

## LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, December 11, 1989.

The House met at 8 p.m.

### CONCURRENT COMMITTEES OF SUPPLY SUPPLY—ENERGY AND MINES

**Mr. Chairman (Harold Gilleshammer):** I call this meeting to order as was agreed to in the House, by leave, this afternoon. This section of the Committee of Supply will this evening consider the Estimates of the Department of Energy and Mines. When the committee last discussed the Estimates of the Department of Energy and Mines, the committee had been considering item 2.(b) Energy Policy, (1) Salaries, \$377,400—the Member for St. Norbert.

**Mr. John Angus (St. Norbert):** Excuse me, Mr. Chairman, is this the Minister's Salary in that area? Is it not traditional to put—oh, that has been done, has it?

**Mr. Chairman:** We are on item 2. Energy, (b) Energy Policy, (1) Salaries. We are on page 43 in this blue book.

**Mr. Angus:** We were talking in relation to the energy authority, and we were going over some statistical information on a specific Hydro program. There was some cross-information and perhaps the Minister has had a chance to get some of that.

**Hon. Harold Neufeld (Minister of Energy and Mines):** This is from the Home CHEC Program, and I was asked to bring back information as to the numbers of checkups for 1987-88. We had given the numbers for '88-89 as 4,588 in the first, and for '87-88 there were 4,753.

\* (2005)

**Mr. Angus:** Perhaps the Minister could just advise me. If I remember correctly, there were a number of people at Hydro, but there are only two people in your department who are processing the applications. Is that basically what is happening?

**Mr. Neufeld:** That is true. The inspections are done by Hydro people.

**Mr. Angus:** When they process these applications do they give consideration to advancing monies, low interest loans, forgivable loans? What is the function of the two members of your staff that are reviewing these applications? What criteria do they use?

**Mr. Neufeld:** The two people in our department administer the Home CHEC Program and also administer the Home CHEC Loan Program, but that is administrative only and they do not participate in the actual assessment or the appraisal of the houses. That is done by Hydro.

**Mr. Angus:** What do they do then? They review the applications? Do they approve them or do they not approve them? Do they authorize them, do they not authorize them? I am just having a bit of difficulty getting an understanding on why you do not move this whole department over to Hydro and be done with it.

**Mr. Neufeld:** As the applicant calls the Info Centre at Energy and Mines at Eaton Place, after they have called, our people will call Manitoba Hydro and they will go out and assess the property. Our people, if there is a loan, will administer the loan, but Hydro advances the money. If the people do not pay Hydro, then Hydro comes to us and we pay them. We guarantee every loan that Hydro makes.

**Mr. Angus:** Are these low interest loans or—I imagine there is some sort of an incentive, Mr. Chairperson, and I am just wondering what the criteria is for the loans and what the repayment terms are, that sort of thing. Do they pay it on their Hydro bill?

**Mr. Neufeld:** Presently, the loans draw interest at 8 percent and they are 10-year loans at 8 percent, so there is an interest incentive, as you asked.

**Mr. Jerry Storie (Flin Flon):** I have a couple of questions. The CHEC Program that my colleague was talking about, there is a reference to expected results from energy management, which says that an optimum reduction of 20 percent energy demand for the residential sector is expected. The 20 percent reduction, obviously, is an important figure and if we believe in conservation of energy then we would like to see this proceed. I am puzzled by the reference in the Minister's opening statement to the fact that this whole program is under review. Under review from what perspective? Are we talking about more slashing in this section or are we talking about improvements?

\* (2010)

**Mr. Neufeld:** Every program, of course, is under review at all times. I do not think we can go on indefinitely on any program without reviewing the results. The review I spoke of are the results that we have achieved and the review I spoke of also has to deal with the money that we have advanced and the losses we have experienced. It is an overall program to try to assess whether or not we are achieving the results that were intended when the program was established.

**Mr. Storie:** Is the Minister saying there has been no review to date, that there has been no assessment done on the relative energy saving benefits of retrofitting a house, of installing additional insulation? I thought those were fairly achievable and understandable and predictable elements.

**Mr. Neufeld:** I think a certain amount of review is ongoing, but there has to come a time in every program

that we assess the benefits that have been achieved by that program and whether those have been the benefits that were anticipated when that program was brought in. I am not saying at all that this program may be slashed. It may well be increased, I do not know. We want to know the results we are getting from it.

