part would also come into effect at some point. I guess my question after having said all that, once again, in light of the fact the minister has said he would be aggressively pursuing funding to address these kinds of problems, is he saying then that this proposal that is before the Treasury Board does have a chance of success in the immediate future? The feeling I was left with yesterday is that this could be never, never.

**Mr. Newman:** We are now at the process of doing a further scoping study to determine the parameters. Growing out of that, there will be either an application or submission to Treasury Board for specific funding to deal with this or there would be supplementary funding to the budget we approve together, or, alternatively, we would seek funding for this in a plan out of the

mining reserve which would, as we discussed yesterday, maximize the opportunities for the communities impacted by this mine closing to derive benefits from its rehabilitation.

**Mr. Jennissen:** I believe I may have asked the minister this yesterday as well, but I will ask it again: would the minister hazard a guess as to time lines?

**Mr. Newman:** I do not hazard guesses. I get information from my deputy who gets his information from staff that he entrusts to come up with reasoned and well-thought-out judgments and opinions. The target of the department is to have the assessment done during the month of August, completed during the month of August of this year, and when that is done a submission prepared, giving the best advice to government possible as to how funding should be sourced and how in the best public interest the remediation can be proceeded with expeditiously.

**Mr. Jennissen:** So I am interpreting that then to mean that there will definitely not be any project happening this year. There will be some study and recommendation but nothing actually physically happening before possibly next year.

**Mr. Newman:** I do not want to inflate expectations, but the direction was to move aggressively to address these things. That is the general policy direction they have from my level, so if there is any opportunity to do it this year without compromising the quality of it or the cost of it, then there is no decision made it should be this year or next year. The sooner the better.

**Mr. Jennissen:** Obviously, one of the aims in all of this was to provide better water for Sherridon and Cold Lake. Also Sherridon's sewage system supposedly will be quite an upgrade, and I am reading from a news release: Manitoba government news release August 11, 1998, Sherridon to receive \$70,000 for sewage system upgrade to meet environmental treatment requirements. Could the minister give us an update on that or a status report?

**Mr. Newman:** I have repeatedly said, as you know, that the departments that I am involved

with and the responsibilities I have are dealt with in a holistic manner, but one of the difficulties of having made that statement, then having to be accountable for it, I do not necessarily have that kind of information, which falls under Northern Affairs, handy with me here. To save you trouble and make it convenient for you, if you wish, we can undertake to provide that detail to you and either put it on the record to this question of Northern Affairs, but we will get that information.

*Mr. Jack Penner, Acting Chairperson, in the Chair*

**Mr. Jennissen:** Basically my last question and that is, if the minister is willing to do that, I thank him, and maybe at the same time then we could check out the exact status for Granville Lake. I got a call from people from Granville a number of months ago, and I believe a water and sewer line was being installed in Granville. I am thankful for that, for sure a water line, I believe. I am not sure about the sewage now, but hopefully—there was a concern about connecting to the houses. Apparently, there was money lacking to do that. Perhaps your deputy minister would be more up on that, and he could provide that information in Northern Affairs Estimates. I would be very happy to participate there as well.

**Mr. Newman:** We will certainly accommodate you, and we will have that information available for Northern Affairs Estimates and give you a totally up-to-date status report.

**The Acting Chairperson (Mr. Penner):** Item 23.2. Energy and Mineral Resources (c) Mines (1) Salaries and Employee Benefits.

**Ms. Mihychuk:** I would like to now pursue some questions about the branch's process for reviewing grants to prospectors. In this program, I believe, prospectors are eligible to receive \$7,500. Can the minister outline the program? Is it per claim or is it per individual? Is it possible for one individual to get several grants during one year?

\* (1620)

**Mr. Newman:** Under the program, qualified applicants may receive up to 50 percent of

expenditures incurred to a maximum assistance level of \$7,500 per applicant per year.

**Ms. Mihychuk:** Can the minister define what an application would involve? Is that one claim stake, one claim block? Could you do several claim blocks and make several applications in one year?

**Mr. Newman:** It could be any combination of what you describe, but the umbrella, the total amount that applicant can get would be \$7,500. The cumulative total for that applicant would be \$7,500 for all of what you have described, so you are not precluded from having a diverse set of projects. But the applicant only gets a total of \$7,500 per year.

**Ms. Mihychuk:** Well, I was told of a story where perhaps an individual was misinformed perhaps, but raised some concerns as to the type of accountability that is involved with these grants.

How is the department assured that work is actually being done in the areas in question?

**Mr. Newman:** The applicants submit bills justifying their expenditures and also a report. Those are looked at and that is the kind of material that is used to determine whether or not the monies have been spent appropriately.

**Ms. Mihychuk:** Is there a requirement of applicants to actually go out into the field and collect samples?

**Mr. Newman:** Some do, some do not.

**Ms. Mihychuk:** What assurances do we have that the materials perhaps submitted for these claims are actually from those sites? I would ask if we have ever had any geological staff perhaps do random checks to assure that the submissions have some geological viability, validity.

**Mr. Newman:** My staff advise me that they are really not disposed nor do they think it is necessary to determine the sources, the exact spots. So that is not something that is a matter of concern or interest.

**Ms. Mihychuk:** Well, if I get a piece of concrete from a prospector, I will have to bring that specific case forward. But it does raise the

question whether individuals are out in the field and if they are actually doing the exploration, which we hope they will be doing, because the purpose of the grants is to spur on exploration and have people out in the field doing some meaningful work. So I would urge the department to perhaps consider doing some random inspections. This may stem what might be a problem or might not be a problem before it develops into something bigger.

**Mr. Newman:** There is a very competent and very experienced geologist, Bruno Esposito, who is responsible for the program. The approach taken by the department is not that you need either nannies or police or a fraud line for prospectors and assistance program recipients, but a certain amount of informed judgment comes out of long experience and the kinds of knowledge that you well know as a graduate geologist.

**Ms. Mihychuk:** A number of provinces have got prospectors programs and grants. Has the department done an evaluation of our program compared to other provinces? I have been approached by a prospector urging us to consider the Ontario model rather than ours as a preferable way for a prospectors program.

**Mr. Newman:** An evaluation was done last year really with a view to determining whether or not the program should or should not be extended and whether the format should be changed. That evaluation led to the reinstallation of the program. In that process consideration was given to what other jurisdictions were doing.

**Ms. Mihychuk:** Moving to the area of quarry minerals, the Capital Region is a large consumer of quarry minerals. One of our largest reserves sits at Birds Hill Park. With the assumption that we will probably keep the park for the near future, can the minister relate to us what the reserves are in terms of quarry minerals for the Capital Region? What does the future lie?

\* (1630)

I know that in an earlier response the minister talked about bedrock as a source for quarry materials. This is potentially a new area

of economic development. So I would be interested in hearing the status of quarry minerals in the Capital Region and an indication of how much that industry is worth, if we have some statistics like that, because Winnipeg is a large consumer of quarry minerals.

We have been blessed with having a fairly large reserve. I know that back in the '80s when I was active in the field, Toronto was hauling quarry materials by barges for many, many miles across Lake Ontario to bring material into Toronto. It was extremely expensive. Those types of pressures have not been felt in Winnipeg. In fact, I know that the importation of quarry minerals has been common in some southwestern municipalities, but Winnipeg has been very fortunate. We are close to a number of deposits, and I look to hearing from the minister what the future holds in terms of the quarry industry.

**Mr. Newman:** First to put this in context, the last comprehensive review of the aggregate resources in the Winnipeg region was done in June of 1976. The relevant finding at that time was there appeared to be sufficient high quality sand and gravel within the region including the forest reserves to meet demands until 2026 but probably not more than five to 10 years beyond that time. So proactively, as I indicated to you earlier, a report is being done now which will be finalized if all goes according to schedule for completion in the year 2000 which would update the inventories of sand and gravel. Over a longer period of time, over the next two to three years, a synthesized report on sand and gravel resources will be developed. A final report summarizing the mineral potential, engineering geology and groundwater geology of the Capital Region is scheduled for completion in the year 2000, and that will be a joint publication with the Water Resources Branch, Geological Survey of Canada and the City of Winnipeg.

You asked about the magnitude of the industry. This might be more specific. Sand, gravel and crushed stone production in the province, as well as some dimension stone, totalled over \$47 million in 1994, and, as a result, it is a significant production relative to the whole of the mining sector.

Another figure which shows the magnitude is geological mapping in the Rockwood area based upon quarry inventories and water well records begun in 1995. That area was selected because it contains nine active quarries that produced almost 2 million tonnes of crushed stone worth over \$10 million in 1995. Just looking at total aggregate production, 1992 through 1996, the range is between roughly 3.5 metric tonnes and 4.7 metric tonnes. That is 1992 through 1996.

**Ms. Mihychuk:** Is the demand increasing for quarry minerals in the Capital Region?

**Mr. Newman:** We do not have readily available demand forecasts.

**Ms. Mihychuk:** Does the minister think that perhaps this an area that requires some review? Some individuals have indicated that this industry may be worth \$60 million to \$80 million annually now. I understand that the department is doing a review, but we do not know what the demand is, and we have not really been watching the situation in terms of quarry minerals.

Is the minister concerned that the lack of basic information about this sector may compromise our ability to sustain that mineral resource and inhibit or limit our ability to do proper management in the Capital Region?

\*(1640)

**Mr. Newman:** The answer to the question is, yes, I am concerned about it because the last supply-demand forecast was in 1976. What makes me particularly concerned is there is a certain amount of resistance now to extraction development of some of these sites as population is moving into areas impacted by quarrying. So it is a very good thing to do at the time when we are examining the whole Capital Region and the importance of the public being educated of the value of this. The only way we can do effective sustainability or sustainable development in the populated areas is to have public understanding and, therefore, support for it as a way of generating revenue and useful product for their benefit.

**Ms. Mihychuk:** What is the total amount of royalties or rentals, the money generated from the quarry sector?

**Mr. Newman:** Just to save time, we will undertake to provide you with the figure.

**Ms. Mihychuk:** Well, I would like to share a story that the Chairman and I discussed in this committee just a little while ago when the department was looking for some information to respond to a question. That was that in I believe the Morden area a recent deposit was found which was buried—

**An Honourable Member:** Morris.

**Ms. Mihychuk:** Oh, around Morris, pardon me. The Chairman is clarifying it was close to Morris. It was buried under clay only to the amount of three or four feet but, given that there was no significant topographical expression, it was the good fortune of those property owners to dig in that spot. They found a fairly significant aggregate deposit which resulted in economic success, we could say, for those individuals, because the Morris area and the area in the clay plain is devoid of aggregate material. Those communities are forced to truck it in from considerable distances.

This is a case in point where I think perhaps merit may be given by the department through the minister to perhaps increase the number of projects that focus on exploration in the clay plain. We see municipalities hauling in and incurring significant costs, and those are public dollars. If we could find more deposits that are readily available, that would help those municipalities and ease the tax burden for Manitobans.

This is a sector that I feel has been shortchanged. It does not glitter. It is a basic need, and we do not have many geologists assigned to it. It was an area that received a lot more attention in the '80s. There is a fairly small group of individuals working in the quarry mineral sector. I do not know if there is the opportunity to review these priorities, but I would argue that indeed opportunities exist to perhaps discover aggregate deposits that will

make a significant economic impact for those municipalities.

**Mr. Newman:** I do not intend to venture a speculation about what to propose. Maybe it is something that Minister Derkach might take a look at as the minister responsible for Rural Development.

**Ms. Mihychuk:** I have to respond, because I clearly do not agree with the minister. Quarry minerals are a geological deposit. The onus to do exploration and public good in terms of exploration would fall clearly in the hands of Energy and Mines. That is where the expertise is and that is where it has been historically. To move it to Rural Development would be a completely new realm for that and in fact the expertise lies in the department, and my question was a matter of priorities. If the minister does not wish to explore that, that is his prerogative, but clearly in my opinion the onus for exploration and management of aggregate materials should remain with the Department of Energy and Mines.

**Mr. Newman:** I would submit the onus lies with the private sector primarily. We have created a portion of our MEAP program that provides incentives for industrial mineral exploration. That is the role that we play, and in addition to that, we are participating in this kind of study that we spent some time discussing which will be relevant and useful information for those in the private sector that want to profit from the knowledge that we will disseminate.

**Ms. Mihychuk:** Does the department have an inventory of pits and quarries as to those that are active and inactive in southern Manitoba?

**Mr. Newman:** The department does have an inventory of sites, yes.

**Ms. Mihychuk:** Can the minister indicate how many pits are presently active in the Capital Region?

*Mr. Chairperson in the Chair*

**Mr. Newman:** We do not have that information handy, but we can undertake to provide you with that information if you want it? Do you want it?

**Ms. Mihychuk:** Yes.

**Mr. Newman:** We will do it then.

\* (1650)

**Ms. Mihychuk:** Moving to the rehabilitation of pits and quarries which I think is an applaudable project and we need to do that. There are many, many hundreds, probably thousands of depleted quarry sites and pit sites that need to be rehabilitated and made safe and scenic and restored into usable environmental landscapes. My question is related to pits or quarries that are active or inactive but still hold reserves and the potential to become active in the near future. For those sites, what type of requirements are required in terms of buffering for noise and visibility?

**Mr. Newman:** The information we have readily available here is more general than I think you are seeking but impacted lands that are being subjected to rehabilitation are restored back to a useful, productive and environmentally acceptable condition to the benefit of the public in general. Exactly what that means in terms of kinds of buffers in actual situations, if any, we would have to get you that kind of information. We will undertake to provide that to you.

**Ms. Mihychuk:** I think the minister was referring to depleted deposits that were ready for reclamation or rehabilitation. My concern relates to pits that are there and that we cannot very well grade and grass, because we are going to need those resources in the near future. They too are eyesores. There are many highways in Manitoba that we go by, pits and quarries that are quite visible from the highways. I know that some jurisdictions, for example Ontario, require pit owners to have a vegetation screen that is of a significant height so that those sites are not seen by the travelling public.

I am wondering if there has been any evaluation. My concern would be obviously that it may lead to more of what is known locally as pit parties and quarries. Certain esker deposits make wonderful pools where teenagers tend to gravitate to. Having participated in a couple myself I know that is bound to happen. But having a large screen there may actually promote



that. We had a recent case where serious concerns were raised about kids being in a quarry site, so I was very impressed with the program, which screened quarries and pits, because it clearly made a difference in terms of the travelling public. I am wondering if Manitoba has considered such a project.

**Mr. Newman:** While they are getting the answer to your final point, I was responsive in my previous answer to your question to sites rehabilitated. You are interested in sites that are potentially active. With respect to those sites and buffer requirements, setback limits are established from the residential areas and roadways after a review of activities. Inspectors, in consultation with landowners and nearby residents, decide on the buffer requirements. If you do want specific examples of the kinds of requirements that have been the product of this, we will undertake to get that information for you. Is that your wish or not?

**Ms. Mihychuk:** I am not really looking at specifics. I was looking more at a broad policy decision or a regulation that would make pit owners responsible for establishing significant vegetation buffers. It does not happen in Manitoba. I do know there is a certain road allowance provision and there are berms that are sometimes created. In specific cases where it is problematic, that is dealt with individually. My question was more broadly based and dealt with the pits that we see virtually on every highway and quite clearly from the roadways. Has any consideration been given to make Manitoba more beautiful by requiring that type of buffer?

**Mr. Newman:** With respect to the future, and that was your final point, there are consultations underway with the environmental department to determine what kind of screen would be required or desirable. The department is in the process of formulating written policies.

**Ms. Mihychuk:** Can the minister update us as to the hiring process for the claims inspector?

**Mr. Newman:** The claims inspector's job has been advertised, and 11 applications have been received. The applications are being screened by the department to select qualified candidates for interviews to be held on June 21, 1999.

**Ms. Mihychuk:** Where would this position be based out of? Was it the intention of the department to keep it in The Pas? Make it more central? Have it here in Winnipeg? Has there been any indication?

**Mr. Newman:** The Pas.

**Ms. Mihychuk:** I am prepared to move on to another section.

\* (1700)

**Mr. Chairperson:** 23.2. Energy and Mineral Resources (c) Mines (1) Salaries and Employee Benefits \$1,444,500—pass; (2) Other Expenditures \$597,000—pass.

23.2.(d) Geological Services (1) Salaries and Employee Benefits \$2,726,200.

**Ms. Mihychuk:** I have a number of questions in this area. It is an extremely important component of the department's responsibility. It is always brought up to me by industry representatives that they would like to see more geological services, groundwork done, more exploration, more maps, and so that comes out loud and clear at every meeting that we have with industry. It looks like the status quo is the case here for Geological Services. Can the minister indicate why they did not look at expansion of our Geological Services provision?

**Mr. Newman:** We have made every effort to show a high priority towards our geoscience expenditures. The expenditures over the last three years: 1996-97 were 3.74 million; 1997-98, 3.69 million; 1998-99, 3.78 million.

What is significant is that since 1982-83 through 1995-96, when we spent less than those amounts we ranked between sixth and eighth in the provinces in this country. Yet, over the last three years, by more than maintaining our expenditures, where other provinces had been in several cases reducing their expenditures, we have been consistently ranked over the last three years fourth in the amount we put into geoscience. Those three ranking ahead of us are Ontario, Quebec and British Columbia, which, of course, all have significantly larger

production and tax revenues growing out of the presence of mining in their province.

It is quite interesting, I again read another article in the Financial Post national about B.C. scraping rock bottom. I am heartened that we are not following the example of British Columbia, which, although it still spends more in geoscience, every other area seems to be rendering them less and less competitive with our province as a place to invest in mining so that they are dead last on most counts measuring investment attractiveness, and we rank very highly in Canada behind only Ontario, I believe.

**Ms. Mihychuk:** I see that Desktop Management has ended up costing this branch over \$80,000 to implement. It is \$82,900 related to increased costs. This would be two geologists. How can the minister justify more expenditures in terms of administration instead of putting that increase into personnel and field work?

**Mr. Newman:** This is part of the central government decision to implement the Desktop Management Strategy of the government, as you well know. But, as I thought we had discussed previously in relation to another branch, the benefits derived from this desktop strategy do provide geologists with the tools they need to be more effective doing their job over time. So it is a considered investment for the long-term benefit of the services provided by Geological Services.

**Ms. Mihychuk:** Well, a number of geologists have actually complained to me about the Desktop Management system, and I am wondering if the branch director can indicate if they too have heard similar concerns.

**Mr. Newman:** In any organization of human beings where there is change that is impacting on people, there is a whole range of emotions and levels of appreciation for the consequences of a change. Sometimes people choose to grumble and share grumbling with people in your position, either doing it to you as someone who is an alumni of the department or someone who is in the official opposition and might influence changes along the way, their emotions and their own opinions direct. So those kinds of things do not surprise me, it is just the same

thing happens in people impacted by any change in health care or education or family services, whatever. It happens anywhere.

Having said that, I, as being ultimately responsible for the department, am assured and make sure that there are ample avenues for people to express their views openly and without fear or favour within the departmental processes with the desire of making sure that we have a productive and good team of people working towards the common cause without grumbling but rather with joy and excitement in their jobs. That is why we have business planning processes that include not just management people but representatives of other nonmanagerial parts of the department.

\* (1710)

My best information from participating in that kind of process and being advised by my deputy and director of Geological Services is that the view of the department which they speak for, and therefore on behalf of the employees in that department, is that there is overall a positive attitude towards this implementation that it is after always a bit of agony and an adjustment process being increasingly accepted as a positive tool to enhance their capacities and to make their job more productive and enjoyable.

So if I thought this were more than a grumbling and about an adjustment process in the process of a transition, then I would be concerned about it, but I depend on my deputy and senior management to make sure I do hear about those things if there is an issue. But I am comforted hearing what I have heard from my deputy and director that the problem you allude to or the grumbings you allude to are not representative of the mainstream thinking and attitudes and feelings about the industry.

**Ms. Mihychuk:** The Estimates book indicates that the budget line for transportation and supplies and services has remained constant. If I am to read that correctly, then the amount of money allocated to send field crews out remains the same. Given that we have an inflation rate and a greater demand by industry and others to send geologists out longer and farther and more often, does this not in effect mean that there has

been a cut to the department of Geological Services because both the transportation line and the supplies and services which would allow people to be out in the field longer have remained constant? There has been no provision for an increase for inflationary rates, for an increase in gasoline prices, in the increase for food prices, to send out more supplies for individuals who may be exploring in remote areas, for helicopter support that may be necessary. There has not been any increase, and I look to the minister for an explanation in those two sectors.

**Mr. Newman:** The departmental staff assure me that they have been able to derive efficiencies through good management who overcome any inflationary pressures. It just shows that being challenged and having creative people, the taxpayers of the province can be beneficiaries, and sometimes that kind of management is inspired by that kind of challenge which has been put to them and more than overcome.

**Ms. Mihychuk:** Can the minister inform us as to the number of field hours or staff hours that there were last year as compared to this year? He talks about meeting the challenge, and I am wondering what the indication is of how much field work is being presented in this Estimates book as compared to last year.

**Mr. Newman:** The actual workdays, geologist field days, by way of comparison: '97-98 were 1,157; '98-99, 1,192; '99-2000 projected to be 1,061.

The reduction from last year of 131 is based on the projection of one geologist being on maternity leave, one geologist remaining in the office to complete unfinished projects—a management judgment, of course—one geologist with significantly reduced field season to complete unfinished reports, as well. So those are the field days, but that is also the rationale for the differential.

**Ms. Mihychuk:** Can the minister indicate the number of vacancies that are in this branch?

**Mr. Newman:** The lab technician position has been filled.

The industrial mineral geologist staffing request was approved to fill on a permanent basis, and P. Leskiw was appointed on a term basis as the MEAP Endangered Spaces Geologist effective July 20, 1998, Regional Geologist, Thompson, after the resignation on February 26, 1999, of S. Lin. Staffing request approved to fill on a one-year term basis. The bulletin closed on May 28, 1999. Interviews scheduled for June 11, 1999, and those were done.

Chief Geologist bulletin, closed January 22, 1999, is currently on hold.

\* (1720)

**Ms. Mihychuk:** The minister recently announced a geological position to be focused in the Lynn Lake-Leaf Rapids area to provide support for that traditional mineral belt. We applaud the minister for doing that, but we are concerned that it is too little too late.

The other question is: is this a term position and in reality is the Thompson position that will be moved over to provide that support in this mineral belt that it is not actually a new position or an additional support?

**Mr. Newman:** This was a filling, the term position, the Lin position that I described. The filling has been done on a term basis, but it has been done on a term basis in order to, while the function is being performed in the area, evaluate the whole service in the northern area with a view to making sure the needs and opportunities are addressed in an informed and appropriate way over time.

**Ms. Mihychuk:** Can the minister indicate whether he expects a significant turnover in staff in the next year to five years?

**Mr. Newman:** The department has a significant challenge which has been anticipated and is being prepared for, and that is that 14 out of 31 or 45 percent of the geologists are eligible to retire in the next five years. You just wanted to deal with this particular area and not the whole department. Is that correct? [interjection] The answer to your question about what the turnover would be is we anticipate and are preparing for

the probability that 14 out of the 31 geologists or 45 percent could retire in the next five years.

**Ms. Mihychuk:** That is what I anticipated—that we would see a significant turnover. A lot of them sort of are of the same age, and I even lump myself in the group, that we all came into the department, moving through the system and, unbelievably, are looking at retirement. It does give us an opportunity to think ahead though, and what I am trying to lead to is whether there has been any thought given to encouraging native and northern interested individuals into entering geology. To pursue a position in the department would require a minimum of four years university and, given competition, maybe even post-graduate work.

The question would be basically: has the government considered providing an access program for native and northern individuals? This would provide them with the financial assistance and focus on the opportunities in geology and I think could make a significant difference to those individuals, as well as the department which would have the ability to have new people coming in. I think that that would be a benefit for both the individuals and the department.

\* (1730)

**Mr. Newman:** First of all, the entire department has been challenged by me to have an exemplary employment equity program focusing on the highest-needs population we have in the province, the aboriginal people. As recently as our business planning session, I made that very clear that I was very serious about this and was demanding those kinds of commitments from the deputy right through management and right down to the employees. This would be part of that. That is, the employment equity would be part of the kinds of things that you are suggesting.

Specifically, an access program is not under immediate consideration, but a succession plan is in the process of being developed. They are certainly looking at a mentoring approach, and they are working with the academic institutions that educate geologists and have geologists in

their institutions to work collaboratively toward a meeting of this challenge of the department.

**Ms. Mihychuk:** Can the minister indicate how many aboriginal geologists are being trained right now?

**Mr. Newman:** I interpret your question to mean how many students of geology there are undergoing post-secondary education in the province who are aboriginal. My understanding from the information that our aboriginal consultant provided was that they thought there were about four throughout the province who were of aboriginal origin who were being educated in geology at this time.

**Ms. Mihychuk:** Can the minister indicate what he means by educated all over the province? It is my understanding that there is a geology program at the U of M, and there is a physical geography or Quaternary program at the University of Winnipeg. But other than that I am not familiar with other programs. Are there additional programs available in Manitoba?

**Mr. Newman:** Brandon University has one, and I urge you to, when you are in Brandon, maybe Friday, pay a visit there. I have actually visited their site and met with the head of the department there. They are very proud of their program and very anxious to secure participation of their aboriginal students in particular in the mining industry and in the oil and gas industry. Unfortunately, in some cases, we lose some of these graduates to Alberta if their particular predisposition is to oil and gas.

Actually, I made a trip out there a couple of years ago with the head of our Native Affairs Secretariat with a view to encouraging them to work with us in developing aboriginal graduates in workforce participation in mining in Manitoba.

**Ms. Mihychuk:** The program in Brandon, is that a B.Sc. program in geology?

**Mr. Newman:** Yes.

**Ms. Mihychuk:** Does it also include graduate studies?

**Mr. Newman:** No.

**Ms. Mihychuk:** Can the minister indicate how many staff that we have now in Geological Services, including full time but as well as the students that are going to be deployed this summer, are of aboriginal descent?

**Mr. Newman:** Two permanent clerical staff and three summer geology students.

**Ms. Mihychuk:** That is a significant difference. Three students that have been hired that are aboriginal is a good sign. Are they going to be deployed into fieldwork?

**Mr. Newman:** Yes, and this is an example of the refocused effort to involve aboriginal people in this fascinating and rewarding field and potential career. An additional student was hired yesterday as well, so it is four summer students engaged as geologists-to-be, geological systems.

**Ms. Mihychuk:** Last year I talked about some of the difficulties incurred by prolonged remoteness. I am wondering if the minister has made any progress in terms of being more flexible, allowing family visits, being allowed to have perhaps family members in a base camp. I know that is a possibility in other departments, but it has not been one that has been available or that I am familiar with with Energy and Mines. Has the minister been able to perhaps ease some of the pressures that field staff have to realize every summer?

**Mr. Newman:** I am advised that there is no policy precluding what you are talking about, but there is no policy setting out a process or a regulated plan for it. Part of that is there has been no request for what you are proposing at this time, but the department is reasonable and accommodative in its approaches to this kind of situation you have described.

\* (1740)

**Ms. Mihychuk:** I am going to return a little bit to the aboriginal students who are working in geology. Can the minister tell us what regions those students will be deployed to?

**Mr. Newman:** We do not have that information readily available. We will undertake to provide it to you.

**Ms. Mihychuk:** One of the ways that recruiting can occur is through aboriginal organizations. Has there been an approach by the department to AMC or MKO encouraging or developing, fostering the interest in geology, particularly with hopefully more developments in aboriginal communities in the mining field?

**Mr. Newman:** The approach that we have taken is to deal with aboriginal people who are very much experienced in and knowledgeable about and successful in aboriginal recruitment, aboriginal placement and involved in mentoring processes; that is, their specific skills and knowledge of not just those particular aspects but of aboriginal politics and all of the challenges that they play. So it is a direct route to those people who are acknowledged and well known for their expertise and outcomes whom we have gone to.

**Ms. Mihychuk:** The Saskatchewan government has developed a number of initiatives that focus on the aboriginal community. I know that that government has worked hard in developing a process that included Northern Affairs and Energy and Mines, as the minister is looking at a holistic approach. When I was a trustee, I know that they had developed provincial curriculum in aboriginal languages which far exceeded what we had done here in Manitoba. We had not developed any curriculum in aboriginal languages, and what had been done was done by local school divisions and fairly independent sort of provincial co-ordination.

Can the minister indicate how we are doing compared to Saskatchewan in terms of recruitment and programs for aboriginal young people to participate in the mining and mineral sector?

**Mr. Newman:** I do not think we would have any data that would show how we are doing relative to Saskatchewan in that respect, but any ideas that are in Saskatchewan I would expect my department's human resource people and senior management to look into, and we should be looking at best practices all across the country.

We are identified with aboriginal human resource development council. I am a champion for that in Manitoba along with my counterpart

in Saskatchewan, and we are the only two provincial ministers in the country that are involved in that whole federal-provincial private sector initiative to achieve greater aboriginal participation in the workforce. We actually attempted to get the mining industry directly involved as a private sector employer, and many of the employers that are involved are in resource industries, so that is going to be one major vehicle that we are going to be using in Manitoba to move ahead. It is consistent with our aboriginal education strategy, which is a generational education strategy which we announced in our throne speech. It is consistent with our urban aboriginal strategy and generally our whole focus to achieve measurable improvement, in fact, targeted goals by the year 2025. So it is what is driving, as I have said earlier, all of the areas that I am responsible for.

But some kinds of initiatives which emerge, and they are far better if they emerge not by importing something from somewhere else but emerge right from the grassroots in Manitoba and particularly when they are led by aboriginals. Along that line Alan Paupanekis, Cross Lake, is a person who is very experienced personally in working in the mining industry and is one of the more knowledgeable and very thoughtful, reasonable, good-faith people at Cross Lake dealing with titanium project, who made a proposal for a 12-day introductory prospecting course. The proposal that he put forward, which was encouraged by us, would, provided we can reach an agreement with him, be delivered at Red Sucker Lake within the next few months, and depending on its success, similar courses may be delivered to other interested First Nations. We are envisaging a more advanced course as a follow up to this introductory course, and various possibilities are being evaluated in that respect. We have another proposal for that, which we are looking at.

Oh, I just got a news bulletin. The contract has been achieved and is now signed and the program will start June 28.

\* (1750)

**Ms. Mihychuk:** That kind of woke us up, having all that excitement in a field where generally we talk about millions and billions of

years—not many news bulletins. The priorities for the Geological Services Branch are, and I read from the Estimates book, encouraging increased levels of exploration in the Superior project or east central region—this is an area that is difficult to access and is basically sort of the initial phases of exploration—developing digital geoscience databases and developing a strategy for the Internet.

Can the minister indicate how many geologists are going to be going into the Superior project, how many will be going into the Thompson, Lynn Lake area and how many will be on the west side of the province in the Flin Flon region? As an addition, I would like to also ask, since we are looking up where the geologists will be deployed, include the Bissett and eastern part of Manitoba because I am sure that is probably in the same data that the department has.

**Mr. Newman:** The staff years portion between the different areas approximately, southern Manitoba 8.8; southeastern Manitoba .83; Northern Superior Province 4.5; Thompson 4.5; Lynn Lake 1.5; Flin Flon and Snow Lake have 5.2.

**Ms. Mihychuk:** I want to thank the minister for that information. I know that there are different factors that the southern geologists also include geologists that deal with quarry minerals, for example, and aggregates. There are a number of projects that are being conducted in the southern region.

Can the minister indicate if the department is participating in the analysis of the effects of Lake Winnipeg water levels? There has been a commission or a board established by the minister to review shoreline erosion. This is an issue that I am sure that the minister has heard about, just as I have, and there has been numerous lobbying groups that are urging government to reconsider their position on lake levels in Lake Winnipeg. My limited knowledge of hydrology indicates that erosion is a very complicated factor dealing with a number of different variables.

I am wondering if any of the geological staff are participating in that project.

**Mr. Newman:** Indirectly, there was an involvement, but not in the advisory group of the work that was done in collaboration with the Geological Survey of Canada by our department and Manitoba Hydro examining the whole issue of glacial tilt. It turned out to be resource material that was brought to the attention of what turned out to be or emerged as an advisory group. I know in the evolution towards the formation of the advisory group that that research was made available, and I think they brought in someone from the Geological Survey of Canada to explain it to interested stakeholders. But other than that, the involvement of the department as a resource to that advisory group is through my deputy minister and the Deputy Minister of Natural Resources, as well as Manitoba Hydro.

**Ms. Mihychuk:** Is it the opinion of the department of Geological Services that shoreline erosion is primarily the result of high lake levels as being sort of asserted by certain shoreline groups? Has there been some study or assessment of their argument geologically, and has that been provided to the advisory group?

**Mr. Newman:** I should never have said that I take a holistic approach, because now I am getting into Hydro—and my hat, Hydro. The advisory group is really education oriented, solution oriented, in terms of devising ways and means to cope with the inevitability of erosion. It has other specific functions which in its terms of reference involve some very specific things that are going to require the engagement of experts through a request-for-proposals approach, and that is in their hands to make the selection. But the committee, the advisory group, is not mandated to examine the relative effect, positive or negative, of the levels of water in the lake and the impact on erosion. There are several reasons for that. One is that there is a case before the courts that is dealing with that situation, and that is the kind of forum which should appropriately deal with that kind of difference of opinion of experts.

Certainly the position that has been taken by Hydro publicly is that the expertise says, no, it does not. If anything, it is a positive influence.

**Mr. Chairperson:** Order, please. The hour being 6 p.m., committee rise.

## SPORT

**Mr. Chairperson (Ben Sveinson):** Good afternoon. Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates for the department of Sport. As had been previously agreed, questioning for this department will follow in a global manner with all line items to be passed once the questioning has been completed. The floor is now open for questions.

**Ms. Marianne Cerilli (Radisson):** I think I indicated yesterday that I had hoped to be finished yesterday, but there are still a few items with the Pan Am Games I want to go through really quickly and then just ask a few other questions about some of the other events and responsibilities under Sport. We will not take much longer.

When we left off yesterday I had just asked for an update on the aboriginal component of the Games. I do not know if the minister has anything for me today or if that is going to be part of the package.

**Hon. Eric Stefanson (Minister responsible for Sport):** We made the request for the information. We do not have it yet. I do have two additional pieces of information. One is just a summary of the capital expenditures of the Pan Am Games with a little more detail on the projects that the member asked for that we went through in some detail over the course of the last day or two, and as part of that the member had asked the difference between the listing of \$15,588,000 in the budget of approximately \$17 million. The main reason for that gap in dollars between the facilities budget of \$17 million and this listing is the university's funding of the Investors Group Athletic Centre. The facilities budget carries the total cost of over \$8.5 million; however, the university's funding of over \$2 million was considered revenue and not deducted from the cost. So that really explains that, and I have got a couple of copies of that to provide.

The member had also asked for a detailed listing of the equipment, I believe, being bought and/or rented for the Games. I think she may

have a copy of this already, but in the event that she does not there are two copies of this listing as well. It is basically listed out by sport activity.

**Ms. Cerilli:** I appreciate getting this. I have not seen either of these documents previously. I think that this is good information to have. As the minister said yesterday when we were discussing the way that the Pan Am Games Society may have to deal with any financial arrears, they would possibly have to sell some of their assets, so this would be, I guess, the sheet that they would be using for that.

One of the things I wanted to just ask about, and I know we discussed this last year, and I am wanting to get an update in terms of the Affirmative Action Policy and requirements for the Games and the staffing and the other components to the Games that would include sort of a full participation of all Manitobans. So I want to find out what the effects are or the impact has been of the Affirmative Action program in terms of the hiring, and maybe while we are on this, too, an update in terms of the hiring from out of province. There has been some concern that a lot of the high-price expertise that has been brought in has been not, I guess, applying a sort of hire-local policy.

**Mr. Stefanson:** Mr. Chairman, actually part of that question, of course, was touched on yesterday by the member for The Maples (Mr. Kowalski), and we will provide the member with a total listing of all of the employees, a breakdown of how many are non-Manitobans. I think I did this last year, but we will provide a status report on that, and we will provide her details on Affirmative Action. I know there was, again, a little bit of controversy around that a few months ago through the media, but I will provide her with the information on that as well. I do not see that being a problem.

\* (1450)

**Ms. Cerilli:** How has the minister, or not the minister necessarily, but the Pan Am Games Society, responded to the criticisms that there have not been very many visible minorities hired by the Games staff?

**Mr. Stefanson:** Mr. Chairman, well, I certainly had a discussion at the time with the society

when the issue appeared in the media. They were meeting with various groups, community groups, on that issue to be sure that they were doing everything possible or everything within reason to be sure that they were addressing the issue of Affirmative Action. My impression was that they were doing a good job overall of meeting with the groups, hiring individuals, in many cases where obviously the individuals had the skills necessary as well. So I really should get the numbers for the member, and I think they, to a certain extent, might speak for themselves. But I believe, by and large, other than a little bit of controversy at the time, that they have been addressing that issue in a very serious way. Certainly my impression from my meetings and discussions has been they definitely are taking that issue very seriously and are working with the communities to continue to address it.

**Ms. Cerilli:** Okay, I will get that update. The other issue that we had been discussing was the provision of emergency services, ambulance, paramedics, but I also should ask more specifically about the requirements for other medical staff, for doctors. I understand that there is a problem. There has been, anyway, a problem with getting enough volunteer doctors.

I know that the 40-hour commitment is quite a bit. It may not seem a lot when you are considering that it could be spread over two weeks, but for a lot of the sports, they are only one week or less, which means that it amounts to volunteering as a full-time job for that period of time. I understand that doctors may not be able to make that kind of a commitment, so if there are some changes there that are occurring in order to try and get more doctors who will be able to give up some time, if not the full 40 hours that is being required of other volunteers?

As I understand it from a report from June 10, there were 71 doctors that have offered to volunteer, but perhaps not, as I have just mentioned, for the full 40-hour commitment. Mr. Chairperson, 130 were needed for that time period, but they would really like 200. So, in keeping with the serious nature of having adequate coverage in the Games of medical emergency staff, I wonder if I can get an update on the status of this area.



**Mr. Stefanson:** Well, I know that the Pan Am Games has just done a release, which is probably the one the member is referring to, in the last couple of days on the issue of volunteers. Looking back at the April/May Partners report, page 6, it talks about the medical committee service providers beginning the process of scheduling their volunteers. At that time, of course, they say recruitment of physician and support staff is ongoing. It says that they are working with the College of Physicians and Surgeons to obtain temporary physician registration for visiting physicians and so on, Mr. Chairman. So, again, they are certainly working with all of the right organizations to meet that need, and we could provide a more current status report for the member.

**Ms. Cerilli:** I guess my concern would be if some of these kinds of issues are prescribed in some of the agreements that are signed, certain areas that would relate to safety, if there is a consideration for those kinds of issues and agreements that are signed with PASO. I know that the minister said before that he was not aware of that in terms of ambulance and paramedics, but that would be a similar question I would have in this area.

**Mr. Stefanson:** Mr. Chairman, I will follow up on that issue as well for the member and get back to her.

**Ms. Cerilli:** We have had quite a big discussion about the ticket sales, but one of the issues that has been brought to my attention since then is the fact that, as I have described in the difficulty that I encountered in terms of purchasing tickets and dealing with Select-A-Seat, if there is a big rush on either at the very end of the pre-Games period or during the Games for tickets, the capability may not be there to actually meet the demand for tickets and that there could then be a problem of issuing all the tickets that are required to be issued sort of at the last minute. Could the minister clarify how that is going to be dealt with?

**Mr. Stefanson:** Again, I am told Select-A-Seat has the capacity to deal with it. I am told that they have been looking at their entire staffing requirements during that period.

Now, I recognize this is an event over two weeks with a lot of different venues, but, of course, looking at the experience of Select-A-Seat from major sporting events, Grey Cups, World Junior to concerts, they certainly have the technology and the ability to provide this service. So I am told that they are taking appropriate steps to be sure the service will be provided efficiently to the public, which is very important. I am also told that if the member contacts Select-A-Seat, that her change-order request has been fulfilled as requested.

\*(1500)

**Ms. Cerilli:** In terms of the test events, this is another issue I raised last year, that sport organizations were concerned that the cost of Pan Am Games test events was not included as a provision in the Pan Am Games budget. I am wondering if Sport Manitoba or the Pan Am Games Society would have a figure of the total cost for the test events for all the different sports and how that is going to be affecting all the different sport associations.

**Mr. Stefanson:** Mr. Chairman, again, I am told that I can provide a summary of the overall costs of the test events. I am also told that at the end of the day, most of the events broke even, or those that had a loss, it was fairly minimal. But I can certainly provide that information.

**Ms. Cerilli:** Well, I would be interested in finding out how they have managed to either break even or meet the costs and what impact, as I have said, that has had on the sport organizations in terms of them not having other events that would have been available for Manitobans, and also if the minister can confirm if the attitude or the policy is based on the idea that the sports are going to be getting equipment or perhaps other facilities and upgrades and that is sort of the exchange for them in running these test events. Is that sort of what they have been told in terms of why there is no budget for the test events?

**Mr. Stefanson:** Mr. Chairman, one of the reasons that the test events were able to break even in most cases or have minimal losses was that both Sport Manitoba and the Pan Am Games supported the test events. The issue that

the member asks about equipment, again, the indication is that was not in any way a condition of hosting a tenth test event. But having said that, ultimately the equipment disposition policy on the assumption that the equipment will be there to be disposed of and utilized for amateur sport in the province of Manitoba, I think many of those sporting organizations will be making requests for that equipment and obviously will receive very serious consideration, I am sure, in terms of being the recipient of the equipment.

But I am also told in most cases, if not all cases, the organizations were very pleased to host the events here in Manitoba, obviously a chance for all of their volunteers to get involved, a chance to enhance just coaching athletic involvement, all of those types of things, to see some of the best athletes in the sports that they take interest in and so on. So the indication is that the sporting organizations were in most, if not all cases, very pleased to have the opportunity to host those events here in Manitoba.

**Ms. Cerilli:** I am in no way suggesting they would not be pleased to do it. I think sport organizations are in the business of wanting to host sport events, but the concern is that they get the adequate funding in order to do the best job that they can and the high standard that they want to have, and that is the concern that has been expressed to me. I think that is, as it was expressed to me, it seems like in the development of the budget for the Pan Am Games there should have been some attention paid to test events, and that maybe even should have been a separate line in terms of the budgets that were drafted for venues and for sport.

**Mr. Stefanson:** Well, that is certainly a legitimate point, Mr. Chairman, and that issue was resolved through financial contributions being made both by the Pan Am Games Society and by Sport Manitoba for the hosting of the test events, and that is why, as I indicated, most of them have broken even or any losses have been minimal.

**Ms. Cerilli:** I am wrapping up my questions really to the Pan Am Games. One of the things I wanted to ask about when we were talking about the television contracts, and I think that is one of the areas that the minister said he was going to

get back to me on in terms of providing me with details. We sort of got into a bit of a debate yesterday over the kind of information that I was looking for. One of the questions is that the CBC agreement included a requirement to have monies related to the Pan Am Games pay for CBC upgrades in terms of their studio sets and improvements. Is that true?

**Mr. Stefanson:** Mr. Chairman, as the member indicated, we discussed this in part yesterday. She asked various questions about the television arrangements both in Canada and any other contracts outside of Canada. I indicated I would provide her with as much information as I can on all of those issues, and if there are any aspects of any contracts that have confidentiality clauses in them, I would obviously point that out to the member if that is the case. I am just indicating that sometimes that is the case with some agreements. So, as part of that, I will undertake to provide the information the member is asking for now.

\* (1510)

**Ms. Cerilli:** Also, in terms of the television contracts, other than an ESPN two-hour retrospective on the day the Games complete, there is no U.S. television, and I am wondering if the minister has asked for information of how that affected the budget in terms of other sponsorships that would have been forthcoming, particularly from U.S. companies.

**Mr. Stefanson:** I am sure the member recalls that this issue was really a part of the entire discussion back in 1997 when the budget was revised for the Pan Am Games. Both the federal government and provincial government made an additional contribution. The impact of the television rights and revenue associated with that have really been factored in with that revised budget. What they expected to end up with in Canada, U.S., and South America have been reflected in that revised budget.

**Ms. Cerilli:** The budget was revised to \$145 million and then revised down to \$140 million. I guess somewhere between there is the amount that would have been expected to come from additional corporate sponsorship or corporate marketing revenue. Is that an accurate way of

portraying it, the difference between \$140 million and \$122 million?

**Mr. Stefanson:** There were a few issues that affected the revised budget back in 1997. I do not want to go by memory. I do not have that information here. I will undertake to provide the member with a summary of what those changes were.

**Ms. Cerilli:** A few other questions I have relate more to Sport Manitoba. One of the other issues that has come up time and time again are the kind of agreements that sport organizations have with Sport Manitoba and sort of with the provincial government, I guess, through Sport Manitoba. I understand now that there is a multi-year funding agreement for Sport Manitoba, but for sport governing bodies it is sort of a year-to-year funding arrangement where they have to do their game plan. That is addressed each year. That provides a lot of administrative work for sport governing bodies.