**Mr. Storie:** In the same paragraph where the Minister references his program under review, he references the termination of the Business and Community CHEC. Can the Minister indicate whether he has any information which led him to terminate the Business and Community CHEC Program?

**Mr. Neufeld:** When we spoke of the Business CHEC Program being wound down, it is the Business CHEC Loan Program that was wound up and not the audit. The audits are ongoing. The residential, both audits and loans are ongoing. Nothing has changed in the residential area.

**Mr. Storie:** Does that apply to the Community CHEC Program? I mean, that program was also a forgivable loan program, if memory serves correctly. Is that ongoing?

**Mr. Neufeld:** The Business and Community CHEC Program was expected to do about 100 audits a year. The response was not sufficient to have a continuance. It has been terminated.

**Mr. Storie:** It is interesting that we, this Minister and this Government, talk about the need to conserve. Here is a program—and certainly I will not speak as strongly in favour of the Business CHEC Loan Program, but certainly the Community CHEC Loan Program.

I am aware of some fairly visible demonstration projects which have saved more than the 20 percent savings that were deemed to be a demonstration of the program's achievement at a successful level. I simply wonder whether the Minister is saying it is not worth the Government's while now to remain involved in the conservation programs. Are there other reasons why the Government is abandoning these programs? Is the federal Government's contribution to any of these three programs, or the first two programs at least, still in place?

\* (2015)

**Mr. Neufeld:** Mr. Chairman, the only thing which has been discontinued is the loan program. The audits are still in effect. In the year '88-89, we did 164 audits on the industrial and commercial institutional program, and this program had a high in '84-85 of 278, and a low in 1980-81 of 37. So this has run fairly constant since 1985-86 with just under 200 audits, but it is just the loan program that has been discontinued. I think it is admirable for those businesses and institutions who can afford their own to do their own.

**Mr. Storie:** Has the Minister any information that he can provide with respect to how many businesses in

particular followed up after their energy audit was concluded? Is there a relationship between the number that continue when the loans were in place versus the number that continue when the loans are not in place?

**Mr. Neufeld:** Of those businesses that are audited, 89 percent have done some upgrading in their energy conservation program.

**Mr. Storie:** Mr. Chairman, is that the previous figure when the loans were available, or is that the current figure?

**Mr. Neufeld:** Mr. Chairman, from October '86, to December '89, there were only 54 loans requested in this program. I think that speaks for itself.

**Mr. Storie:** Well, I do not know if that speaks for itself. I guess that depends on how much energy these people are saving, and what value that conservation has to the province, and Manitoba Hydro, et cetera. The Minister certainly is aware, or should be aware, that Manitoba Hydro is embarking on its own energy saving program with the expectation that energy saved within the corporation is marketable in the province or exportable. I would assume the same is true with business energy as well. The Minister perhaps has information about how many community projects have proceeded since the loan program was discontinued.

**Mr. Neufeld:** I think if 89 percent of 180 carry on without Government assistance, and that has been the experience, 89 percent of those who have audits performed do some work on their own without Government assistance. In the previous two and a quarter years, or three and a quarter years, only 54 applications were received for loans, not audits, audits went ahead. In that same period of time, we had approximately in the area in excess of 500 audits. It is only 10 percent of the people of the businesses who had audits performed requested financial assistance in doing their work.

**Mr. Storie:** Perhaps the Minister missed my question, it was with respect to community groups. How many of the community groups who have undertaken audits have proceeded on their own? Clearly these groups are the ones that are less likely able to proceed on their own, and the Minister has said that program was discontinued last March.

**Mr. Neufeld:** It is estimated by staff that in the same period, of the 54 loans that were taken out, about eight or 10 were taken out by community groups.

**Mr. Storie:** Perhaps the Minister could complete the picture. How many community groups applied out of the total that was given?

**Mr. Neufeld:** In that period of time approximately—I do not have the numbers right to the end of December—98 I would say. No, not that many.

\* (2020)

**Mr. Storie:** Perhaps I can make this easier for you. Could the Minister give me in detail a list of the

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community groups and businesses who were audited, who received an energy audit? A list of the businesses or community clubs that proceeded without assistance, and a list of the businesses or community groups that proceeded with assistance from 1985 to the present.