They have said that it would make a lot more sense to sort of have them go to a four-year cycle similar to a lot of the major games. They operate in that kind of a fashion. Is that something the minister would agree would make sense? Is that something that Sport Manitoba can look to do, have similar agreements as they have with the government in terms of a multi-year agreement for all the sport governing bodies?

**Mr. Stefanson:** I do tend to agree wherever possible that you should give commitments over a reasonable period of time. We always argue that as a provincial government, with the federal government and others, that we want some predictability and certainty and stability and all those kinds of things. The same applies with organizations that we fund. I am told in this particular case that the sport governing bodies do have a four-year commitment on their base funding, which represents up to at least 80 percent of the funding in all cases.

Sport Manitoba holds back 20 percent to be allocated based on the implementation of game plans relevant to the sport. So the sport governing bodies do have a commitment for 80 percent of their funding, and it is the final 20

percent that comes back to the submission of an individual game plan.

**Ms. Cerilli:** Well, for that 20 percent funding, it would be interesting to do a cost benefit analysis in terms of the amount of administrative time that is required for some of these sports to put these plans together and meet with their advisors with Sport Manitoba and go through that whole process. I am wondering how much of that 20 percent of the budget goes to that process. That is just me speculating.

But the whole new system that is in place for classifying sports, that raised quite a lot of controversy when it was first introduced, and I am looking for some update in terms of any changes that were made in terms of sports that were reclassified as part of the transition into that process.

**Mr. Stefanson:** First of all, just to conclude with the first issue we were discussing and the submission of game plans, they are certainly not meant to be onerous undertakings. The purpose is to get a sense of what the sport is doing in terms of athlete development, coaching development, participation, all of those issues, and, obviously, the allocation of the 20 percent varies from sport to sport. So there certainly is an opportunity to assess how they are doing in those important areas.

Having said all of that, I think we are now into the second year of this process. I believe that Sport Manitoba is looking, as everybody gets comfortable with the process and the information is fairly stable, to potentially move to either a two- or a three- or a four-year cycle on that part of it as well. I do not want to leave the impression that that might not change, but in the initial stages, to get a good handle on the game plans for all of the sports, this was the initial process.

In terms of the shifting of classification, I will obtain from Sport Manitoba a summary of what sport shifted into what categories, but in terms of the financial impact of the sports, they were bridged for a period of four years, I believe, so that they are not again hit in a burdensome kind of a way in a short period of time over one year or anything like that. So it is

being bridged over four years in terms of financial adjustments. I can provide a summary of the categorization of the sports for the member.

\* (1520)

**Ms. Cerilli:** I know that there was quite a difference for a few sports, that they were really going to lose quite a lot of money. I guess I am interested in getting another report on how this is affecting those sports in particular. In some of them, they were thinking they were going to have to lay off staff; that they were going to have to close their office, that they were going to have to eliminate some programs because they were going to lose in some cases—I am going from memory here—it was over 30 percent, 40 percent of their funding. At the same time there were complaints that some of the sports did not meet all the qualifications—or criteria, I guess I should say—but they were given the upper classifications and were qualifying for the most funding. I am interested in finding out how some of those issues were resolved.

**Mr. Stefanson:** Again, I am told, because of the bridging in particular, that there were no reductions in programs by sport organizations and as well that we are not aware of any significant layoffs within the sport governing bodies. There may have been some adjustments. I am not suggesting there may not have been some adjustments in some administrative areas and so on. Part of the bridging funding was to make sure that any adjustments are done in a fair and orderly way. I think the member's specific question was that there were some fairly significant adjustments and wanting a sense of which sports were impacted significantly. We can undertake to provide that as well.

**Ms. Cerilli:** I am also wanting to get an update in terms of Sport Manitoba. They seconded a number of staff to the Pan Am Games. There were a few staff that also came from some of the sports. I am interested in getting sort of an update on the number of staff at Sport Manitoba, where they have gone and what Sport Manitoba has given up. If not all the staff that have been seconded have been replaced, have there been certain functions at Sport Manitoba that have been reduced during that period?

Part of the transition that was made in creating Sport Manitoba was to try and deal with sort of a top-heavy administration, and I am wanting to see what progress has been made in that vein. I remember your predecessor, the Minister for Sport, Mr. Ernst, used to talk about wanting to get more of the dollars in Sport into the grassroots and into sport programs. That was why some of the changes we have been talking about were made. I am interested in seeing any progress in that area, and how that is being sort of measured.

**Mr. Stefanson:** I am told that presently there are 33 staff positions at Sport Manitoba, and Sport Manitoba has three seconded to the Pan Am Games Society, for a total of 36 staff positions.

The member's specific question, on an overall basis, Sport Manitoba has cut down on administration. They have introduced some other administrative efficiencies, and I am certainly prepared to get the percentages or ratios, but there is no doubt that a higher percentage of Sport Manitoba's budget today is going directly into programming and sport organization.

**Ms. Cerilli:** I am almost done. I will look forward to getting that.

One of the Expected Results listed in the Estimates book is that there will be effective implementation of Manitoba Sport policy. I am interested in knowing how the government is going to know that there is effective implementation of Manitoba Sport policy. What is being done to evaluate? What is being done to monitor, particularly as it relates to schools and other institutions?

Even at the Sport organization level now, it is much more arm's length from government. The minister makes reference to that. This has been an issue in terms of ensuring that the Sport policy is actually being followed as intended.

Again, I reference the changes that have been made organizationally. I know that the previous Minister of Sport used to reference the Sport policy as one of the reasons for making some of these changes. I am wondering if the minister can show that there has been some

improvement in the implementation of Sport policy.

**Mr. Stefanson:** Well, that is a good question. I know the member is familiar with the Sport policy document introduced a few years ago. Annually Sport Manitoba produces a business plan. This is a copy of the executive summary of this year's business plan. I believe the member has a copy. If not, we can certainly undertake to provide her one.

Really, the development of the annual business plan, the foundation for it is the Sport policy. On an annual basis in the preparation of the business plan, the Sport policy document is the key foundation, the key sourcing document in the preparation to be sure that these policies continue to be pursued, what progress is being made, how they are being introduced, how they are being dealt with, and so on. If the member has not had a chance to look at this year's business plan for Sport Manitoba, I think she would find it certainly informative and find a direct correlation back to Sport policy.

\* (1530)

**Ms. Cerilli:** Well, I think I have a photocopy of that booklet that the minister has. I am not sure. I cannot tell from where I am sitting. He can send me a copy of that. I guess I can follow up and compare those two and follow up on this issue.

Two more issues and we are done, three actually. One of them has to do with the Western Canada Summer Games. I am basically just wanting to get some more information in terms of the budget, the revenue sources, usual sort of expense facilities, indication of the location of some of the facility upgrades as well. I am not sure if there is sort of a package, sort of an update that could be provided for me just on general information on the Western Canada Summer Games.

I appreciate it is sort of a unique situation where it is a region that is offering the games. I think that is positive. I look forward to being able to follow this. I understand that it is sort of at the beginning stages. The games are not until 2003.

**Mr. Stefanson:** We can certainly provide a status report, information like the budget, the preliminary locations for venues, and so on. The member is right that the 2003 Western Canada Summer Games is basically four communities—Selkirk, Gimli, Stonewall, and Beausejour—just fairly recently awarded the games. The Province of Manitoba has made a commitment of \$500,000 to assist the host community in the games, but I can undertake to provide the budget that they have prepared and information on sports locations and venues.

**Ms. Cerilli:** My final couple of questions then have to do with the treatment of athletes in Manitoba and more of our provincial developmental programs. I have received phone calls and letters from concerned individuals on a couple of issues, first of all the sense that rural athletes be given I guess some kind of consideration in terms of what they face in being able to train and prepare for provincial teams or trials and because of the lack of facilities in a lot of rural areas, the lack of coaches, just the general difficulties presented because of geography and travel and costs, how this is addressed by either sport governing bodies or other provincial teams, that sort of thing, so that parents and rural athletes feel that they are not sort of having to face double barriers in terms of being successful in having as many opportunities as athletes who live in urban centres or in Winnipeg.

**Mr. Stefanson:** That is an important issue. There are at least two sets of organizations that are helping in this area. One is the regional sport associations themselves, who assist athletes in the fashion the member is referring to, to a certain extent in terms of whether it be travel related costs in some cases or other forms of assistance for athletes.

The other one is the National Sport Centre. Now, they are here in Winnipeg, as the member knows, under the chair of Dr. Glen Bergeron. They do a number of things, I think as the member knows, from sport medicine to psychology to physio and massage therapy and personal, but they also do educational and career counselling and job placement. That is one of their functions, to work with athletes in terms of both career counselling and, in some cases, job

placement, which can be important for some of our athletes, particularly some of our higher performance athletes.

**Ms. Cerilli:** Maybe in writing the minister could give me a little more information about how the rural sports organizations, other than the granting program, are trying to support rural athletes.

The other issue I wanted to raise is—maybe just start off with a general question. If there is a complaint about a certain sport, in terms of fairness to athletes, if one athlete feels like they are being unfairly treated or there is bias and they are being barred from sort of making teams and that kind of thing, is that something that the minister is made aware of?

**Mr. Stefanson:** Mr. Chairman, I would say in most if not all, I certainly receive some letters on that, and what I do with those letters is immediately contact Sport Manitoba, usually Jeff Hnatiuk, and ask them to investigate the matter, which they do. They, as the member knows, are the organization that provides the direct funding to the sport governing bodies, have the day-to-day liaison, are housed in the same facility in most cases, or many cases, and so on. I then get a report back on the issue and then usually communicate with the athlete or with the family or whoever the source of the question or concern is.

I am also usually kept informed if an issue relative to an athlete's participation or some concern goes directly to Sport Manitoba which also happens in some cases—it does not necessarily come directly to me—and then Sport Manitoba keeps me informed of what review is undertaken and what the results are of that review, Mr. Chairman.

\* (1540)

**Ms. Cerilli:** So you would monitor any follow-through on any complaints yourself or through your office. I guess I am wondering if it works the other way, too, if not necessarily the complaint originally goes to you but if it goes to Sport Manitoba, is there a requirement for Sport Manitoba to inform you of those kinds of public complaints?

**Mr. Stefanson:** The short answer is yes on that total question.

**Ms. Cerilli:** And individuals who have a complaint, would they be able to go to the Ombudsman? Would the Ombudsman cover sport organizations?

**Mr. Stefanson:** Again, Mr. Chairman, I know obviously Sport Manitoba takes any of those issues very seriously which they should, as do I. In some cases, they have introduced a mediator to the process, but whether or not if an individual is not happy with the final outcome of an issue they can appeal that or take the issue to the Ombudsman, I will have to check on that, and I will get back to the member.

**Ms. Cerilli:** If there are cases where the Human Rights Commission is involved, and there is a ruling, and there is even maybe going to be a decision made, I guess there is some concern by some of the public that unless it goes to a body like that, that there is not going to be sort of an unbiased view, that they would sort of view a sport organization, Sport Manitoba, all in the same way, and I am wondering if the minister would consider that there may be a need in some cases to ensure that there is a real third party that would be involved.

In some cases, these can be fairly serious allegations. There can be quite a bit at stake in terms of people's reputation, financial assets, business interests. So it can be more than just an individual athlete's feelings hurt because they are not selected for a team. I guess that is the point I am trying to make.

So I wonder if the minister would consider that there needs to be a process set up, so that it really is an impartial third party that would be investigating and would be seen to be investigating any kinds of complaints about Sport Manitoba's organizations that are involved and provincial teams and that kind of thing.

**Mr. Stefanson:** As the member knows, the sport governing bodies are not members of Sport Manitoba, but they do receive their funding from Sport Manitoba. I think she is right that sometimes when Sport Manitoba is dealing with a situation, there can be the perception that there

is not necessarily independence. That is one of the reasons that Sport Manitoba in various cases has pulled in a third-party mediator to assist, try to resolve the situation, and so on. So we have taken some steps along the path of what she is referring to, trying to be absolutely certain that the review process is objective and is independent. I am certainly prepared to look at her suggestion whether or not there is anything else we can or should be doing to create a mechanism to ensure that that is the case.

**Ms. Cerilli:** I do not know if you had addressed the issue of the Ombudsman having jurisdiction. Did you address that?

**Mr. Stefanson:** On the Ombudsman question, I did indicate I would get back to the member. We are not certain whether there is an appeal mechanism to the Ombudsman, but we will determine that and get back to the member.

**Ms. Cerilli:** Just to wrap up then, I know that I have asked a lot of questions in Question Period in the past about the government's education policies as related to physical education and the amount of concern in the sport community about that. I know that the government has just also undertaken as part of an agreement with the federal government to try and reduce the inactivity of Canadians by 10 percent. I have been concerned that there has not been a lot of investment on the part of this government into this whole area of fitness and recreation in terms of trying to reverse the trend, where we now have 50 percent of adults in Canada, in Manitoba, that are obese and are inactive.

I am wanting to know what Sport Manitoba or the whole sort of sport structure has been involved in this initiative. It is actually through the Fitness Directorate. I am not sure, I am assuming it is the Minister for Culture and Heritage that has signed the agreement that all provinces have signed with the federal government to try and reduce the number of inactive citizens. I am wanting to see what kind of involvement Sport Manitoba or other parts of the sport structure have been playing in developing any kind of plan to attain that goal for Manitoba by the year 2003, I believe it is.

**Mr. Stefanson:** Again, the member is right. Fitness is under Culture, Heritage and Citizen-

ship, but there is a relationship obviously to Sport and some other departments of the government. Sport does interact with the Fitness division in Culture and Heritage. Sport does participate in the SummerActive program, the WinterActive program and some of those initiatives.

One other thing that I think is important is the whole issue of participation. Again, when we talked about the game plans for the sport organizations, that is certainly one of the issues, is what are they doing to encourage and create participation in their sport at all levels, from the recreational fun participation to the high performance.

So that is certainly a vehicle that Sport can use and utilize well to encourage healthy lifestyles, fitness activity and so on. So Sport is certainly a participant and a key player in addressing that issue.

\* (1550)

**Ms. Cerilli:** My specific question, though, was pertaining to this agreement that the province has entered into to reach this target of reducing the number of inactive people in the province by 10 percent by the year 2003. My question is what role is Sport Manitoba playing in that?

**Mr. Stefanson:** Well, again, as the member indicated, the agreement is with Culture, Heritage and Citizenship in Fitness, and Sport is partnering with Fitness in terms of a number of these initiatives to achieve that target. So the lead is Fitness but Sport is doing a number of things. I have outlined that they are working with sport governing bodies, the provincial sport organizations in terms of the various programs in place but also to enhance participation in sport.

**Ms. Cerilli:** Perhaps before we completely leave that alone, I can just ask the minister if I could get a more detailed answer to that question sent to me.

**Mr. Stefanson:** Sure, Mr. Chairman.

**Mr. Chairperson:** 28.1. Sport (a) Support Services (1) Salaries and Employee Benefits \$15,400—pass; (2) Other Expenditures \$40,600—pass.

28.1.(b) Sport Manitoba \$10,205,000—pass.

28.1.(c) Major Sport Initiatives (1) Team Canada Volleyball Centre \$75,000—pass; (2) 1999 Pan American Games (a) Grant Assistance \$5,000,000—pass; (b) Less: Recoverable from Urban Economic Development Initiatives (\$5,000,000)—pass; (3) 2003 Western Canada Summer Games \$75,000—pass; (4) Other Events \$115,000—pass.

28.1.(d) Manitoba Boxing Commission \$29,100—pass.

Resolution 28.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$10,555,100 for Sport, Sport, for the fiscal year ending the 31st day of March, 2000.

28.2. Amortization of Capital Assets \$1,700—pass.

Resolution 28.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,700 for Sport, Amortization of Capital Assets, for the fiscal year ending the 31st day of March, 2000.

This completes the Estimates of Sport. I thank you. The next Estimates we will be considering will be Consumer and Corporate Affairs.

## CONSUMER AND CORPORATE AFFAIRS

**Mr. Chairperson (Ben Sveinsson):** Good afternoon. Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates for the Department of Consumer and Corporate Affairs.

As had been previously agreed, questioning for this department will follow in a global manner with all line items to be passed once the questioning has been completed. The floor is now open for questions.

**Mr. Jim Maloway (Elmwood):** I think today we wanted to look at the Securities Commission and its operation in the province, so perhaps I could begin with some questions of the

Securities Commission. Over the last while, there has been talk of a national—

**Hon. Shirley Render (Minister of Consumer and Corporate Affairs):** Mr. Chair, we have got a new face up here today, and I would just like to introduce Doug Brown, the deputy director of the Securities Commission.

**Mr. Maloway:** Mr. Chairman, I wanted to get into the issue of the whole business of a national securities commission for the country as a whole versus the current system that we have. I would like to know what are the developments that have occurred over the last year or two in this area.

**Mrs. Render:** There have been some discussions at a national level, but I think it would be fair to say that there has been very good co-operation between the various securities commissions across the country. The chairs have monthly conference calls. There is dialogue going back and forth all the time. There is discussion about the rules and regulations and harmonization of it. In effect, it is almost as if there is a national securities commission operating, even though it is not a separate entity. At this stage there is no intention to proceed to that kind of a national body.

**Mr. Maloway:** Well, how much duplication currently exists then between the provincial Securities Commission and the national?

\* (1600)

**Mrs. Render:** There is no duplication. Each commission has its own rules and regulations within its own particular jurisdiction. As I said just a second ago, there is no duplication. There is working toward harmonization, but that is not to imply that at the present there is duplication.

**Mr. Maloway:** Then what sort of problems does a company face when it operates inter-provincially in a number of provinces when it has to file different requirements with different securities regulators and different rules for broker registration and the like?

**Mrs. Render:** I am advised that it is not an onerous process. It is co-ordinated through one



jurisdiction. In other words, the business does not have to work with 10 or 13 jurisdictions. One jurisdiction takes the lead and facilitates what the company has to go through. That is on a prospectus level. That same concept is being expanded at the registration level.

**Mr. Maloway:** So is the minister saying, then, that the old concept floated a couple of years ago about a national securities commission is a dead issue at this point?

**Mrs. Render:** I am not too sure who the member was implying was pushing the national concept. It was not being pushed at the provincial level. It is felt that at the provincial level there are lots of efficiencies. As I said earlier, the chairs have monthly conference calls. There is dialogue back and forth on a very regular basis and co-operation is a key word. If there was any pushing, it may have been by the federal government.

**Mr. Maloway:** How will the Securities Commission be affected by the demutualization of the five life insurance companies right now? I know that some of the brokers are pretty happy about this development and are holding planning seminars, and so on, but, beyond that, how does it affect your role?

**Mrs. Render:** The Securities Commission does not regulate the companies themselves. They will regulate the process of the selling of the shares to the public. I will just leave it at that for the moment.

**Mr. Maloway:** With all the activity, though, of the brokerage houses in this field I was just asking the Securities Commission as to whether they saw a lot of potential problems with this whole process or whether there would be more activity on their part, more work for them. What sort of problems would they envision?

**Mrs. Render:** The Securities Commission really does not anticipate any problems with this process. It is like any other process along these lines. The Securities Commission will ensure that the prospectus is accurate, that it provides full disclosure, but the monitoring is the same as with any other similar kind of transaction.

**Mr. Maloway:** A lot has been made over the last few years regarding the regulation of financial planners. That issue has been all over the map. I just wondered just what has been happening in that field and how close we are to getting some sort of a proper regulation of the area.

**Mrs. Render:** The securities administrators are looking at the issue.

\* (1610)

**Mr. Maloway:** The securities people have been looking at this issue for a long time. While all this is going on, people are, in fact I think anybody in this province and this country can hold themselves out as a financial planner. In fact, many, I think, regular agents go under the handle of a financial planner because it gets them in the door a little quicker than if they went in as what they really are, life insurance agents or whatever handle they happen to be licensed under.

I think it is in the interests of the industry as well to have some sort of regulation, because it does not help their cause any if consumers feel aggrieved by this process when they feel they have been taken advantage of and they complain and it discredits the whole industry. So it is not only a question of consumer protection, it is also a question of the viability of the reputations of the people selling the products in this business. Clearly there is more going on than what I know about right now. I would like to know exactly what has been going on. What sort of meetings have been occurring? Where are we in the process of getting some regulations in this area?

**Mrs. Render:** As I have said, people are looking into the issue. That is about all I can say at the moment. We are not at a stage where regulations are coming in. I take the member's comments, and, in fact, there has been some media attention on this very issue. I think that I remember reading articles in perhaps The Globe and Mail, perhaps in the Free Press, talking about the term "financial planners" and that anybody can call themselves a financial planner. I think one of the thrusts of one of the articles that I read was that the investor should ask a few questions. When somebody calls themselves a

financial planner, one should ask just exactly what qualifications that individual has. As I say, I will take the member's comments. He has some valid comments.

*Mr. David Faurshou, Acting Chairperson, in the Chair*

**Mr. Maloway:** I would like to know how many complaints then have been lodged with the commission over the years relating to this issue.

**Mrs. Render:** We have been discussing this because in a sense the question does not quite fall within the jurisdiction of the Securities Commission. I guess what I am saying is, because there are no financial planners because the Securities Commission does not regulate this term, this person presumably called a financial planner, the complaints are not categorized as financial planner complaints. If complaints come in, they perhaps would come in as a salesman who is acting improperly or perhaps a registered person acting against the rules of the commission. We just do not have a figure we can pull out for the member in answer to his question.

**Mr. Maloway:** But if the area is so problem free, then why are there constant requests for regulating this particular industry if there is no apparent problem here?

**Mrs. Render:** I guess I would answer the question by saying that there is some confusion out there, as the member well knows, as to exactly what a financial planner is. In that sense there would be reason to regulate because you would define what a financial planner is and define the qualifications that that individual needs to have. Some people who call themselves a financial planner may offer only advice, and they do not buy or sell securities. So the push to regulate may be coming from various associations within the industry itself. I think that is certainly understandable. I will just leave it at that for the moment.

**Mr. Maloway:** The question, I guess, is: has there been agreed definition as to what a financial planner is?

**Mrs. Render:** I think the last part of the member's statement probably is the answer that I

will give. No, there is no definition of a financial planner. At the present there is not agreement as to what designates a financial planner.

**Mr. Maloway:** Is any province in this country interested in rules and regulations concerning [inaudible] profession?

\* (1620)

**Mrs. Render:** I believe only Quebec.

**Mr. Maloway:** What year or how long has that been [inaudible]

**Mrs. Render:** I am afraid we cannot give the member an answer to that. We are not sure.

**Mr. Maloway:** Can they do some research and find out the details of the Quebec legislation, when it was set up and what sort of experience you had with it over the years it has been set up? Has it been effective in curbing problems? Are there still as many complaints as before? More complaints or fewer complaints than before? Let us check into the United States—there is probably a lot of financial planning type of legislation in some of the individual states themselves—and maybe come up with some sort of a chart as to who has got what. Then we could see where we could go with it. Does that not make sense?

**Mrs. Render:** These are some of the things that the Securities Commission is presently looking at.

**Mr. Maloway:** Well, I am looking for some information on this, so that I would like to see, you know, if you would get a report done or get some information done that you could get back to me with the answers to the question.

**Mrs. Render:** As I say, the Securities Commission is looking at some of these right now. We will see what information we can gather for the member on a fairly speedy basis.

**Mr. Maloway:** I would like to ask the minister: what sort or kind of e-trade activity do we have in Manitoba?

**Mrs. Render:** I have been advised that there is minimal, perhaps 3 to 4 percent.

**Mr. Maloway:** Mr. Chairman, who is operating in Manitoba with e-trade?

**Mrs. Render:** I have been advised that there is one registrant—oh, several; I am sorry, I will correct that—several major brokerage houses.

**Mr. Maloway:** Can the minister provide a list of those brokerage houses?

**Mrs. Render:** Yes, we can provide a list.

**Mr. Maloway:** I would like to ask the minister then: are those brokerage houses registered in Manitoba?

**Mrs. Render:** That is correct.

**Mr. Maloway:** Well, are there any foreign traders operating in Manitoba that the Securities Commission is unaware of?

**Mrs. Render:** I have been advised that we do not have a list. The Securities Commission would respond to a complaint, but if somebody is trading on the Internet and they are trading in Manitoba, then they would presumably be registered or should be registered.

**Mr. Maloway:** Then what is the Securities Commission's view of some of the U.S. trading houses? I believe schwab.com and others are operating right now. How does it view operations like that?

**Mrs. Render:** If they are not registered in Manitoba, then they should not be dealing with Manitobans, but the major American companies do abide by the rules.

**Mr. Maloway:** How would they know if people were doing their e-trading through Schwab, for example? How would you know?

**Mrs. Render:** As I mentioned earlier, probably the Securities Commission would not know unless there was a complaint but, as I said, the major companies do abide by the rules.

**Mr. Maloway:** I think you ultimately get into the whole area of how to regulate the World Wide Web. That is where it kind of ends up at the end of the day.

I remember talking to the Saskatchewan Finance minister, because I cannot talk to the one here.

**An Honourable Member:** Say what?

\* (1630)

**Mr. Maloway:** Because I cannot talk to the one here, I have to go to Saskatchewan to talk to a Finance minister. I asked him at the time to look into the whole area of taxation because you can imagine that if you are buying things through the Internet, how do you collect taxes? If you can buy a computer in the United States or if you can buy a computer in Ontario, then how do you collect the sales taxes when it crosses the border, and so on?

It is an increasingly difficult problem to do, and in the old system it was a much easier proposition, because you had to bring it in through roads and stuff like that. But now it is, with the Internet, you can buy stuff all over the world. So it is certainly going to be a problem for Finance, and it is going to be a problem for you as well.

Now, ultimately, if you project 10 years down the road, it is conceivable that maybe, you say 4 percent of the e-trades are occurring in Manitoba right now, 4 percent of the total trades are e-trades, but in short order that could be reversed. It could be 96 percent will be e-trades. They may be with schwab.com, and they may not be registered here. The point is, at a certain level, how are you going to regulate and enforce in an environment like that? How are you going to do that?

**Mrs. Render:** I am advised that the Manitoba Securities Commission is a member of the North American Securities Administration Association. That membership puts them into contact with various securities commissions across the United States. If there are problems occurring elsewhere, that information is relayed to the Securities Commission here in Manitoba.

**Mr. Maloway:** Well, not having ever set up an e-trade account, I am wondering how it is determined just what the actual address is of the person that is doing the trading because the

computer could be anywhere. It could be in a beach in Mexico, and the person may live here, and they may be trading on schwab.com, so how can you determine then just where this is happening?

**Mrs. Render:** The member is asking some pertinent questions, and I think the answer to a lot of this in fact is fairly similar to some of the answers I have been giving over the past number of days in Estimates. It is the educated consumer, whether it is the buyer beware, and I think more of us now, whether it is roof scams or whatever, are realizing that there is an onus on them to ask questions, and in this instance the Securities Commission will be offering information to potential investors. They quite recognize the fact that an educated investor is a protected investor. Even for something like this, the informed consumer will be advised that he or she should be dealing only with a company that is properly registered, that there is a risk to do business with a company that is not registered.

So the Securities Commission, one of the things that it is going to be doing is, as I say, providing more education informing investors about the workings and pitfalls of accessing capital markets in whatever way, whether it is through the Internet or what have you.

**Mr. Maloway:** I would like to ask the minister: what sort of scams the Securities Commission has encountered as related to e-commerce and e-trading over the last couple of years?

**Mrs. Render:** I have been advised that there has not been any mail scam.

**Mr. Maloway:** I would like to ask the minister if she has any information for me on the role of day traders in Manitoba.

**Mrs. Render:** Actually, here in Canada, speaking right across the country, not just with our Manitoba Securities Commission, there is an additional protection. Each order has to be reviewed by the broker, so it would make it more difficult for someone in Canada to fall prey to something that maybe was not being traded properly.

**Mr. Maloway:** I am not clear on what the minister said there. Could you repeat that?

**Mrs. Render:** I have been advised that each order has to be reviewed by the broker. As the member knows, each broker knows or should know his client's financial status and should be advising the client as to whether or not this is an undue risk. So, because this provision is in place, as I say, it just gives an additional protection to the Canadian or, in this instance, the Manitoban, investor.

\* (1640)

**Mr. Maloway:** What if the broker is schwab.com and they are not registered in Manitoba? Then what happens?

**Mrs. Render:** The company then would be subject to prosecution if they are not registered.

**Mr. Maloway:** Does the minister know how many day traders there are operating in Manitoba?

**Mrs. Render:** No.

**Mr. Maloway:** Can the minister tell us: is there any way to find out?

**Mrs. Render:** I do not think there is any way to find out. The brokers do not keep those kinds of records.

**Mr. Maloway:** Is there any thought given to registering the day traders or trying to get a handle on how big an issue it is here in Manitoba?

**Mrs. Render:** There is no proposal to register the individual who buys and sells his own stock.

**Mr. Maloway:** Well, what is the minister and the government's position on day traders? Do they approve of day trading or not?

**Mrs. Render:** I think the answer to that question is that there are rules in place as to the licensing of the broker for the protection of the investor.

**Mr. Maloway:** Does the minister accept the contention that day traders and day trading can

create volatility in the stock market, unnecessary volatility, and that in fact these people create no wealth at all really in the process?

**Mrs. Render:** It is not really a question of creating wealth. It is a question of the movement of assets, the transfer of assets.

**Mr. Maloway:** I guess I was asking the minister's opinion as to whether or not day trading should be encouraged or whether it should be discouraged.

**Mrs. Render:** It is not a matter of approving or not approving. It is more a matter of making sure that the investor makes an informed decision and that is up to that investor as to how he wants to do this.

*Mr. Chairperson in the Chair*

**Mr. Maloway:** Mr. Chairman, I had thought that perhaps regulation would be difficult to do, but just an opinion as to whether or not it was to be encouraged or not would go some way to educating the public on the government's views on day trading. It seems to me it is a very risky proposition that some people are making money at it, but some people are losing money at it as well. It is basically just using computers for immediate trades, and there is no wealth created. If too many people get into day trading, there could be, I have been told, a volatility on the market.

I do not think it is in anybody's interest to take down the market. You know, we had programmed trading collapse back, I believe, in '87, and there was an involvement in programmed trading that helped to take the market down at least once or twice in the past. So I think any activity that does not create any wealth, that leads to unnecessary volatility, unnecessary risk in the market, should not be encouraged. So I am not thinking the minister is going to solve this problem overnight, but certainly having a view on it and propagating that view would probably be a plus. Personally, I cannot see the minister being highly in favour of promoting Manitoba as a haven for day traders. I guess that is what I am asking.

**Mrs. Render:** The honourable minister promotes an educated investor. Any kind of

investing involves a risk, so if you are going to put money into a stock market, you have to be prepared to take some risk. I would just repeat once more that you have to be an informed investor and decide what is the best route to go for you.

**Mr. Maloway:** Well, perhaps day trading might be viewed as simply an offshoot of this government's policy on lotteries. Anything and everything goes in this jurisdiction and we are sliding, I believe, on a year-by-year basis, not in the right direction either, I might add.

I would like to ask the minister now, I have a couple of questions in an area that may, in fact, be closer to the Consumers' Bureau. I am certain that the minister did not want me to call the Consumers' Bureau back, if possible. So perhaps we can get into a couple of these areas just with the Securities Commission, and actually there are some implications for them as well in these areas, but one of them concerns rules on basically dealing with e-commerce and on-line merchants.

\* (1650)

I have a couple of examples for you, but just in the recent months, I ordered a UPS and the credit card was hit immediately. When it came time to pay the credit card bill a month later, there was still no UPS, no UPS had showed up. So upon phoning, believe it or not, the UPS did show up, but had there been no phone calls made, calls, not one, several calls made, I might still be waiting for the UPS at this point. So, clearly, there is a problem there, and there is need for some regulations in that area.

In fact, I was just looking at an article last night from a person who wrote to one of the computer magazines. This fellow claims he ordered a sound card from a reputable company on the Internet, and he said he received prompt confirmation via e-mail. His Visa card was charged. That seems to be automatic in this business. Time went by. He sent e-mails. Nothing happened. Then he noticed the company had no phone number listed on the site, and he called the Better Business Bureau. They told him that they had received other complaints. At the end of the day, he got his money back, but he went through a lot of inconvenience.

The question is whether just this province should have some sort of rules. In some states in the United States, there are some rules that stipulate when the credit card should be charged. They are not national rules but state laws. There should be a policy on payments and charges. These policies are in effect in some states.

So some have them; some do not. The feds do not. I would like to know what this minister and this government and this department are doing in this area.

**Mrs. Render:** I do not know that this is really a problem. I can think of major stores across the country that have catalogues, and if you buy something out of the catalogue on your credit card, it immediately goes on your credit card charge. These are very reputable stores, and the item shows up perhaps at your door or perhaps at a pickup that you have to go to. I do not know what the difference is.

The member is shaking his head, so perhaps he would explain.

**Mr. Maloway:** If you were to order a computer from Dell or Gateway on-line or over the phone, they do not hit the credit card. They do not charge the credit card until that equipment is actually sent to the buyer.

What we are talking about here, if Dell and Gateway were to do that, they would charge you immediately upon placing the order. Then where would the incentive be to get the computer made and sent? So their policy is to charge the credit card when the computer is sent. Now, these companies are very efficiently run, and they can predictably send their product out in 10 or 12 days, so they do not have a problem. The moment the computer clears the shipping dock, I guess that is when the card is charged.

Now, this is definitely a problem. You cannot say it is not. Some states have laws on this. So the question is whether the minister will do some research in this area, find out which states do have these laws and simply implement similar laws here, so that consumers do not continue to have this problem.

I think I have only ordered one item on the Internet, that one UPS, and UPS is a very

reputable company, and that happened just with one trade. This problem with the sound card prompted this person to write a letter to a national computer magazine.

So the question is: why are some jurisdictions ahead of the game, out in front, progressive, looking after consumers, have legislation as to say when the credit card can be charged and have rules that say that the merchant site has to have a policy on payments and charges, and this province has nothing? Why is that?

**Mrs. Render:** Mr. Chair, as I started to say earlier, I do not see a difference in this kind of a transaction from the transaction of an individual going to a catalogue and purchasing a coat with a credit card. That credit card number is given when you make the phone call and place the order. It goes immediately on the credit card. Your merchandise may not arrive for two weeks. I do not see any difference in what the member is talking about.

I also go back to my other statement that people have to use common sense. There is an onus on people to check out who they are giving their credit card number to. I believe that there is a very strong onus on a person to do a little bit of sleuthing to see whether the company that they are giving out a credit card number to is a viable company that has a good reputation. A few phone calls can sometimes give you this information, and if you cannot find the proper kind of information, then, again, consumers should use common sense.

Just to change the subject now, I would ask the honourable member, he did request certain staff be here today, and I am just wondering whether he is through with the Securities staff. We do have other staff sitting at the back of the room.

**Mr. Maloway:** Well, as I had indicated to the minister yesterday, when we start a line of questioning, we do not know whether we are going to be finished in 15 minutes or 15 hours. I mean, unfortunately, that is just the way things work out. It is the responsibility of MLAs in this Legislature, opposition MLAs, to question the government and their department officials as to

what they are doing, in this case, to protect consumers, but depending on the minister it will have a different function.

So I cannot guarantee how long I will be on any individual topic. I will try to move along as fast as I can, but if I am not getting the answers to the questions, then I have to ask more questions. It is a two-way street here, so I cannot tell the minister how long it will take.

**Mrs. Render:** Mr. Chair, I am just asking because your question was a consumer question, and we did have the director of the Consumers' Bureau here a number of times. We have sitting here at the table right now the Manitoba Securities Commission representative, so I just wanted some advice as to whether or not he could go back to his job or whether your questions were going to come back again to Securities or whether perhaps one of the other individuals at the back of the room—whether we should tackle a different subject.

**Mr. Maloway:** Fair question, and we certainly have a lot more questions on the Securities Commission. I had thought that rather than bringing back the Consumers' Bureau for another day, that we could perhaps deal with this issue right now. The other question that I had in the computer area was the question of on-line privacy. That may have some interest as far as the Securities Commission is concerned. [interjection] The Securities Commission is saying they have no interest in on-line privacy?

**Mrs. Render:** The Securities Commission is not saying that they have no interest. The shake of the head was to indicate that it has not been a problem.

**Mr. Maloway:** Then perhaps we can deal with the Consumers' Bureau and on-line privacy tomorrow or another day. We can revert back.

\* (1700)

**Mrs. Render:** Just to advise the member, to our knowledge, just your last statement, there has not been a problem. These are not complaints that are flowing in at a fast rate. As I stated earlier, the director of the Consumers' Bureau does check for trends, and this is certainly not a trend.

**Mr. Maloway:** Mr. Chairman, it is a different question as far as on-line privacy is concerned. The question is: has the minister had any complaints, has any area of her department had complaints about on-line privacy? I guess that is the question. If you have not, you have not.

**Mrs. Render:** Mr. Chair, in answer to the member's question, speaking on behalf of the deputy and speaking on behalf of the Securities Commission, off the top of our heads, we know of no problems.

**Mr. Maloway:** I would like to move on and ask about the question of Y2K. Now Securities Commissions across the country have taken a bit of a leadership role in the whole area of Y2K. I would like to know what the Securities Commissions reports would indicate as to the progress of the Y2K issue, the initiatives that they took a couple of years ago, how have those initiatives panned out, and what is the prognosis for a successful transition into the new century.

**Mrs. Render:** Yes, the Securities Commission computer system is year 2000 compliant, and those who are registered with the Securities Commission have been filing reports with the Securities Commission, so that the Securities Commission is aware of just whether or not somebody is compliant. Obviously someone's licence could be affected if they are not compliant.

**Mr. Maloway:** How many companies does he have reporting to him, and how does he judge their state of compliance?

**Mrs. Render:** There are 414 brokers who are registered with the Securities Commission.

**Mr. Maloway:** So the minister is saying that the Securities Commission itself is Y2K compliant. It is saying that the 414 brokers are compliant. The question is: what about the companies? The companies I know were filing certainly with Toronto anyway. The question is: how many companies actually file with you here?

**Mrs. Render:** The member is correct. The companies that issue shares do issue statements as to how they are doing for the Y2K. That is

more a disclosure rather than necessarily being compliant. As I stated earlier, the companies that are registered with the Securities Commission have been filing reports with the Securities Commission. They are not 100 percent compliant but the Securities Commission is monitoring.

**Mr. Maloway:** Are these monthly reports or quarterly reports? I assume they are quarterly reports. This 414 number, does this include brokerages and companies that are filing, or is this just brokers? I would like a little better explanation as to how this all got started, when it all got started, how many people you are dealing with, split them down as to whether they are companies, brokers, whatever it is, whether there were bumps along the road, and where you feel you are right now. Are you comfortable with where you are or are you not?

**Mrs. Render:** The brokers, the 414 brokers who are registered, file quarterly reports. Because they are registered with the Securities Commission, the Securities Commission, as we approach the end of the year, is in a position to take action if they feel that there is a problem, if they are not going to be compliant. As for the publicly traded companies that sell shares, they have an obligation to inform their shareholders, but, as I said earlier, it is a disclosure. The Securities Commission cannot take action against them. I guess the shareholders could make a lot of noise and be asking questions as to whether the companies are going to be compliant.

\* (1710)

**Mr. Maloway:** So how many companies are registered then with the Securities Commission? I have the brokers, 414. How many companies?

**Mrs. Render:** I am advised that the Securities Commission does not have any statistics. I do not have a number to give out. Likely the number is in the tens of thousands of companies. The companies have filing requirements.

**Mr. Maloway:** With six months, just barely over six months to go then, how many of the 414 brokers are compliant as of this point?

**Mrs. Render:** We do not have a number. The latest report has literally just come in and we do not have that number.

**Mr. Maloway:** Well, assuming that they are filing quarterly, which I assume is correct—it is not monthly, it is quarterly—so then what are the statistics from the previous quarter?

**Mrs. Render:** I can get that information for the member. We just do not have it here right now.

**Mr. Maloway:** Well, based on the last quarter, would the minister and her department say that there are many that are compliant or few that are compliant?

**Mrs. Render:** Many are compliant.

**Mr. Maloway:** I would like to ask how does she and her department know that they are?

**Mrs. Render:** I am not too sure of the member's question. I am wondering whether he is saying how do we know for sure that the filing is correct. Is that what the member is asking?

**Mr. Maloway:** Well, the government itself is spending millions of dollars on not only correcting the Y2K problem. Some of the problems are being solved by brand new systems being brought in. That is why we have this big computer change to the whole provincial government. That is why it has been brought in, \$50 million, \$80 million, whatever it is going to amount to. On top of that, some systems are being made Y2K compliant through hiring computer people to do the work, and that is costing millions of dollars. So we have these two things.

But that does not solve the problem completely, just making the system compliant. The next step is the testing process. The testing system, if you have read the papers recently, you know that the gas company is now in the testing phase. We have no idea what stage they are at right now, and I am sure they do not have the money that the government does. The government can afford to hire the best people. Do not forget there is a shortage of people out there to do this kind of work, too, because a lot of people have been waiting until the last minute, and they



are now rushing around, trying to get these changes effected.

Now, the Manitoba government started a little earlier than most, and it decided to scrap most of its old systems and come in with new ones, and that is to its credit that it did that. But it is a very expensive process, a very involved process, and it is very time consuming. So, presumably, these brokerages, either they have replaced systems completely or they have hired Y2K experts to come in and make the system Y2K compliant, and if they have done that, then they have to go through a testing stage.

What I want to know is: what stage are these people at right now? Can the minister tell me that 90 percent of the 414 are to the point where they are into their testing phase already, or are they finished their testing phase already? I mean, where are they? Maybe they are just starting to look at the problem. And if you do not know, who is supposed to know?

**Mrs. Render:** That is part of what makes up the report. Perhaps the first report that a broker might file might say I am 10 percent compliant, and the next report would ideally show an increase in just how far along they are. So there is a monitoring.

**Mr. Maloway:** But we still get back to the fact that your reports were due on the 15th. Presumably not everybody has filed on time. I do not know whether that is true or not. It is going to take awhile to assess those reports, but, surely, you have assessed the ones from three months ago. So let us take a snapshot from three months ago and tell us where everything was three months ago. Then we can look at where we are right now and where we have to go.

**Mrs. Render:** As I said, a couple of minutes ago, we can get that information for the member. We do not have it here in front of us.

**Mr. Maloway:** Can we have this information by tomorrow?

**Mrs. Render:** We will certainly try.

\* (1720)

**Mr. Maloway:** I am talking about the information that is already three months old that has already been analyzed. The 15th's report is ready. The next question then is, when can we expect the analysis of the reports that were due on the 15? How long will it take you to tell us what those are?

**Mrs. Render:** The analysis of the reports is not done solely by the Securities Commission. Some of it is done by IDA. Some of it is done by staff in Manitoba, and some of it is done by people in Ontario. So it would be a number of weeks before everything sort of comes back together into a final report.

**Mr. Maloway:** Would the minister and her department say that this effort is ahead of schedule? Is it on schedule or is it behind schedule, in general?

**Mrs. Render:** All indications are that it was on schedule.

**Mr. Maloway:** Has there been any reluctance on the part of any of the members to comply with the requirements?

**Mrs. Render:** The answer is no.

**Mr. Maloway:** Does the minister have any way of guaranteeing that these systems are going to be up and running then by the year 2000?

**Mrs. Render:** I think that is like asking the minister if she can guarantee happiness for anyone. The answer is no.

**Mr. Maloway:** I guess at the end of the day there is a bit of risk and it is fairly high risk here, certainly for the shareholders of the company for sure, but also for the economy, so I think every effort has to be made to push the process along. I know that there are companies out there who will drag their feet to the end, and they will be wondering why they did not solve the problem earlier and why it is costing so much now as opposed to getting it done cheaper earlier. I think that there is a certain number that you could probably isolate out of that group of 414, but out of any group that are going to give you some grief, that is what I was really trying to

concentrate on, as to whether you were finding some evidence of that.

**Mrs. Render:** Actually I am not too sure that there was a question there but, yes, our Securities Commission is doing all it can possibly do to ensure that the 414 brokers that are registered with it are compliant. It is in the interest of the Securities Commission, it is in the interest of the economics for the province of Manitoba to make sure that everyone is Y2K compliant, but I do not think that anybody can guarantee anything other than guaranteeing best effort.

**Mr. Maloway:** I guess the government of China had the most interesting solution to the Y2K problem. I see the Chairman smiling, so maybe he has heard the solution. It was reported in the press a few months ago. That is, to deal with the national airlines, the government of China has ordered that all the presidents of the airlines and all the executive officers of the airlines must be in the air flying on January 1. I thought that was a wonderful solution, because I asked one company president at a legislative committee a few months ago as to whether, you know, as a guarantee and a warranty that he would resign if this system collapsed next January 1.

I can see a reluctance for him to do that because, you know, when you phone Dell Computer or you phone Gateway Computers and ask them to certify Y2K compliance, they will tell you it is Y2K compliant, but when you ask them to certify it and put it on the invoice and sign it, they will not do it. So no one really knows whether this is all going to work properly until we actually get there.

Ultimately you can test your systems, and the gas company says it is all going to work just well and good. I know the PUB are represented here and we will be asking them questions about it too. They will say, well, based on the available information we have got, it should all work, but nobody knows exactly 100 percent that it is going to be.

With the lack of concern of some companies and some industries and some countries, for example, there has been a huge financial crisis in Asia recently, and we dealt with this before. If

you have production models in Canada and North America which are sort of first in time, I guess it is called, or just in time, if you have a hundred products or a hundred parts to a car or a product, you can have 99 parts show up on time, but if one does not, the whole assembly line will have to close down. If that one part comes from Southeast Asia or from a plant out there that because of financial problems, financial meltdowns in the last couple of years has not been able to put the resources into Y2K or has not taken it that seriously, then you are going to shut down and put thousands of people out of work for a period of time until you can solve that problem. That is why potentially it could be fairly serious. We do not know how seriously some of the companies are taking it.

There was an article in the paper not long ago. I think it was a little grocer from Elie, but he was representative, I think, of a lot of people out there who think this is just a big hoax, just a big conspiracy on the part of Bill Gates to get even richer. You know, this was not an issue until a couple of years ago. The computer company executives were not exactly trumpeting this whole issue more than two or three years ago, when they probably should, and they know that they can sit back and they are going to make big money out of this whole thing. So people like the grocer in Elie can understand that. You know, new computers are being required and he is being pushed towards this.

A lot of these people do not like computers in the first place. So first of all, they are antitechnology, they are resisting the change. Then they are being told they have to do this or the system will not work. They are skeptical. The other factor here is the money. A lot of people just do not have the money or do not want to put the money up for these kinds of changes. So I can understand that if you would tell me that you are having resistance on the part of some of your companies, that some of these companies are telling you that they are compliant when they are not.

You know, everyone has different testing mechanisms to test whether it is Y2K compliant. If you check, different companies have different testing mechanisms. There does not seem to be a standard. One company will say, well, turn on

the computer this way and do this and do that and it should be okay. Another company will say, do it a different way. There is just no consistency out there. This is very hit and miss.

I do not know about you, but I think I would like to stay on the ground next January 1, because I do not know that we can really be sure. On the other hand—

**Mrs. Render:** You can fly with me.

**Mr. Maloway:** The minister said I can fly with her. I think I might trust her flying a little more than some, because you can land little planes, I think, right? That is the idea, that little planes, if they run into trouble can land.

**Mrs. Render:** You are safe with me.

\* (1730)

**Mr. Maloway:** Yes, but these big ones, when they get up there, there is no way they are coming down if the system does not work properly.

So this is a very expensive problem to fix. When all the bills are in from the government, if we ever get to the Finance department, if we ever get any answers out of them, that is the other problem is they never want to give any answers. This is an atrocious amount of money that has been spent on this whole effort. You can argue that it is absolutely necessary. We have had value over the years in using computer programs if they have then changed years ago would have very expensive. So all in all it is probably the amortized expense over a number of years. It is not that onerous. But to be hit with the expenses all of a sudden in a short period of time could be very difficult on different companies. I am not convinced you are getting all the facts here, that you are getting all the truth from these companies. They are telling you how Y2K ready they are, whether they are or not unless you have the ability to get in there and take a look at them. Ultimately the shareholders are going to be the ones that I guess are going to be chasing around. I can tell you that lawyers are waiting for a big windfall out of this whole Y2K business because the lawsuits, while they are starting to occur now, probably there

will be a huge number of them starting in January and thereafter.

**Mrs. Render:** I would say that none of the companies, none of the brokers are dragging their feet. It is in their best interests to make sure that they are Y2K compliant. If they are not, they can lose their registration, go out of business. So we must make sure that we do not put words in the mouth of people who are not here to perhaps speak for themselves. As I say, it is in their best interests to make sure that they do their level best to be Y2K compliant.

**Mr. Maloway:** I think that is a true assessment and that in fact there will be companies that go out of business. That is just the nature of business. There will be the odd failure because of the lack of foresight of some of the companies. I want to ask the minister, page 46 of the report indicates that her department is reviewing and developing legislation, regulations and local and national policies. Now, what sort of activity has this department been involved in over the last year in this area?

**Mrs. Render:** The Securities Commission has been very busy, again, as I mentioned earlier, working to harmonize rules; also makes local Manitoba rules, one called the Keystone Company public offering just to facilitate the raising of smaller amounts of capital. Of course, this will be good for the Manitoba economy. Any companies then which are created will be listed on the Winnipeg Stock Exchange.

I wish I could explain it better. Essentially what it is is investing in the managers and then using all the shareholders, whether or not they take that opportunity to then create a company, and, as I said, that company would be listed on the Winnipeg Stock Exchange. As you know, we need to have more companies listed on the Stock Exchange. It is a way of raising smaller amounts of capital because the big houses here will not look at underwriting under \$20 million or \$30 million, so we needed a way to encourage the raising of capital for smaller ventures. One example that I can think of—it is not an example of this particular Keystone rule, but just to give the member an idea of the problems, the Fort Garry Brewing Company had a problem initially trying to find somebody to underwrite it. So

here in Manitoba, as I say, your big houses are not interested in looking. You mentioned yesterday that you tested the waters there with your potential gas truck to see whether you could set up a viable business. Unless it looks as if you are going to be putting together a business that is going to be big bucks, the small entrepreneur here in Manitoba just had no way to raise money easily.

Before I forget, I should just mention that the Securities Commission has been working on the rules and regulations for the proclamation of the new Commodities Act.

\* (1740)

**Mr. Maloway:** Mr. Chairman, the ENSIS Growth Fund and the Crocus Fund are two venture capital funds that operate in this province, so how does the Keystone capital relate as far as they are concerned?

**Mrs. Render:** Mr. Chair, I have been advised that the Keystone method would be looking at one specific company, whereas Crocus or ENSIS would be looking at a number of them. Their managers would be choosing a series of investments rather than just focusing on one.

**Mr. Maloway:** Well, as the minister knows, the ENSIS Growth Fund and the Crocus Fund contributions to the fund are tax deductible under the RRSP provisions of the law and thereby the taxpayers are, in fact, helping to subsidize the investor. How does Keystone raise its capital, then? It is presumably a different structure.

**Mrs. Render:** Mr. Chair, Keystone raises its money through a public offer through a prospectus.

**Mr. Maloway:** Well, how old is it, and what competitors does it have in the market?

**Mrs. Render:** In answer to your question how old, the rules have just been published for comment, and that was probably less than three weeks ago.

Let me see if I can go back and explain this a little bit better. There is a problem with small

business financing in Manitoba. There has been a problem. It is called the Keystone Company Program, I guess, really is the official name. I guess you could call it a venture capital pool program proposed by the Winnipeg Stock Exchange. I am advised that this is what the rule will authorize as to how this is going to be done.

So the proposed commission rule based on the policies of the Stock Exchange, this has been reviewed by the commission and the securities advisory committee. So after publication there is a comment period of 60 days prior to the rule achieving legal status, and then it is published in the Gazette.

**Mr. Maloway:** I would like to ask the minister then: has its IPO been concluded?

**Mrs. Render:** Keystone is essentially a rule as to how to raise the money. So any company could use the rule to do their own offering.

Under this kind of a program, investors invest in a company that has no real assets, and investments are made primarily on the strength of the management team of the company. The management then looks for an opportunity and then goes to the shareholders for a vote to see whether or not they go that particular route.

**Mr. Maloway:** Well, I asked also who its competitors were in the market. Who would it be competing with for investment?

**Mrs. Render:** The Alberta Stock Exchange and the Vancouver Stock Exchange would be the two main competitors.

**Mr. Maloway:** Mr. Chairman, does it have a prospectus that could be brought at our next meeting, and I could take a look at it? I would like to ask whether the prospectus is available that could be brought to the next meeting.

**Mrs. Render:** Yes, we can bring something.

\* (1750)

**Mr. Maloway:** Mr. Chairman, I would like to ask who is the management of the Keystone capital? Do you have a list of the management or the board of directors?

**Mrs. Render:** Mr. Chair, it is a wee bit confusing. It is not a company in itself, so it does not have its own management. It is a rule that that can be utilized by companies to raise money.

**Mr. Maloway:** I wanted to get an idea of—

**Mrs. Render:** If I could just interrupt the member for Elmwood. I think it would be useful if I perhaps brought a briefing paragraph and shared it with the member.

**Mr. Maloway:** Mr. Chairman, I think that would be a very timely idea, and I thank the minister for that. I would like to—we are quickly running out of time here—get an idea of some of the activities of the commission over the last year. You do not hear too much about the commission. Occasionally, it has a cease and desist order that it issues. But I would like some idea of the activities that it has been involved in over the last year or two and some of the concerns that it has. Perhaps, the minister could give us some ideas of some of the great things that it has done to protect consumers in Manitoba over the last few years.

**Mrs. Render:** The commission really just has been active doing its job, registering securities, dealers, brokers, advisers, portfolio managers, sales personnel, reviews, prospectuses and other disclosure documents to ensure true, plain disclosure with regard to new issues, to securities. It monitors financial statements, insider trading reports and other continuous disclosure material by issuers of securities. It licenses and regulates—well, that is another subject so I will leave that one.

Obviously, it also investigates suspected violations under legislation, has held hearings, has handled prosecutions.

**Mr. Maloway:** The number of exemption orders increased in the last couple of years. I would like to know what number they were in 1999. You had 194 in '97-98. How many did you have in 1999, or '98-99, I guess.

**Mrs. Render:** In 1998-99, the number was 177.

**Mr. Maloway:** Mr. Chairman, could the minister explain the use of the exemption orders?

**Mrs. Render:** Usually the exemption is because of a technical problem, that the company cannot comply with a particular rule or regulation.

**Mr. Maloway:** I would like to ask about the whole area of insider trading and ask whether that is a problem that is increasing with the commission or whether it is a problem that just remains constant year after year.

**Mrs. Render:** I guess human nature being what it is, it is a problem that is always there. Market activity has increased. There has been an increase in insider trading but not a huge increase.

**Mr. Maloway:** There is certainly an ongoing problem with mutual fund operations. The minister will recall last year, I believe it was, that a big mutual fund company in Toronto, in that case the manager was insider trading, and that is definite conflict because the manager has the control over the investment decisions of the fund. I am wondering if anything has happened over the last couple of years to make certain that that kind of activity does not occur. In addition, mutual funds—well, anyway, let us deal with that issue first.

**Mrs. Render:** Insiders must report their holdings to the Securities Commission. The Securities Commission obviously acts on complaints. But, as I say, there is a monitoring in place by the Securities Commission.

**Mr. Chairperson:** The time being six o'clock, committee rise.

## RURAL DEVELOPMENT

**Mr. Chairperson (Marcel Laurendeau):** Would the Committee of Supply please come to order. This section of the Committee of Supply will be dealing with the Estimates of the Department of Rural Development. Would the minister's staff please enter the Chamber at this time.

We are at Resolution 13.1. Administration and Finance (b) Executive Support (1) Salaries

and Employee Benefits on page 131 of the Estimates book.

**Mr. Clif Evans (Interlake):** I just want to ask, and I do not believe, but have there been any major changes of any kind in the staffing within the department in the past year, any significant changes, support staff?

**Hon. Leonard Derkach (Minister of Rural Development):** No, there have been no changes in the staff complement in this area.

**Mr. C. Evans:** We can pass that.

**Mr. Chairperson:** 13.1 Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$442,800—pass; (2) Other Expenditures \$78,000—pass.

13.1.(c) Brandon Office (1) Salaries and Employee Benefits.

**Mr. C. Evans:** The Brandon office, of course, has been in place for many years. Any staffing changes there as far as numbers of people, and if the minister could just outline some of the work that the Brandon office is involved in?

**Mr. Derkach:** For the benefit of the critic, Mr. Chairman, I would like to introduce and I think we had done this previously, but Ms. Marilyn Robinson is the director of Human Resources; Mr. Winston Hodgins, of course is the deputy minister; and Mr. Brian Johnston is the chief of Financial Services.

With regard to the Brandon office, this office has been in existence now I guess since we took office, and it was developed in recognition of the fact that our second city in the province is a significant distance away from Winnipeg. We actually have two regional offices, one in Thompson and one in Brandon. Rural Development has responsibility for the operations and the administration of the Brandon office. The duties of the cabinet office include providing service to an area of rural Manitoba that includes the citizens in approximately 41 municipalities.

They field, of course, personal inquiries from rural Manitoba that are directed to

government. They are involved with Rural Development and the Economic Development Board in Brandon and other rural communities, the Chambers of Commerce. They are involved with Industry, Trade and Tourism offices, and their responsibilities include the assurance of a strong and healthy community in the rural part of our province. They also undertake responsibility for organizing and co-ordinating the forums and consultation meetings and press conferences for ministers who are travelling in that area on a regular basis. They provide feedback to ministers and to our departments on issues that arise in that part of the province or rural Manitoba. They also monitor, I guess, the media issues that as they arise in the rural part of the province, and they make arrangements for ministers who visit in the Brandon area or the surrounding area to ensure that our travel plans are efficient so that we are not wasting time when we do get out to that area. They provide briefings for us as ministers regarding important events that happen in the region. They also alert us as ministers in various departments with regard to issues as they arise.

As the member also knows, they act as a co-ordinator and a facilitator for us as ministers but also, for that matter, when the critic travels with me to the area, they also will make sure that they provide as much service to the critic as they can as well at that time.

**Mr. C. Evans:** Pass that.

**Mr. Chairperson:** Item 13.1. Administration and Finance (c) Brandon Office (1) Salaries and Employee Benefits \$158,600—pass; (2) Other Expenditures \$60,400—pass.

13.1.(d) Human Resource Management (1) Salaries and Employee Benefits \$131,800—pass; (2) Other Expenditures \$27,200—pass.

13.1.(e) Financial and Administrative Services (1) Salaries and Employee Benefits \$354,800.

**Mr. C. Evans:** Just on that, there have been no changes I see on staffing, and the increase in increment of financial resources, just the annual raises for the staff.

\* (1500)

**Mr. Derkach:** The complement of staff is the same, and the increases that are noted are those that are for salary increases and benefits and so forth.

**Mr. Chairperson:** Shall the item pass—pass.  
13.1. Administration and Finance (e) Financial and Administrative Services (2) Other Expenditures \$196,700—pass.

13.2. Boards (a) Municipal Board (1) Salaries and Employee Benefits \$774,500.

**Mr. C. Evans:** There are some issues where I would like to have the minister's indulgence perhaps in some of the questioning. When it comes to the Municipal Board, I understand that there has been a change. Can the minister explain the change that has occurred for the Municipal Board itself, changes on the board, chair changes, legal resources changes. Could he explain those?

**Mr. Derkach:** Yes, there have been some changes on the Municipal Board within the last year. Firstly, the chair of the board, Mr. Bob Smellie, retired, and upon his retirement we were able to attract Mr. Gerry Ducharme to the position, and I think the member opposite knows Gerry Ducharme.

Secondly, the executive director who is now Mr. Keith Heming, has undertaken the administrative responsibility for the board, and the position that was held by another individual previously, that individual found employment in British Columbia, I believe.

In addition to that, we have added two term positions to deal most importantly with the appeals of the City of Winnipeg. Also, there have been some changes to the membership of the Municipal Board. We have added members to the board who have expertise in land appraisals, land values and in areas which relate to Municipal Board types of work.

We have added several members to the board, and we have also had some changes to the board, as well, and if the member would like, I could go over those in greater detail.

**Mr. C. Evans:** I would appreciate that. I would appreciate the names of the new people especially, not necessarily the ones who have been part of the board, but the new ones.

**Mr. Derkach:** I will briefly read the names of the people who are on the board. There is Mr. Gerard Badiou, Herve Bahuaud, Albert Bilodeau, Robert Brazzell, Sophie Bulbuck, Donna Burner, Ken Carels, Wayne Collins, Gerry Ducharme, of course, is chair, Mr. Richard Edmundson, Harvey English, Russell Farrell, Gabe Forest, Max Friesen, Keith Heming, of course, is the executive director, Garnet Kyle, Joan McClelland, Constance McLean, Carole Miller, Maxine Plesuik, Don Pratt, Wes Reimer, Rens Renooy, Wendy Sigmar, Judy Smith, Sudesh Treon—Mr. Henry Wiebe was on the board, as the member knows, he passed away—and Robert Upton.

What I would also do is, I think there are two other brand-new board members who are not on this list yet, but I would provide a complete list for the member and identify those who are recent appointments.

**Mr. C. Evans:** I see, well, quite an increase in that department of around \$300,000. My understanding is all these board members are available for the different regions of the province as Municipal Board hearings are called for different parts of the province. Except for the chair and executive director, these board members are available to participate in Municipal Board hearings in different parts of the province. If I am understanding correctly, it is not the fact that it is the same people going to the same places all the time. Is that correct?

**Mr. Derkach:** That is correct. We have hearings throughout the province on different appeals and outstanding matters that have to be dealt with by the Municipal Board. Our greatest number of cases, however, are within the city of Winnipeg. They deal basically with the city of Winnipeg appeals which, as the member knows, there has always been a significant backlog. What we are attempting to do is to reduce that backlog so that it is manageable and so that assessment is as current as it possibly can be for the benefit of the people who pay taxes.

**Mr. C. Evans:** The minister is certainly aware that there has been some indecision I guess and some questions, I raised some questions last year with respect to the Lorette lagoon issue. I still get correspondence and phone calls with respect to that issue and the point made out to me. I have written to the minister a few times on issues with this lagoon. Now, I know that the Municipal Board has made two decisions—correct me if I am wrong—a decision in '95 and a decision in '98. Can the minister tell me just where we are at with this Lorette lagoon issue as far as the Municipal Board's decision? Is it a final decision, people are asking. Are we going to get more decisions, more appeals, more hearings? Could he enlighten me with this? I would like to get as much detail on this issue as possible.

\* (1510)

**Mr. Derkach:** The member is right regarding the decisions of the Municipal Board as they relate to the Lorette lagoon situation. As a result of the last decision of the Municipal Board, which had to do with the expansion of Lorette lagoon, the community then held a vote on whether or not they wanted to proceed with the expansion of the lagoon. That was turned down in the community. So the community has been forced to look at alternatives, because the existing lagoon is at capacity and does need to have something done about it.

I am under the understanding, the impression, that a solution is very close at hand in terms of looking at alternatives for providing that service to the community and that a recommendation will be coming to our office in the next short while. The member should also know that once a proposal comes forward that the community will still have to deal with the Municipal Board as it relates to any expansion or the reconstruction of the lagoon in the Lorette area.

**Mr. C. Evans:** I guess I can refer to the old board. Obviously, there are new people who made the latest decision or sat in at the latest Municipal Board hearing with the new chair, with the new executive. My understanding is Lorette has turned down both suggestions. I believe that the minister at one point in time recommended that the Municipal Board, both the

minister and the Municipal Board recommended to council that they should bring two local improvement proposals to solve the lagoon under the problem they were having with it. The minister's quote is a decision could be made in favour of either one proposal or the other. Now you are talking about another proposal. What is that proposal now?

**Mr. Derkach:** Mr. Chairman, the member is right with regard to a letter that was sent asking that they come forward to the Municipal Board with both proposals. When I say they, I mean the community. The community, in its wisdom, chose only to come forward with one proposal, and that was the expansion of the existing lagoon. At that point in time, the decision of the board was that the community had to vote on it. The community then turned it down. But those are all local decisions that are made by the community, and now we are at a point where we have to find an alternative. The community has turned down the expansion of the old lagoon. So what we have to do now is look at the relocation of the lagoon, and between the Water Services Board and the community, alternatives are being sought with regard to the relocation of the lagoon, or as an alternative perhaps looking at tapping into an existing facility somewhere else in the region.

**Mr. C. Evans:** Okay, I will progress with that issue as far as this other place or other solution that the minister is telling me about. The Municipal Board has ordered a vote twice, okay. I guess what I am asking is: what mandate does this Municipal Board have in the decisions or its final recommendations?

The minister will remember that last year a letter was sent to the minister with respect to that, and the minister wrote back saying, well, it is up to them to decide. Then somebody wrote back something about a certain section of the act, that the minister could intervene, and we bandied that about last year.

It seems that this issue will not go away, and it seems that these communities in this area, it just keeps going before the Municipal Board which is costing money to not only local people but the taxpayers of the province. I realize that they are in a position that they have to get some-



thing in place because the lagoon has become a serious problem, all sorts of innuendoes brought in.

Can the minister explain exactly when something like this comes before the Municipal Board, why can the Municipal Board not, or can they, decide? Why do they keep going back to the people saying, well, you have to vote on this again or you have to vote on that again?

Now, this next proposal, are they going to say the same thing, go vote on it?

**Mr. Derkach:** As the member knows, the Municipal Board is there to work on or respond to a by-law that has been proposed by the municipality. What they are trying to do is find a resolution to a problem that exists in the Lorette community, to try and resolve this once and for all. Now, the board ordered a referendum only on one occasion. The other referendum that was held was done by the community. It had nothing to do with the Municipal Board. So the Municipal Board has only ordered one referendum calling for the community to decide whether or not they wanted to expand the existing lagoon, which was turned down.

I guess, Mr. Chairman, the Municipal Board's role in all of this is to vote on and to determine, based on the requests from the community, whether or not a project should proceed or not. When they asked the people to vote on whether or not they wanted to expand the lagoon, that was a very specific order given to the community with regard to dealing with the existing lagoon, because, as the member knows, there has always been an issue in the community with regard to which way the community should go, expand the existing lagoon or build a new lagoon and relocate.

The vote that was taken in the community was turned down, and therefore another solution has to be found, and the only solution that is available to the community right now is to either build a new lagoon and relocate or attach their system to an existing lagoon in the region. That decision has not yet been made, and the recommendation has not come forward as of this time.

**Mr. C. Evans:** I just want to point out to the minister that I am being very serious when I say, and I have more here, all the Municipal Board hearings, et cetera, et cetera, that, you know, it has come to this, and I basically have said that to me it does not matter how the community decides whether they are going to either expand or relocate, but it was my understanding at the beginning that it was a pretty certain thing. The money was in place through the Water Services Board, through Infrastructure, that the lagoon be expanded.

\* (1520)

I raised the issue last year that all of a sudden it came down to the fact that, well, no, they do not want to expand it, they want to relocate it. Now since the new municipal elections, things have reversed themselves. Those who wanted the expansion, do not, previous, and those who wanted—so it is a tough one for me to try and understand, but my understanding, what I am trying to understand is that the Municipal Board should have—does it have some sort of a mandate? In other words, why does the Municipal Board keep saying—I will use the terminology "sluff off," the responsibility back to the ratepayers as far as what they are going to do with the lagoon? Do they not have a mandate to decide? They are part of the borrowing process also. They are part of the whole process.

It is like going back every time your son comes home with a pair of shoes, tell him that you do not like them, so go back and see if another pair of shoes will fit.

**Mr. Derkach:** Mr. Chairman, I guess in a normal situation the Municipal Board would make a decision with regard to expansion or the building of a new lagoon and would deal with the borrowing by-law that is put before them. However, as the member may know from his research, the community did take a vote regarding the lagoon situation prior to going to the Municipal Board. The Municipal Board was aware of this and was aware of the results of this vote and, as a result, decided that the community was the one that had to decide whether or not

they wanted to expand the lagoon or build a new one. So, in its decision, the Municipal Board said, yes, we agree with the expansion of the lagoon. However, the community must take that decision through a vote, because they had gone through a vote previously.

As the member also knows, that vote was defeated, in terms of the expansion of that lagoon. So now the municipality is left with the situation where they have to find an alternative solution. That solution is relocating the lagoon and finding a suitable location for it, or tapping into an existing structure somewhere else.

The council is dealing with that right now. I spoke to the mayor about a week and a half ago, and he told me they are dealing with it now. At that time, he told me they had to have another public meeting regarding the situation, and then they would be making application to the Municipal Board as to where they wanted to relocate or whether or not they were going to be tapping into an existing structure somewhere in the region. That I do not believe has come in yet, but the reeve did assure me that the discussions were taking place in a positive way, and that indeed they were making some progress. So we are awaiting their resolution before the Municipal Board, and I am sure, once that decision is made, proceeding with either a brand-new lagoon or tapping into an existing one, that it will not take the Municipal Board a long time to make a decision.

**Mr. C. Evans:** If I may, a letter to me, dated May '99. I would like to just take a quote from it and ask: The borrowing by-law for this relocation was defeated by referendum in '95, refused again by the Municipal Board in '96. In '97, the R.M. of Tache applied again for funding approval for an expansion proposal. At that time, the funding formula for proposals had changed, and the expansion was eligible for a grant of 193 change from the MWSB. The borrowing by-law for that proposal was approved by the Municipal Board in January '99, but it was defeated by a public vote. The total cost for the proposed expansion project in '97 was estimated to be \$620,000.

In February, March and April of this year, the R.M. of Tache, on behalf of the LUD of

Lorette, has examined three more proposals for the relocation of the Lorette lagoon.

I guess what this person is saying to me is, this jumping around back and forth and the Municipal Board not being able to make a final decision, and if they have it was defeated by a public vote. So the Municipal Board is saying, here is what we are deciding, but you go and vote on that. We are mandating a vote.

I do not understand that. Can the minister explain that and also what I quoted here? Does the minister know where this new relocation proposal, where it is at?

*Mr. Peter Dyck, Acting Chairperson, in the Chair*

**Mr. Derkach:** The member is aware that the Municipal Board did make a decision. They said they approved the expansion of the existing lagoon. However, they referred it back to the community for a vote because of the first vote that had been taken by, the first plebiscite that was actually undertaken by the community, the municipality itself. The Municipal Board in its wisdom felt that it should be the community who would be making that decision rather than the board making a decision when there were some pretty strong feelings on both sides of the issue in the community.

As the member also knows, when that vote was taken in the community, the expansion project was actually defeated by the plebiscite. Therefore, the community was left with making a decision about relocating the lagoon. Now, specifically where the lagoon is going to be located to I do not know at this time, but there are discussions with neighbouring communities in that region to see whether or not it makes some practical sense to join with another community and having one facility only, even though that facility may require some upgrading and some improvements to it. In the long term, however, there would be a net cost saving to the two communities.

That is where it is at right now. I do not have the details yet as to what the decision has been by the community. That is something that the mayor could not tell me when I met with him a week and a half ago. But certainly we are

awaiting their decision. So the ball is in their court right now, to come back to the Municipal Board requesting what solution they see that is of a practical nature to them in their future needs.

**Mr. C. Evans:** What is the name of the community? Could the minister put that on record, please?

**Mr. Derkach:** The community, as I understand it, is looking at either putting up a new facility and relocating that facility to another part of their municipality or looking at a neighbouring community. That community is Landmark that they would be looking at in terms of joining their facility. There might be improvements that have to be made to that facility.

This is all in keeping with our taking an approach in a general sense about using the existing facilities to their largest and biggest and best advantage because, as the member knows, these facilities are expensive to build, both for the community and for the province. The taxpayer is the one who pays for it all. So what we try to do is encourage wherever possible for communities to take a look at a neighbouring facility that is adequate or perhaps, through some upgrading, can accommodate the needs of a community that has that need for the expansion of this facility.

\* (1530)

We are taking that same approach with Lorette. We are acting as a catalyst, if you like, to allow something like that to take place. The member will also know that that is the same approach we take with water distribution in the province. We make it very clear that when we build a facility it is not specifically for that community alone, that indeed if there are needs and demands for water service within that region that, instead of building another facility, that particular enterprise or community that needs that water can tap into an existing facility to take advantage and is the best use of taxpayer dollars.

**Mr. C. Evans:** Obviously, if the minister has indicated that it is Landmark, that they are talking about a solution, what would happen if the community of Landmark then turns the

proposal down, says no to the community of Lorette? Whom does this go back to? Is this part of the Municipal Board, part of your responsibility as far as decision once it is made? What kind of support is Rural Development or the Municipal Board giving this issue if they turn it down, say no to it?

**Mr. Derkach:** There could be a lot of what ifs in a situation like this. One cannot anticipate any of those situations. I mean, if the community should turn it down, then obviously the community would have to look at another alternative possibility. There has to be a solution to their problem. We are optimistic that we can work through the Water Services Board and the two communities in resolving the matter. I think that is our mandate, as a department and Water Services Board, to ensure that we find the most effective and efficient solutions for communities who have these kinds of projects ahead of them. I am not going to speculate here, Mr. Chairman, as to what might happen if a situation arose. I think what we as a department are doing is working very proactively towards accommodating the best solution for the community at the least cost.

**Mr. C. Evans:** It will be interesting, I understand that meetings are going to be held very shortly with the communities. The Water Services Board people and your department, will they be present to make presentations to both these communities as far as this proposal?

*Mr. David Faurichou, Acting Chairperson, in the Chair*

**Mr. Derkach:** The member must be aware that this is an issue of priority to the community and also to the department because of the situation as it exists today. The community itself has had I know of at least one meeting where they brought people together to talk about the alternative solution, and the mayor informed me that it was a positive meeting. They do have to go through that process to make sure that everyone in the community has an opportunity to have input and that also everybody in the community understands what it is the municipality is trying to do. I think that, as I recall, the mayor told me they were going to have another meeting in the area, and we are waiting for the results of that.

**An Honourable Member:** Which mayor?

**Mr. Derkach:** I am sorry, it is not mayor; it is reeve. Reeve Danylchuk, I think it is, William Danylchuk. We are simply waiting until such time that they have had an opportunity to explore the matter within their own community and get some direction from their community. Then we will be there alongside of them working towards a solution.

**Mr. C. Evans:** I am going to ask this question. With the relocation of existing facility, decision on either proposal or another, the question put to me is: would this mean that the Municipal Board would rule in favour of one by-law or another if, as a means of resolving their lagoon issue, the municipality were to initiate two local improvement plans, each with corresponding borrowing by-laws being sent to the Municipal Board?

Is that what that would mean by another proposal being put through and agreed upon? Are they having to make decisions overruling the other decisions that they made? Are they going to have to go before the Municipal Board again?

**Mr. Derkach:** Basically the board or the community or the municipality has to put together its borrowing by-law whether that borrowing by-law is for an expanded which they rejected for a new facility or whether it is joining another community for their needs. The Municipal Board would then consider their application, consider their request, and make a decision on that basis. They have now directed the community to take a vote. That has happened. Now the community, because of the vote, has to find an alternative location for a lagoon.

#### Point of Order

**Mr. C. Evans:** On a point of order, obviously what the minister is saying, what I am listening to and hearing is somebody, since the system has progressed, and this is what I am getting from the area, somebody does not like these Municipal Board orders and recommendations, so they keep going back. The minister shrugs. That is not only hearing, I am also sensing it.

This decision for this lagoon for this area has cost the taxpayers a lot of money, and locally it has cost them a lot of money. The people, from what I am understanding, want the best possible solution to this lagoon problem. It seems to me that somebody does not like whatever is being proposed, and through the Municipal Board or somehow changes keep being made, keep going back, new proposals are being made.

I appreciate what the minister is saying, but I am sensing that and I want to put that on record, so that if it does occur, then we know that there has, perhaps, been some things going on that are not proper. The letters that I get—

**The Acting Chairperson (Mr. Faurshou):** The honourable member for The Interlake does not have a point of order. I would call upon the honourable minister to conclude a response to the question.

\* \* \*

**Mr. Derkach:** The matter is clearly one that is in the hands of the local community. The municipality is the one body that has responsibility for making application to the Municipal Board. If they do not like the ruling of the Municipal Board, Mr. Chairman, they would have to, in some way, shape or form, be able to appeal it or carry on with life in another way. In this case, the Municipal Board said we will agree with your by-law. The by-law that was sent to the Municipal Board was a boring by-law asking for approval for the expansion of the existing lagoon. The Municipal Board agreed with that and gave approval to that. However, they said that the municipality should conduct a vote in the region because of what had happened previously. So the municipality held that vote and in the vote the people of the community said they did not want to see that expansion of the lagoon. The municipality now, in order to abide by the wishes of their ratepayers, is looking at an alternative. That alternative includes tapping into a facility at Landmark or relocating the lagoon to a different site.

\* (1540)

Once they have decided on their course of action, the municipality will then forward again

the by-law to the Municipal Board, and the Municipal Board will deal with it and make a decision as to whether or not they agree or approve the by-law that has been forwarded by the municipality. There was no interference by me as minister or by my deputy minister or anyone else in this matter. But what we're trying to do—and I know the member is not accusing us of that—is establish some kind of a process which makes sense for the area, so they understand what is going on; and secondly, that we make the most effective and efficient use of their dollars, because these are local taxpayer dollars.

There is another issue out there which is in relation to where the lagoon is now and where it might be in the future. People are sensitive to having a lagoon next to their backyard. Those are the kinds of issues that are swirling in the community that have to be addressed. Those are really matters that the community has to deal with.

Our Water Services Board basically deals with the community in a way in which we accommodate the requests that they are making on the basis of a sound business plan, if you like, and a practical solution to the problem they are facing.

**Mr. C. Evans:** I know the minister did indicate that I was not referring to himself or his direct staff of any sort of interference. I certainly was not, because that is not what I have been hearing. If I was hearing that, I would have said it, but to this point I have not heard that. But I have heard, and I have read all the correspondence to the minister, all of it. I have got a binder thick of it.

I guess the problem I have is that I do not believe that the majority of the people are getting the right answers out there. That is what I believe from what I am getting. Sure, nobody wants a lagoon in their backyard, but it seemed to me to be a logical—when I was first approached with this, I told both sides of the fence that it did not matter to me whether there was an expansion or a new location. That was not an issue as long as the issue that the Municipal Board and its decisions were being adhered to properly and what the mandate of the Municipal Board actually was.

*Mr. Chairperson in the Chair*

The expansion as compared to the relocation as compared to the now proposal of the word that was provided to me on the phone yesterday was twinning. It is an enormous difference of cost between the first proposal that this community put forth and went to the Municipal Board for the by-law, working with the Water Services Board people and Environment, and all of a sudden that is not a good idea. Go back and vote again, and it is going to cost more money. It is going to cost the taxpayer, the local ratepayer, and the government more money to do this relocation, wherever it may be, whether it be a twinning or whether it go to one of the other two locations that are being considered to relocate. Those are my comments on that. If the minister wants to respond, fine.

**Mr. Derkach:** I think the member would appreciate that we would like to resolve this issue as well. Unfortunately, in the community itself I think there are two different views of a solution. There is one group who favours the building of the new lagoon. Another group favours, because of tax issues, the expansion of the existing facility.

The municipality really has to make its mind up about which way it wants to go based on the resources that it has to deal with the issue and, secondly, the most acceptable solution to the ratepayers in that area. That is why they are going through the process of having open meetings for the public to come and express their concerns. Then the municipality will have to make the appropriate decision based on the information that they gather, but there is no intent of the department to try and influence in a negative way a decision in that area.

What we are trying to do is act as a catalyst to resolving a situation which has been around for a significant amount of time. The member should also know that the Department of Environment is encouraging very strongly that we resolve this issue sooner than later.

**Mr. C. Evans:** I am aware of that. I have been made aware of it. I have been kept aware on this issue, going back from the very first meeting in correspondence that I have had. Again, I am

only hoping that everything is being done in accordance with the rules and the laws and the regulations, whether it be the Municipal Board, the Water Services Board or Environment or Rural Development, that this be resolved. How long has it been? Seven years or eight years that this whole issue has been an issue in that area maybe. Perhaps, not as long, but it has still been an issue and it has been a contested issue.

The minister said, well, there are two sides, and I believe that both sides just want to see the right thing done, and as least costly as possible for themselves. I also understand that they want to expand within the area, so I certainly hope that this can come to some sort of a conclusion. I am sure I will be hearing about the discussions with the twinning proposal, as has been indicated to me occurring.

Mr. Chairman, I am fine with this line.

**Mr. Chairperson:** Shall the item pass? The item is accordingly passed.

13.2.(a)(2) Other Expenditures \$273,300—pass.

13.2.(b) Surface Rights Board (1) Salaries and Employee Benefits \$20,700.

**Mr. C. Evans:** Mr. Chair, just one quick question on that. We have the annual report for '98-99. Have there been any serious developments, any serious issues within the Surface Rights Board that the minister can share, or is their mandate still the same and things progressing fine within the system?

**Mr. Derkach:** No, no major issues to date. The Surface Rights Board continues to do its work. Of course, their role is dispute resolution between landowners and the oil industry, so there are always issues there, but they are not ones that are coming forward in a major way that I know of right now.

**Mr. Chairperson:** Shall the item pass? The item is accordingly passed.

13.2.(b)(2) Other Expenditures \$15,400—pass.

Resolution 13.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,083,900 for Rural Development, Boards, for the fiscal year ending the 31st day of March, 2000.

13.3. Small Business and Corporate Planning Services (a) Corporate Planning and Business Development (1) Salaries and Employee Benefits \$690,800.

**Mr. C. Evans:** If I may just ask the minister, and I should have checked the records. I am getting away from this line right now. Under what line can we discuss natural gas?

**Mr. Derkach:** Mr. Chair, Infrastructure is where we would normally discuss matters like natural gas.

**Mr. C. Evans:** I thank the minister for that. Can the minister just provide a bit of an update on your Small Business and Corporate Planning Services for the past year? What type of projects have we seen? How has this part of the department been operating?

\* (1550)

**Mr. Derkach:** Mr. Chairman, I think the member knows everyone at the table except, perhaps, for Mr. Ron Riopka, who is the director of Corporate Planning.

Some of the projects that have been undertaken by this branch of the department include such things as the rural economic renewal strategy. The member would know that the first rural economic strategy was developed as a result of a forum that was held a number of years ago. I am not going to quote a number, but it is about six or seven years ago, and the strategy was actually introduced about five years ago. In the forum this year, we looked at renewing the rural strategy, and the people who attended the workshops had input into, I guess, directing us as to what issues should be included in the new strategy, and that is what this branch is looking at right now.

We have also, under this part of the department, the Rural Advisory Committee to the Department of Rural Development. We

continue to get input from the committee. They are the body that is spearheading the renewal of the rural strategy, and they were very much involved in the workshops that were held. We also have the land development issues under this branch of the department, and in this area the staff from the department have been very involved in the COSDI report. This is the group that looked at the whole issue of sustainable development legislation, so my department, through this branch, had input—as a matter of fact, some very direct input—into the issues as they revolve around our department with regard to planning.

The Capital Region, of course, the member is very much aware of that. This branch of the department has had direct input into the Capital Region and has been involved with the Capital Region Review Panel's work. Although the review panel is an independent group that is working outside of government and outside of our department, nevertheless the branch of the department that has responsibility is this branch.

This is also the branch that has been involved with such things as the annexations that the member has read and heard about around the province. I guess the most prominent of those was the Virden-Wallace annexation and the attempt to resolve the issue between the two municipalities through negotiations which this branch of the department was involved in. Unfortunately, that did not succeed, and so we had to revisit the Municipal Board order regarding annexation.

This branch of the department also is responsible for the legislation and regulatory changes as they relate to The Planning Act and streamlining The Planning Act as we did, the member knows, to ensure that we can move ahead with development plans in a much more effective way without the cumbersome nature of the process that we were experiencing before.

Also, the enhancement of technology in Manitoba is being handled through this branch, and specifically I am talking about the Manitoba Marketplace that was launched at the Rural Forum. This is an initiative that has been worked on very diligently by this branch of the department, and in addition to that, this branch

also is involved with the regional Internet workshops that are being held around the province. The whole issue about this is to try and encourage and motivate greater usage of the Internet services that are available to all Manitobans.

Under the youth component, this branch also is involved with the rural youth forum with entrepreneurship and leadership through Junior Achievement. We also have the implementation in the work that has gone on with regard to the Brandon University's Master's in Rural Development program. That is a brand-new program that is just getting off the ground and one that we are looking forward to with some anticipation because we believe that future people who work in rural economic development will come out of this program, will be graduates of this program in the future.

In addition to that, the member may know, Pride of Manitoba, which is our youth group that acts as an ambassador group for our province, has been put together again this year, and this branch of the department has been responsible for co-ordinating the auditions and so forth to put this group together.

With regard to training programs that take place out in municipalities and the rural part of the province, once again this is the branch of the department that involves itself with this. Besides all of those responsibilities, the member knows about the Manitoba-Ukraine Memorandum of Understanding under the direction of Mr. Riopka. This is an initiative that this branch is undertaking. This is not a small initiative. It involves us carrying out the clauses of the memorandum of understanding with Ukraine. These are not easy because of the distances, because of the political climate in Ukraine which is changing. We believe there is a definite opportunity for people of Manitoba to do business with people in Ukraine because of the large number of people of Ukrainian descent in our province. This is a very positive thing I believe.

In addition to that, we participated in the CUBI event, and there is going to be a CUBI event, as I understand it, in Ukraine which we are being asked to participate

in. Our responsibility in that regard is to work with the private sector to try and encourage businesses to participate in that CUBI event. Because of the presidential elections that are coming in the fall, we are uncertain as to whether or not the CUBI event will take place in the fall prior to or after the presidential elections, so that is still up in the air.

Additionally, we also have responsibility in this branch for the Nunavut Memorandum of Understanding between the Northwest Territories and Manitoba. As the member knows, we welcome the new territory of Nunavut. We were actually in Iqaluit the day that the Premier was selected and the day that the ministers were selected as well. It was a very historic occasion for us. It was almost by chance that we happened to be flying over from Rankin Inlet to Iqaluit about two o'clock in the afternoon when the Premier was selected. When we arrived at about six, the new ministers had just been selected. As I walked into the hotel, I will never forget this experience. Manik Thompson, who was the minister in the Northwest Territories, came bounding into the hotel asking for me because she wanted to announce that she had been chosen as a minister in the new government. That evening they attended our reception, and it was just an historic event for us because the Premier himself, the Premier-elect himself, attended our reception and it was quite an occasion. So we have had responsibility for that part of, I guess, the government's work as well.

Those are some of the areas that this branch has responsibility for.

\* (1600)

**Mr. C. Evans:** Just a few questions and comments on this. [interjection] I will. I am pleased to see that this department is dealing with these different projects and especially with the Ukrainian issue and Nunavut. It would have been a wonderful gesture on the minister's part to have made every effort to see whether his critic, for so many years, who had been so kind to him and his department, to at least let me know there was an opportunity if I wished to come along. I would have gladly have thought about it. It would have been nice. [interjection]

It would have been nice. I am glad to see that the province is part of this initiative, both with Ukraine and Nunavut.

Two questions: the minister mentioned annexation and he mentioned Virden-Wallace. Are there any others that are going through the process within the province? I understand the R.M. of Gimli and the Town of Gimli are in discussions. Can the minister enlighten me on that issue?

**Mr. Derkach:** Mr. Chairman, through the year there are many municipalities that go through annexations and they are minor in nature. The reason I mentioned the Virden-Wallace one was because it was probably the most noted in the media as it related to a dispute between two municipalities on land issues.

There are others that resolve themselves in a very positive nature, and I would refer to the one example of Rhineland and Altona where the annexation was proceeded with in a very positive way. Although there are many that go on through the year, for different reasons they are resolved in different ways. I have a list here, annexation proposed or that are in process where, of course, I mentioned the Altona-Rhineland one. Roblin-Shell River, there is an annexation potential there. Cranberry Portage, Dufferin, Morris, the R.M. of Gimli and the Town of Gimli, and of course Carberry and North Cypress. Those are ongoing and discussions are continuing between the municipalities. We constantly strive to resolve those annexation issues through a co-operative and in a mutual way where municipalities, rather than going through that elaborate and long process, can agree to an annexation or can agree to share in some way where it does not involve the confrontational approach that sometimes occurs as was the case with the Virden-Wallace situation.

**Mr. C. Evans:** Obviously, the municipalities come to the department if there are problems or when they are going through the process of amalgamation or annexation. Why would the Virden-Wallace one, which I did not pay attention to that much myself, why would it have failed? Are there more issues than just land



involved when it comes to these type of things? Taxes? Money?

**An Honourable Member:** Money.

**Mr. C. Evans:** I see that the member for Arthur-Virden (Mr. Downey) says "money."

**Mr. Derkach:** I guess the most prominent issue in an annexation is of course the loss of revenue to a municipality that is being annexed. There is also the whole issue of losing some potential revenue when a property is being annexed. So in the Virden-Wallace situation, what we tried to do was work between the two municipalities to arrive at a solution where there could be some annexation but also there could be some revenue sharing between the R.M. and the town on development that was bringing in significant revenue; in this case, it was to the R.M. However, that just was not a solution that we could arrive at.

I have to tell you that the department worked very, very hard. We did secure the services of a conciliator, if you like, or someone who could mediate between the two bodies, but at the end of the day the two groups decided to see it differently, then proceeded to the Municipal Board. At the end of the day the Municipal Board did make a ruling which we supported. I think to be honest with you, if the two municipalities had to do it again, they would probably try to resolve their issues in a different way, and that is my opinion.

**Mr. C. Evans:** The minister also indicates here that part of the department serves as a secretariat, and we talked about this last year, about the Provincial Land Use Committee of Cabinet. Could the minister just update me as to how often this committee meets and who is directly on the committee? If it is a long list of ministers, then I would appreciate it, and some of the activity in the last couple of years that this committee has had to indulge in.

*Mr. Edward Helwer, Acting Chairperson, in the Chair*

**Mr. Derkach:** Mr. Chairman, the Provincial Land Use Committee, which I chair—this branch is secretariat to the committee—involves itself

with such as things as appeals on Crown land issues that come before government. What we do is that, if there is an appeal on a sale of Crown land, then that matter comes before the Provincial Land Use Committee for a decision. The Provincial Land Use Committee makes that decision, and that decision is forwarded to the cabinet for approval. That is sort of the process.

We also, Mr. Chairman, have a complement of ministers at the table who represent the various interested departments that might have some interest in the issues, and they are basically the Department of Agriculture, the Department of Natural Resources, the Department of Highways and Transportation, the Department of Northern and Native Affairs, the Department of Urban Affairs, the Department of Industry, Trade and Tourism, and the Department of Environment.

**Mr. C. Evans:** So it is on appeals for land sale that this committee, or is it application for sale of Crown land? Would a producer or a land-owner or a producer who is leasing land, would their request to purchase Crown land, leased Crown land, go through this committee at all?

\* (1610)

**Mr. Derkach:** Mr. Chairman, the Provincial Land Use Committee of Cabinet establishes the policies as they relate to Crown land sales. The Crown Land Classification Committee then implements the policies that are established for the Provincial Land Use Committee. If they are under the set of policies, there is a process which is followed for an individual purchasing Crown land. Now, if the Crown Land Classification Committee turns down a particular sale of Crown land, an individual may appeal that directly to the Provincial Land Use Committee. The committee then will establish whether or not to proceed with the sale.

In addition to that, the Provincial Land Use Committee of Cabinet, which meets quarterly, also establishes, if you like, the policies as they relate and works on legislation as it relates to land use. This committee has also been instrumental, and the secretariat to this committee has been instrumental, in the whole issue of revisions to The Planning Act, revisions to the

land use policies, and the input into the new Sustainable Development Act as well.

**Mr. C. Evans:** Unless somebody appeals a proposed purchase or somebody who has requested and been turned down and goes and appeals, that is basically what would come before this committee. The minister also says that it has some policy mandates or support that would be provided through Order-in-Council I guess or through regulations. So any changes that would be proposed by any department on land use planning would also go before this committee and these ministers to agree to or to change. Is that what the minister is saying?

**Mr. Derkach:** The reason that we have the various departments around the table is for input into various policies or various approaches that are taken. Indeed, if there is an issue that comes before the committee, the input of these departments is very important. Even in the case of appeals we seek the input from various departments as they relate to that particular appeal that is before the committee.

**The Acting Chairperson (Mr. Helwer):** 13.3. Small Business and Planning Services (a) Corporate Planning and Business Development (1) Salaries and Employee Benefits \$690,800 (2) Other Expenditures \$109,900 for a total of \$800,700—pass.

13.3.(b) Small Business and Community Support (1) Salaries and Employee Benefits \$216,400.

**Mr. C. Evans:** Could the minister just very briefly, just an update on this Small Business and Community Support Branch, what has the activity been in the last year with this?

**Mr. Derkach:** This is a very busy branch of the department. The goal of this particular branch is to try and stimulate economic development through various means in rural Manitoba. Over the course of the last year this branch has conducted a series of seven marketing seminars as part of the marketing marathon at Rural Forum '99. Seminars were targeted to about 300 participants to increase their marketing knowledge in a number of areas. It also developed a marketing camp for 30 to 50 participants. The

marketing camp has not yet been held but will be held over a two-day period of time. It will give opportunity to participants to develop and complete marketing plans for their own businesses.

*Mr. Chairperson in the Chair*

In addition to that, a series of seven marketing seminars will be held during Small Business Week in October 1999. These will be targeted at about 200 participants. The Community Newspapers Association will also partner with the department in delivering these seminars in seven rural communities around the province. This branch also provides marketing assistance to clients on a one-time basis as required. In addition to that, during Small Business Week this branch will also co-ordinate a tour for the minister. The tour will provide interaction with publishers and editors and the public in rural Manitoba.

Marketing assistance is also provided by this branch to the Manitoba-Ukrainian secretariat. In addition to that, the forum is something that this branch also works at and supports. It continues to market and promote the effective communication between different segments that the department works on, whether it is the Manitoba-Ukraine MOU or the Nunavut-Manitoba MOU or the Northwest Territories-Manitoba MOU. We produce the community or the rural development's newsletter that goes out to rural Manitoba on a semiannual basis. This year it is on a semiannual basis. I think previously it has been on a quarterly basis. This branch will also undertake to work with the Manitoba Association of Community Newspapers to, in a positive way, I guess, give some indication to Manitobans how we as a department could partner in a positive way with businesses and rural Manitobans to enhance their communities, to sustain their communities.

I would say there is probably a new challenge out there for this branch of the department as it relates to western Manitoba and the situation that is existing there today. This branch of the department also prepared a booklet of success stories that involved rural partners in Manitoba, and this booklet will be distributed to about 5,000 stakeholders in the province. This is

going to be a 50- or 60-page booklet, and it will be developed in consultation with rural Manitobans. It will include anecdotal stories, photographs, graphics, illustrations to try and motivate Manitobans in the rural part of our province to seek solutions to the challenges that they have before them.

The list goes on, Mr. Chairman, and I could go through it all. I am going to try to just hit the high points if I may. This branch also works with Rural Junior Achievement to develop a business and marketing plan and complementary information pieces to enable Junior Achievement to launch their ongoing initiative that will help to generate revenue for them, because as the member knows we are also trying to work towards more self-subsistence, if you like, or sustainability by the Junior Achievement organization as well.

The other area I think that should be noted is the support that this branch gives to the sustainable economic renewal strategy, which will include the output of about 5,000 copies of the new strategy document to rural development stakeholders to let them know what our new strategy is and to communicate with them. It also continues to promote and support the expansion of the Manitoba Marketplace Supply Enhancement Initiative, including the development of promotional materials as they relate to the Manitoba marketplace. The uptake of this particular initiative has been very, very good, and the reason for that I think is because there is an awareness that has been created through this branch in rural Manitoba about this initiative.

We also developed through this branch a communication strategy for a series of Internet workshops, as I mentioned before, that were spearheaded and approved by the Rural Advisory Committee, including a public relations and promotional material campaign, if you like, or the promotion of this kind of activity in rural Manitoba.

\* (1620)

We also provided through this branch the support that was required for Pride of Manitoba to do a bit of their marketing for the Rural Forum, and also so that rural Manitobans would

know that they are indeed able to have Pride of Manitoba at various functions across the province which are held throughout the summer. This is a very important event, because as we approach the millennium, we need good ambassadors for us as a province I think to promote our province in a very positive way.

This branch also assists in the design and the co-ordination of the Municipal Officials Directory, which is something we are mandated to do; in addition to that, the design and co-ordination of our statistical information publication, as well as the administration seminars handbook; and the planning district manual, which is put out by the department, so, once again, a very busy branch of the department, a very essential one, I might add, and one that has been used by many communities and many organizations, including our municipal organizations, to assist them with the work that they do in promoting themselves as well.

**Mr. C. Evans:** Is this also the part of the department that deals with the Rural Forum itself, and how much costing this year?

**Mr. Derkach:** Yes, and the director of this branch, I should have introduced him previously, is Mr. Paul Staats, who is the director of our Marketing Branch. I would like to also present to my critic a copy of some of the materials that have been worked on by this branch, which includes, there is a video, there is a cassette. Last year I think I presented the critic with a cassette or a disk that was produced by the Marketing Branch as well. So I am pleased to do that for the critic.

**Mr. C. Evans:** I appreciate the package. I will certainly go through it. I would rather have gone on the trip to Nunavut.

Can the minister just indicate the cost, this year's cost—I mentioned in my opening statement that I was pleased with the Rural Forum—what our costs were this year and, you know, break even, do good, bad?

**Mr. Derkach:** I guess in answering this question I would like to just provide a caution that the numbers are subject to change, because they are not all in at this point in time. So there could be

a minor change to the numbers that I give here this afternoon. But the total for the 1999 Rural Forum would be \$434,790. That includes contributions from ourselves and also from sponsors and partners in the forum. The cost to our department for the forum is approximately \$175,000. The remainder of the money comes in from partners and sponsors.

**Mr. Chairperson:** Shall the item pass? The item is accordingly passed. 13.3.(b)(2) Other Expenditures \$68,600—pass.

Resolution 13.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,085,700 for Rural Development, Small Business and Corporate Planning Services, for the fiscal year ending the 31st day of March, 2000.

13.4. Local Government Services (a) Executive Administration (1) Salaries and Employee Benefits \$122,600.

**Mr. C. Evans:** If I can ask the minister if under this Local Government Services line if we can discuss tax sales within the province and within municipalities. Under Local Government Services, can we discuss an issue of tax sales?

**Mr. Derkach:** Yes, Mr. Chairman, we would certainly entertain those questions.

**Mr. C. Evans:** The minister had received correspondence about a tax sale and the questioning of the tax sale because it was being bought by a municipal employee. The minister remembers, I raised this with the minister, and I would have thought that The Municipal Act in place would actually have covered the concerns. Did the minister not write back to the person who wrote saying that you will have to take it through the legal system? Is that not what the response was by the minister's office?

**Mr. Derkach:** Mr. Chairman, I guess the process is that the legislation is there as it is written, and our responsibility is to try and make sure that the legislation is as soundproof as possible. However, if someone feels aggrieved, then he or she has the responsibility to take that matter through the court system if, in fact, they feel that they have been wrongly done by.

I think the member is probably talking about a situation that occurred last year with regard to tax sales in the Cartier municipality and some municipalities in southern Manitoba as well. As a result of what was taking place, we reviewed the regulations and the legislation and decided to make some amendments to try and deal with those situations so that they would not continue. So amendments were made with regard to those issues, through regulation, and we also assured the municipalities at that time that we would be bringing amendments to the act to deal with those issues, and that is what we have done in this session to try and deal with those issues.

Now, no matter how tightly we try to write the legislation, there may always be a situation where a person feels aggrieved by the way he or she is treated through a municipality in a tax sale situation. So, in those cases, we always encourage people to ensure that they have avenue through the courts to resolve those kinds of issues.

**Mr. C. Evans:** Then the minister is saying that this person is wrong in their letter to him in citing the act itself in the letter to the minister. Obviously, the person who wrote the letter did their homework. It is a letter dated March 5, 1999, the letter I presented to the minister here in the House asking him why nothing had been done about this. There are four paragraphs that refer to sections of The Municipal Act, that there is conflict of interest, that land was sold illegally or against the act, a conflict of interest. I am sure the minister has dealt with it.

\* (1630)

I am basically asking is this person wrong in what they have stated in their letter to him, and is the minister right in saying you have to go through the legalities of all of this? I mean, now you are trying to say that there are ways of slipping through The Municipal Act after we have worked so hard and everybody has worked so hard in putting a new act together, that now there are loopholes and now we are going to correct them again.

I know there is always going to be changes to something. If he wants, I can provide a copy of the letter and he can read and then tell me

whether this person is wrong. If they are, then we will deal with it.

**Mr. Derkach:** I think what the letter is suggesting is that there be direct intervention by the minister into this matter. Regardless of whether it is this issue or any other issue as it relates to The Municipal Act, if a party feels that the act has been broken through an action of the municipality or someone in the municipality, then the way to correct that is through the court system. It is not for a minister to come in and try to dictate to a municipality or anybody that indeed they have broken the act. It is up to the individual then to take the matter, because the act has been broken, through a court process.

I do not have a copy of the letter in front of me, Mr. Chairman. I would like to ask the member if he would table it. Then perhaps I could give a more detailed response. With regard to the changes to the act that we are making now, we are simply enshrining in legislation what we had passed as a regulation so that it would be clearer to everybody as to what the intent of The Municipal Act is.

**Mr. C. Evans:** I think once the page brings a copy we can—I did make a copy for the minister because I was contacted saying that there has been no reply to the letter. I remember giving him a copy in the loge. Then I believe I received a copy of your letter saying, well, you will have to go through the legal system.

It cites conflict of interest; it cites an administrator from the R.M. of Tache selling land twice, I believe, under the act and under the sections that are being cited by the person that it was wrong. I want the minister to see that and look at it again and tell us here today that that person that wrote you the letter is wrong in what she is saying. So I guess it will be best that we deal with it.

If there is a loophole or somebody has done something that they are not supposed to be doing, then I think that we should take some action. An act is an act. The regulations are there. The act is there. Why are we then saying, well, this certain part of the act, there is a loophole, so if you do not like it you go to court with it?

**Mr. Derkach:** Mr. Chairman, I think this is probably a little more complex than it appears on the surface. To begin with, as I understand it, the letter is coming from someone who does not have a grievance or an interest in a piece of property him or herself. Rather, this individual is grieving the process and the way that The Municipal Act was structured to begin with.

Now, this was not necessarily a change from the old act. The change was made to The Municipal Act in terms of allowing for the sale of property and that the sale would be final. The act did not say who could purchase or who should not purchase property. So when the issue came to the department that employees of a municipality were purchasing property for very low prices compared to the value of the property, that became a red flag to the department.

So we passed a regulation that disallowed people who were direct employees of a municipality, it excluded them from the purchase of property. The regulation was passed and was given to municipalities. However, it was just about at the same time that some of the property was being sold in a tax sale. So this individual who writes the letter is suggesting that the regulation was contravened, not the legislation but the regulation that was passed, and this was a timing issue. That is why the response to this individual was that if the party who feels aggrieved by this action wishes to, he or she may take this matter before the court to get a clarification and to get an understanding of whether or not, in fact, the regulation was contravened.

In this case, we have not heard from the owner or the person who owned the property previously. Rather, this is a third party who is writing to us, and this letter was responded to, and I would be happy to provide the member with a copy of the response that went to the individual.

**Mr. C. Evans:** I have one. I was sent a copy of your letter back.

**Mr. Derkach:** Oh, I thought you said that I did not—[interjection]

**Mr. Chairperson:** Are the members just carrying on a conversation, or do they want to

come through the Chair, because I do not know which mike to turn on anymore.

**Mr. Derkach:** Mr. Chairman, just for the record, this letter that was received from the individual was responded to on May 19, and I do not believe that I have had a letter since then.

\* (1640)

**Mr. C. Evans:** So, basically, the minister is saying it is a dispute over the facts, but by saying that, he is saying that the person is not right in referring to and stating that under such and such a section this cannot be done? Is he saying that?

**Mr. Derkach:** Well, Mr. Chairman, I guess what I am saying is that under the existing former Municipal Act, there was no indication of who could or could not buy a property when it was going for tax sale. There was an assumption that employees and municipal elected officials would not be allowed to buy property directly as it came up for tax sale, and this was flagged to us as an issue. We passed a regulation which would deal with this situation for a short period of time until we could pass legislation.

What we are doing now is enshrining the regulation in legislation to make it very clear to all municipalities that this, in fact, is the law. Now, if someone contravenes the legislation after it is passed, then it would be up to the department to take action, so the issue that is raised here by the writer of the letter is not necessarily incorrect. However, the individual is raising the issue of the fact that we had passed the regulation and that there seems to have been a municipal official not following the regulation. After investigation, as I pointed out, there was a timing question, and so that is what is at issue here. If there is a question with regard to interpretation or timing, that is a matter that the individual who is aggrieved would have to take before the court.

**Mr. C. Evans:** I am okay with that one, Mr. Chair.

**Mr. Chairperson:** 13.4. Local Government Services (a) Executive Administration (1) Salaries and Employee Benefits \$122,600—pass; (2) Other Expenditures \$34,600—pass.

13.4.(b) Assessment Services (1) Salaries and Employee Benefits \$6,013,700.

**Mr. C. Evans:** Can the minister just remind me, help me out here as far as the assessment years? In what stage are we with the reassessment and the tax issue?

**Mr. Derkach:** The last assessment was in 1998, and we are on a four-year cycle. The next assessment will be in 2002.

While I have the mike, I would like to introduce Mr. Ken Graham, who is the director of Assessment Services in the Province of Manitoba.

**Mr. C. Evans:** Have there been many changes in this department in this area in the past year? Have there been any major assessment proposals or anything to be changed that we may foresee in the next assessment? Is there anything in the plan, in the works?

**Mr. Derkach:** I guess the work for the Assessment Branch is ongoing, and between reassessment periods, the branch has to ensure that the reinspections are done on a timely basis for all of the properties in rural Manitoba. There is a schedule that the branch has that they follow in order to do reassessments in an orderly way.

In addition to that, they also work on issues as they arise with regard to assessment, and they also work on providing recommendations for legislative amendments to assessment so that, indeed, our assessment process is as current as it can possibly be.

We also consult with other jurisdictions in Canada to ensure that changes in other areas that are reflective of property values are indeed ones that are taken under consideration when we do our policy re-evaluation in this province.

In addition to that, I should also add that the branch produces an annual assessment roll for each municipality in the province.

**Mr. C. Evans:** It states here: Public Schools Finance Board requirements will be met annually. Can the minister explain that to me?

**Mr. Derkach:** In order to arrive at a proper funding mechanism and approach for school divisions for a particular year, they require an assessment of all school divisions. The Public Schools Finance Board requests of our Assessment Branch that information on an annual basis. So this is what we do for the Public Schools Finance Board for total school assessment in the province of Manitoba.

*Mr. Edward Helwer, Acting Chairperson, in the Chair*

**Mr. C. Evans:** One last point, I did sort of refer this and ask if there were any changes. It does state that assessment reform measures will continue to be introduced. So the department is always looking at some ways to improve the assessment measures, basically always going through a process of trying to make it a lot easier for the municipalities and government and individual residences and businesses in the communities.

**Mr. Derkach:** The branch has a continuous improvement initiative that it embarks on or has embarked on to ensure that all of the issues as they relate to assessment are as current as they possibly can be. We also try to provide through the branch a better information package to our municipalities and to individuals. On that issue we have actually implemented open houses in municipalities to give us accurate and as current information to taxpayers and to municipalities as is possible. The open houses have been very successful.

In addition to that, we are updating our computerization systems to ensure that we can deliver the services in the most effective and efficient way. We also, as the member knows, have brought in an amendment to the Assessment Act to ensure that our Assessment Act is current and is as up to date as we can possibly make it.

\* (1650)

There is a lot of activity that takes place in this branch. I do not have to explain to the member how important this branch is to the taxpayers of our province. It is a very sensitive area where taxpayers react very quickly if there are errors or if there are issues. That is why we

have instituted the open houses, because we think we want to be a department and a branch that is client oriented, that is service oriented, and that we provide the best kind of service we can to our clients out in rural Manitoba.

I would have to say that I think it is reflective of the low numbers of assessment appeals that we have in rural Manitoba today. I think we are down under 2 percent, if I am not mistaken, which is probably the lowest that we have ever seen it.

Just as a bit of information, under this branch we add about approximately \$200 million of apportioned assessment to the rolls every year, which involves about 6,000 properties on an annual basis.

So the branch does really put a very concerted effort into ensuring that our assessment values and our assessment of property are as current and up to date as we possibly can be. We have to make sure that we understand that we are talking about rural Manitoba here, because in the City of Winnipeg, there is a separate Assessment Branch, which is operated by the City of Winnipeg, not by the province.

**The Acting Chairperson (Mr. Helwer):** Item 13.4.(b) Assessment Services (1) Salaries and Employee Benefits \$6,013,700; (2) Other Expenditures \$1,359,000, for a total of \$7,372,700; (3) Less: Recoverable from Education and Training \$(1,843,200).

**Mr. C. Evans:** Just quickly, the Recoverable from Education and Training, it is an annual amount given to the Department of Rural Development. Is that for part of the training process within the department?

**Mr. Derkach:** Mr. Chairman, we recover approximately 75 percent of assessment costs from municipalities. Because of the education portion, we recover about 25 percent from Education, and this is the recoverable portion from Education.

**The Acting Chairperson (Mr. Helwer):** 13.4.(b)(3) Less: Recoverable from Education and Training (\$1,843,200), for a subtotal of \$5,529,500—pass.

13.4.(c) Local Government Support Services (1) Salaries and Employee Benefits \$922,300; (2) Other Expenditures \$242,100; (3) Transit Grants \$1,562,600; (4) Municipal Support Grants \$973,400, or a total \$3,700,400.

**Mr. C. Evans:** Just two very short questions, if the minister can just provide me with the answer to the "Administration of the property tax credit program will result in rebates of approximately \$65.0M for the Manitoba Resident Homeowners Tax Assistance Program being processed." How does that work within your department? What does it exactly mean?

**Mr. Derkach:** The property tax credits, Mr. Chairman, is something that we administer for the Department of Finance, so we recover the costs of that from the Department of Finance. I am sorry, we do not recover it.

**The Acting Chairperson (Mr. Helwer):** 13.4.(c) Local Government Support Services.

**Mr. C. Evans:** Just one quick question on the Municipal Support Grants. I see that it has gone down somewhat an amount. Why have we dropped in that department?

**Mr. Derkach:** Well, Mr. Chairman, as the member knows, there was a commitment made by our government to increase the payroll tax exemption from \$750,000 to \$1 million. Based on the projected payroll costs, there are two municipalities who will no longer be responsible for the payroll tax. They are the R.M. of Portage la Prairie and the R.M. of St. Andrews.

Mr. Chairman, I should introduce Mr. Larry Phillips. I do not know whether he is familiar to the critic. Mr. Larry Phillips is the manager of our Information Technology branch in the department.

**The Acting Chairperson (Mr. Helwer):** Thank you. We will carry on. The total then for 13.4.(c) Local Government Support Services \$3,700,400, Less: Recoverable from Rural Economic Development Initiatives (\$75,000) for a subtotal of \$3,625,400—pass.

13.4.(d) Grants to Municipalities in Lieu of Taxes (1) Grants \$13,529,500—pass; (2) Less

Recoverable from other appropriations (\$13,375.9) for a subtotal of \$153,600.

**Mr. C. Evans:** Mr. Chair, just a quick explanation on that for the record. From other departments, whatever the other departments that have land or buildings or whatever, municipalities that are being assessed, do they then provide Rural Development with the money and then in turn it is provided back to the municipalities? Is that how that works?

**Mr. Derkach:** What happens is departments in government are responsible for their own grants in lieu. What we do is we pay on their behalf and then recover from those various departments.

**The Acting Chairperson (Mr. Helwer):** We will move on for a subtotal on 13.4.(d) \$153,600—pass.

13.4.(e) Information Systems (1) Salaries and Employee Benefits \$801,500.

**Mr. C. Evans:** The Manitoba Assessment Computer System and the Board of Revision Assessment Support System, that program, is that centralizing basically our assessments? Is that for the whole province? Is it based on two locations under two different divisions? If it was in place before, I am sorry if I have not asked about it but I would just like some information on those.

**Mr. Derkach:** We do have a centralized data system, an assessment system in the department and we do it on behalf of the municipalities. It is the MACS system that we have, the system that is in place right now where we keep all of the information. The BRASS system which includes the central database does provide for us an opportunity to be able to take the information from the MACS system down to PCs so it can be more user friendly, if you like, for our people who work in the field and also for our municipalities.

\* (1700)

**Mr. C. Evans:** I just want to make a comment on that. I would like to sometime soon have a look-see with the minister as to how that all



works and exactly how it is operated, because I am computer illiterate and it would be interesting to see exactly how things are saving us money, so I ask that.

**Mr. Derkach:** I would be happy to spend some time with the critic and take a tour of the assessment area, for that matter, and show the member sort of the workings of the system. So it would give him some appreciation for what this branch really does get involved in in terms of helping municipalities ensure that their information is current and up to date.

**The Acting Chairperson (Mr. Helwer):** We will move on.

Item 13.4.(e) Information Systems (1) Salaries and Employee Benefits \$801,500—pass; (2) Other Expenditures \$1,518,200—pass, for a subtotal of \$2,319,700; (3) Less: Recoverable from Education and Training (\$424,200), for a subtotal of \$1,895,500—pass.

RESOLVED that there be granted to Her Majesty a sum not exceeding \$11,361,200 for Rural Development, Local Government Services, for the fiscal year ending the 31st of March, 2000—pass.

13.5. Rural Economic Development (a) Executive Administration (1) Salaries and Employee Benefits \$122,600—pass; (2) Other Expenditures \$32,600—pass; for a subtotal of \$155,200.

13.5. (b) Infrastructure Services (1) Salaries and Employee Benefits \$1,565,000.

**Mr. C. Evans:** I would just on this line like to ask what projects are in place or going to be in place this year. I have an issue I want to run by the minister. I do not know if this is the appropriate line. There is a situation in the community of Riverton where there are a few businesses and a few homes that are not tied into the town sewer and water system. They have been looking at, requesting the village and the town to, of course, hook up, and there is quite a cost to the individual homeowners and business people. I am just wondering, I do not know as yet as to what the village of Riverton has done to this request. The folks have come to me to see if

there are monies available through Infrastructure, through Rural Development that perhaps the community can access and individual owners of the homes and businesses can access to be able to tie into the main line.

Would this line be able to provide any information for us on that?

**Mr. Derkach:** What we do is we work with municipalities to identify their priorities. What we do is put their list of priorities on a five-year program so that we can address the issues the municipalities have with regard to infrastructure water and sewer on a timely basis as best we can. The member might appreciate the fact that we have far more demands than we have resources to be able to meet those on an annual basis. That is why we have asked for the five-year plan for municipalities. I do not know specifics of the matter that the member brings forward, but I would be more than willing to sit down with him and look at the details and have our Water Services Board address the issue. We try to do that on a priority basis.

There are from time to time emergency situations or situations which arise which were not expected. We try to address them as best we can, but it does mean that we have to set aside a project here and there from time to time to accommodate those. So I would be pleased to look at the issue and see whether or not we can address it through the Water Services Board.

**The Acting Chairperson (Mr. Helwer):** 13.5. Rural Economic Development (b) Infrastructure Services (1) Salaries and Employee Benefits \$1,565,000—pass; (2) Other Expenditures \$459,300—pass; for a subtotal of \$2,024,300.

13.5.(c) Community Economic Development Services (1) Salaries and Employee Benefits \$2,955,600—pass; (2) Other Expenditures \$766,100—pass; (3) Grants \$545,000—pass; for a total of \$4,266,700.

13.5.(d) Food Development Centre \$912,400—pass.

Resolution 13.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$7,358,600 for Rural Development, Rural

Economic Development, for the fiscal year ending the 31st day of March, 2000.

**Mr. C. Evans:** I wonder if the minister would agree to a five-minute recess. I would like to complete the Estimates today, if we could get a five-minute recess and do our very best to try and get through the process until 6.

**The Acting Chairperson (Mr. Helwer):** We will take a five-minute recess. Is it the will of the committee that we take a five-minute recess? [agreed]

*The committee recessed at 5:09 p.m.*

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#### After Recess

*The committee resumed at 5:19 p.m.*

**The Acting Chairperson (Mr. Helwer):** We can call the committee back to order. We are on Resolution 13.6. Rural Economic Programs, for a total of \$21,000,000 (a) Grow Bonds Program (1) Salaries and Employee Benefits \$471,100. Shall the item pass?

**Mr. C. Evans:** Can I ask some pertinent questions? I know it is the Grow Bonds, but on natural gas. As the minister is aware and I am sure the government is aware, the co-operative that was formed—

**Some Honourable Members:** Oh, oh.

**The Acting Chairperson (Mr. Helwer):** I wonder if those members who want to carry on a conversation could do it in the loge, please.

\* (1720)

#### Point of Order

**Mr. C. Evans:** On a point of order, Mr. Chairman, if as he has indicated, that if there are conversations, otherwise in the Rural Development Estimates, that they be done in the loge in Ukrainian?

**The Acting Chairperson (Mr. Helwer):** The honourable member does not have a point of order.

\* \* \*

**Mr. C. Evans:** Mr. Chairman, to continue, the minister is aware, the government is aware there are plans for rural gassification in the Interlake area. They are hoping to get started I guess this coming year. There have been a lot of drawbacks. I would like to sort of find out how much involvement Rural Development has had in the gassification for our area and what type of resource commitment is there from the government and from Rural Development? Is the department encouraging, not pushing the municipalities to do something that they do not want to do, but encouraging? Are they part of the plan that has been put together by the municipalities that are part of this co-operative?

There have been lots of negative issues come out of this. I have been at meetings. I have heard lots of people very, very strongly opposed to gassification. Individuals, it is unfortunate. I do not know how much home-work has been done on this issue, but I would like to know where the minister and his department is with this and the government as far as Interlake's co-operative for natural gas?

**Mr. Derkach:** Mr. Chairman, as the member probably is aware, we as a department have provided two feasibility study grants to the co-op to undertake some work in preparation of natural gas in the area. In addition to that, we worked alongside with departments in government and the Economic Development Board staff and the municipalities involved in this co-op to put together a process and an approach to the delivery of natural gas services in the area. In that regard, the government of Manitoba has committed \$2.35 million towards this project. The total cost of this project is estimated to be approximately \$7.9 million in the first phase of course. So through our staff and the Economic Development Board, we have been in consultation with the co-op, and basically it is in their ball court, as I understand it, to proceed beyond this point in time.

I should also introduce a member of the Economic Development Board staff who has joined our table. It is Mr. Jonathon Lyon who is a senior project officer with the Economic Development Board and who has been involved with the natural gas projects not only here but

also in the Swan River area as well, and others, La Broquerie and others.

**Mr. C. Evans:** I do not know where to start on this issue as far as trying to get some support. I know that it is the commitment of the communities involved, as the minister is well aware, and Mr. Lyon is aware, I am sure, that over the past I think it is five years we have gone from feasibility studies to forming this co-operative and municipalities opting out in phase one and phase two. Really, it seems that the people in the co-operative think that it is going, yet I am not hearing anything positive that it is for sure. The first phase itself, is it in the works for the start of next year? I think they wanted to start it last year for phase one. I know that the communities in my area specifically are part of phase two. Where is phase one? Is it there?

**Mr. Derkach:** I am informed that this project is before the Public Utilities Board and the ruling is to be coming out very shortly on this project. If the ruling is positive, then work can proceed this year. However, if the ruling is less than positive, then it is back to the drawing board, I guess, to address the issues that might be put on the table by the Public Utilities Board. That is where the project is at. Our money is in place as a government. We are not reneging on the commitment that we have made. Certainly we are looking forward to the implementation of phase one.

I might say to the member that my goal and my hope would be that we can gassify all of rural Manitoba as was done with electrification back in the '50s because I think in this day and age natural gas is an absolute requirement for communities to be able to progress, to sustain themselves, and to proceed into the new millennium in a very positive way. As we can afford it, and as communities can afford it, we will work very positively with them to enhance natural gas into the communities. With the recent announcement with Manitoba Hydro acquiring Centra, I think that provides a lot of optimism and opportunity to be able to do just that in the course of time.

I also would like to introduce the assistant deputy minister responsible for the economic

development side of the department, Mr. Larry Martin, who has also joined us at the table.

**Mr. C. Evans:** I guess to provide the minister with what I am hearing out there and getting is that people are very upset that municipalities and communities have assessed through the system, put an assessment through to realize tax dollars for future influx or input of natural gas on the people themselves, on the individuals. Now, those individuals that are okay with the project do not have a problem with it. I am sure the minister is aware of this very large proportion of the Interlake that is against the natural gas proposal, maybe not against the proposal itself but the way it is being handled, that is, allowing the municipalities to take a certain amount on their taxes providing the future money for, what people are saying, natural gas that is not going to be able to come to their place or it would be too much of a cost to bring natural gas to their farmyard or their farm home or whatever.

I do not know how the committee is dealing with that. I just wonder, the minister said there is \$3-something-million committed by the government. This is phase one. [interjection] Sorry, 2.3 committed and that is the phase one. Is there any commitment or has there been any negotiation to commitment further than that for any funding available? I guess what I am asking is for some support from this minister because we talked about it in opening remarks how important gassification can be for rural Manitoba and to rural Manitoba for its future economic development. I am wondering if there is not a way that we might be able to assist in sending the message out there to the communities. So many of the municipalities that were involved from the beginning have dropped out, very vital ones, important ones. There were users in their municipalities. Unfortunately, for now, they have opted out of the program and put themselves on hold as being part of it. I guess I just look for some input from the minister. I know he wants to see that. But what can we do?

\* (1730)

**Mr. Derkach:** I guess a couple of points that need to be made is that we have been in touch with the municipalities. They understand the approach that is being taken and that the

province's money is on the table. The municipalities, through consultation amongst themselves, decided that they would take the approach of the phase one/phase two for gassification in the Interlake. There was no pressure put on any municipality that they had to forgo any monies that were allocated to them through the federal program. But, it was through a mutual understanding that in order to accomplish the goal they would have to do it in phases. Now, we do not know what the Public Utilities Board is going to rule, but I believe that municipalities, because we have been in touch with them, understand that if the PUB rules in favour of the co-op, they will proceed immediately with phase one.

Now, the member also asks about where we are at with phase two. I would have to say that phase two is a concept at this point in time. There has been no allocation of dollars to phase two at this point in time by municipalities or by government. We will have to approach that issue once we are through the first phase of this large project.

With respect to individuals being able to hook up to natural gas, I guess, it is not different from other projects that we have been able to achieve in that not everybody who lives in a particular area is going to have natural gas service provided to his home or to his farm. That would be the ultimate goal, but I believe that we are working towards that.

But what is more important is that natural gas in a community or in an area provides for the potential of having an industry or perhaps a user, a high user of natural gas, who can add to the economic development initiative of an area. It gives that community the ability to attract those potential customers, if you like, or developers, or economic projects to an area. Without natural gas, you simply cannot do that.

I think the case in point here is Louisiana-Pacific in Swan River which has been attempting to secure the natural gas service for their own use so that they can compete on a world basis. Without that competitive advantage, you simply cannot be in the marketplace, and it stymies the ability of that plant to be able to add value to the products that they are producing now, perhaps

add to the plant. So that is why it is very critical for an area to receive that.

So, although municipalities in the Interlake may not all be able to have access to gas immediately, what it does for the area as a whole is it gives it the level playing field to be able to compete for businesses that perhaps are looking for a home somewhere in rural Manitoba. That is our goal, too, to try and ensure that we give every area the same advantage in being able to attract business to its area.

**Mr. C. Evans:** I agree with the minister on his comments. It is something that I know I have been a part of in getting to the area since 1989, since I have been a part of the municipal system and part of the whole program and been in place with a lot of the meetings. It is, I think, there just was not enough information provided to those people who are all of a sudden saying: I am not going to be able to get it. Why am I paying \$1,000 or \$2,000 over a period of time so that this little community can get it or that business can get it type of a thing?

The other problem, I think, too, is the vastness of the area where communities are few and far between as further north you go. In the southern portion of the Interlake, where phase one is, there is better access to being able to provide it. That is my belief, anyhow. I think that is what the study shows.

I was very encouraged at one time to see that it was progressing at its level, but it seems now that there is so much unsureness about it and cost and everything else that some people are shying away from it. Hopefully, they will not shy away from it in a forever kind of thing, and just forget about it altogether, and just be complacent with the fact that what they have got now is all that they will get. Hopefully, there is something that can be put in place, that natural gas can be provided for, as you say, as many communities as possible.

I do not mean to be critical or negative to the point, but north of the Perimeter, the rural area north of the Perimeter, needs some sort of an economic input and support, and the further north we go, to be able to maintain the communities and maintain economic develop-

ment. So I just sort of look for the minister's support on that. Hopefully, if phase one can get going and be passed, it will be able to provide the other communities with—you know, they will be able to see just what it is going to do for that part of the community and perhaps change their opinions of it.

I appreciate the opportunity just to make those comments on the natural gas issues.

**The Acting Chairperson (Mr. Helwer):** Okay, we will move on to 13.6. Rural Economic Programs (a) Grow Bonds Program (1) Salaries and Employee Benefits \$471,100—pass; (2) Other Expenditures \$623,700—pass, for a subtotal of \$1,094,800.

13.6.(b) Rural Economic Development Initiatives (1) Salaries and Employee Benefits \$490,900—pass; (2) Other Expenditures \$1,44,100—pass; (3) Programs - Operating \$6,894,400.

**Mr. C. Evans:** It says here "decreased funding under this appropriation reflects the re-allocation of funding amongst the various Rural Economic programs." What is the re-allocation? What has changed? It is not a major drop of resource, but it is a drop.

**Mr. Derkach:** Mr. Chairman, some of the changes are a result of less demand for program dollars in those areas. I would reference the Community Works Loan Program, where many of the communities are already in the program, so those that are left to join the program are fewer, and so there is projected to be less call on the dollars in that particular program.

I guess if you were to look at the other areas, for example, the Development Support Program, in that we are anticipating less takeup of the program than there was previously. So those are just the adjustments in an overall sense. I think the biggest drop is in the area of the Community Works Loan Program, and I have explained that already, and Strategic Initiatives as well, where we are anticipating less demand for it. So there is a bit of a decrease in the amount.

At the same time, I would have to tell the member that we are fully committed to realizing the commitment that was made under such

projects as the Maple Leaf plant in Brandon. Certainly, that takes a fair chunk of money, just the one project alone, so therefore it is a reallocation of dollars as well.

\* (1740)

**The Acting Chairperson (Mr. Helwer):** 13.6.(b)(3) Programs - Operating \$6,894,400—pass. (4) Programs - Capital Grants \$6,375,800.

**Mr. C. Evans:** Just a comment, so then as we see the decrease for the previous line for allocation and need, I would guess that the increase in this line would be for more need for Capital Grants to be made available.

**An Honourable Member:** Maple Leaf.

**Mr. C. Evans:** That is Maple Leaf. Is that what the minister is saying?

**Mr. Derkach:** Yes, that is what the major projects are taking up, a fair chunk of capital money, and it is spread over more than one year. But as the member knows, there is a call for that money this year.

**The Acting Chairperson (Mr. Helwer):** 13.6.(b)(4) Programs - Capital Grants \$6,375,800—pass; for a subtotal of \$13,905,200.

13.6.(c) Unconditional Grants - Rural Community Development \$6,000,000.

**Mr. C. Evans:** The formula has not changed then. I see the monies are the same. Is the formula the same pretty well as has been? I do not quite recall, but when was the last increase? Was it the '97-98, and that is the VLT money? Was it '97-98 that there was an increase, or previous to that?

**Mr. Derkach:** The formula is basically the same as it was in the previous year. However, there has been, I guess, an increase in dollars in this area each year since the sharing of the VLT monies began up until this year. We see a levelling off of the programs this year, and basically the dollars are constant this year.

**The Acting Chairperson (Mr. Helwer):** Item 13.6.(c) Unconditional Grants - Rural Community Developments \$6,000,000—pass.

Resolution 13.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$21,000,000 for Rural Development, Rural Development Programs, for the fiscal year ending the 31st of March, 2000.

We will go on to 13.7. Capital Grants (a) Transit Bus Purchases \$180,000—pass; (b) Water Development \$1,773,500.

**Mr. C. Evans:** There is an increase here, I see. Obviously, then, we are looking at developing and assisting in water distribution and development in different areas, more areas than we have in the past, so we are then providing a little bit more resources for this initiative then? Is that the reason for the increase?

**Mr. Derkach:** In the overall program, in our water and sewer development program, I think, overall allocation is approximately \$12 million. Within that \$12 million we will see some shifts because of demands in one area or the other. In this current year, we are projecting more activity in the Water Development side, in the Sewer and Water side as well; therefore, there are more dollars allocated to these areas because of a greater demand in these areas at this time.

**The Acting Chairperson (Mr. Helwer):** 13.7.(b) Water Development \$1,773,500—pass; (c) Sewer and Water \$5,966,500—pass; (d) Canada-Manitoba Partnership Agreement on Municipal Water Infrastructure, nothing there.

**Mr. C. Evans:** Nothing there. Is the program stopped?

**Mr. Derkach:** Yes, Mr. Chairman. As the member knows, this was the old PAMWI program, a very effective program, I might add, but it has come to a conclusion. Last year was our last allocation in it, so it is basically a completed program.

**The Acting Chairperson (Mr. Helwer):** 13.7.(e) Conservation Districts \$2,570,000—pass; (f) Infrastructure Development \$11,405,800.

**Mr. C. Evans:** I see by reading the appropriation book that there are some projects that have been identified, so, of course, we are looking at an increase of funding.

Now, is this a cost share, these projects here? Is the \$11 million that is provincially, is that cost shared by the feds at all?

**Mr. Derkach:** Mr. Chairman, most of these are provincial commitments, but there are a couple that have federal participation. One of those is the rural gassification program has federal participation, and also the Dauphin water supply. There is federal participation in that. Other than that, the rest are all provincial programs.

\* (1750)

**The Acting Chairperson (Mr. Helwer):** Item 13.7.(f) Infrastructure Development \$11,405,800—pass, for a subtotal of \$21,895,800; (g) Less: Recoverable from Rural Economic Development Initiatives (\$5,075,800)—pass; (h) Less: Recoverable from Capital Initiatives (\$8,350,000)—pass.

Resolution 13.7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$8,470,000 for Rural Development, Capital Grants, for the fiscal year ending the 31st day of March, 2000.

Next is 13.8. Amortization of Capital Assets \$413,900.

**Mr. C. Evans:** Could the minister just quickly explain this. I see a tremendous increase. Just if he could quickly explain this line to me.

**Mr. Derkach:** As the member realizes, this is a new section of the Estimates process. It is the amortization of our Desktop equipment, Mr. Chairman, and it has been instituted as an accounting practice by the Department of Finance. Our existing inventory was at 16.8. We have added the Desktop Management Initiative as well as the Better Methods Initiative to that this year as new initiatives, so in the next set of Estimates we will see some comparisons. This is basically a benchmark for these areas.

**The Acting Chairperson (Mr. Helwer):** 13.8. Amortization of Capital Assets, \$413,900—pass; for a total appropriation of \$52,250,600—oh, forget that. We will go back to Clause 13.1. Minister's Salary. We will wait until the minister's staff leave the room.

We will go back to Resolution 13.1. Administration and Finance (a) Minister's Salary \$27,000. Shall the item pass?

**Mr. C. Evans:** I just want to extend thanks to the minister's department and staff for this year's Estimates. I am hoping that we can continue in this department, that Rural Development continues to play a major role in the future of our rural areas.

I want to reiterate that fact that we must not forget all of rural Manitoba. We must be there for all of rural Manitoba, as government, as MLAs, as departments. As well, I am happy that there are successful operations and new businesses and employment in areas of our province, but as I said in my opening statement, there is a need for the communities within the Interlake, for the communities in Dauphin, for the communities in some of the other regions and areas, even Lakeside, and on the east side, that we have to do, I think, collectively what we can. We can have people want to go out to rural Manitoba and make Virden double in size in 10 years and Riverton double in size and Roblin-Russell or whatever communities so that we can do that.

I just want to indicate to the minister in closing that I know I can say on record that there is not a problem on our side of the House with our rural members whatsoever as far as some of the initiatives that are being put in place through the department. I think we would just probably like to see more of the services that I indicated to him before. Repeating myself or not, I think it is so important. Rural development cannot be rural development without good infrastructure in our communities and a good reason for people to want to be out in rural Manitoba and live and establish themselves—schooling, with health care and roads.

I think that the Department of Rural Development should always, regardless of government, be a leader in saying that we have to do that so that we can have a rural Manitoba to go to and not more isolated places and people leaving their communities because of a lack of economic development or a lack of infrastructure or lack of health care. That is my belief. The department is more than just a rural develop-

ment, more than just a provider of financial resources, it should be an initiative department to get the other services out there and to force the other departments to play the same role as Rural Development is playing. I hope, in a nonpolitical way, that we can continue that as the Manitoba Legislature regardless of the government stripe that is in place. Thank you.

**Mr. Derkach:** Well, Mr. Chairman, in response, I just want to say, and I am sure I speak for the staff of my department, that we have had a very good experience in dealing with the many communities in rural Manitoba. Indeed, I think, rural Manitoba communities are onside in terms of rebuilding and sustaining their communities so that we can attract more young people into our smaller communities around rural Manitoba. We know very well that a city in this province cannot be strong without a strong economy, and the same is true for the opposite as well.

I also want to say that I would like to say thank you to my critic, because I think that others can take a page out of the relationship that we have had with the critic because indeed there is a time to criticize, there is a time to support, and I think the critic for Rural Development has done that in an effective way. I think he has gained the respect of a lot of rural Manitoba people because of the approach that he has taken. I am not shy about saying that that is an approach that I would like to see more prevalent among members of the Legislature because it goes to a more constructive approach in building the economy of our province and, in this case, the rural part of our province.

So, Mr. Chairman, I want to continue in that vein and I want to continue in that spirit so that together we can build a stronger economy, a stronger province for the benefit of our children and for our grandchildren as well. With that, thank you.

**The Acting Chairperson (Mr. Helwer):** Thank you, Mr. Minister. We will deal with the Minister's Salary. 13.1.(a) Minister's Salary \$27,000—pass. We will deal now with the total.

Resolution 13.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,477,300 for Rural Development,

Administration and Finance, for the fiscal year ending the 31st day of March, 2000.

Is it the will of the committee to call it six o'clock? [agreed] Committee rise. Call in the Speaker.

**IN SESSION**

**The Acting Speaker (Mr. Helwer):** The hour being six o'clock, this House is now adjourned and stands adjourned until 10 a.m. tomorrow (Thursday).



# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, June 16, 1999

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