**Mr. Neufeld:** We do not have that detailed information with us, Mr. Chairman, but we will provide that tomorrow.

**Mr. Chairman:** Pass. 2.(b)(2) Other Expenditures, \$67,200—pass; (c) Energy Management: (1) Salaries \$565,700—pass; (c)(2) Other Expenditures, \$1,734,300—pass.

(d) Petroleum: (1) Salaries, \$720,400—the Member for Flin Flon.

**Mr. Storie:** Just a question here. The petroleum sector—it is interesting the contrast between what goes on between branches here. The petroleum sector is one where in fact there is less activity in Manitoba currently than in previous years. The number of wells being dug is severely curtailed. We have a whole area of Energy Policy and Energy Management where the department and the Minister have deemed it necessary or expedient to cut staff. We have an area here where the Government in essence is monitoring, and yet there are some increases in salaries and there are no other reductions. What is the salary increase?

**Mr. Neufeld:** The salary increase in just a normal annual increase, the number of staff is the same and the increases are those that are normal in any one year.

**Mr. Storie:** Could the Minister indicate how many wells are being dug this year, are drilled this year? What is the status of the sale of leases, et cetera, for the last year?

**Mr. Neufeld:** For the year 1989 or—

**Mr. Storie:** Yes, comparatively, '87-88, '88-89.

**Mr. Neufeld:** The number of wells drilled in 1989, and this is to December 11, were 51. The number of leases sold this year were 31 and these are the highest prices since the May '86 sale and that is in the most recent sale which was in November of this year.

**Mr. Storie:** Could the Minister indicate the 1988 figure for wells drilled in 1987, the previous two years?

**Mr. Neufeld:** The wells drilled in 1988 were 72. We do not have the information for the year '87, but we will have that for you tomorrow.

**Mr. Storie:** What I am trying to determine is what is the impact of the province's abandoning of the privatization of the oil industry in Manitoba, and the fire sale negotiation prices they received from the Manitoba Oil and Gas Corporation? It is not obvious from these figures that there has been a tremendous increase under this new privatized sector in terms of exploration and development.

\* (2025)

**Mr. Neufeld:** I am getting information over here that it is true the activity is down this year and that is as a result of the uncertainty in the oil prices. We are hopeful the next year will improve, and as much as the leases were sold this year at a price greater than any since the '86 sale, and there are two sales a year, we are hopeful for an improvement in the market for this year.

**Mr. Storie:** What is the value of the 31 leases that were sold?

**Mr. Neufeld:** The total sale for 1989 in dollars was \$240,000.00.

**Mr. Storie:** That represents two sales, Mr. Chairman.

**Mr. Neufeld:** That is \$84,000 for the May sale, and \$156,000 for the November sale.

**Mr. Storie:** So the total value then in terms of revenue to the Government for leases has also dropped in the last couple of years fairly significantly. Mr. Chairman, can the Minister indicate what price there is for a barrel of oil, light crude or whatever it is called, today?

**Mr. Neufeld:** About \$21.50 a barrel.

**Mr. Storie:** When the Minister and his colleagues made the sale of Manitoba Oil and Gas, I believe the price of oil was something like \$14 a barrel, and they undersold the value of the company at that time by about \$11 million. What we have seen here are prices at \$21 a barrel, basically, and that the province for \$3 million has sold an asset that was worth probably \$20 million. Is that in the Minister's estimation a good deal?

**Mr. Neufeld:** First of all, I do not accept the Member's contention that \$21 million is a fair current value. I think the fair current value is probably somewhat higher than it was when prices were \$14 a barrel, but we have to remember that the company was losing money, and how much money did we gain by not sinking more into it. I think that has to be considered. How much more can the Manitoba economy gain because a larger company has taken over the operations?

Governments have shown over the years that if they get into a business they are going to lose money, and if we can keep the business in the Manitoba economy without having to put money up for it, I think that is the purpose of Government. I do not think it can be said, and I do not think the Member for Flin Flon has any more idea of what a value of a going operational oil is worth than has anybody else in this room. I do not think we can put a value of any amount on it.

**Mr. Storie:** The point is that we gave it away and, for all the much vaunted expertise of the private sector oil companies, the fact is we have less activity, less money coming to the province, and less employment. It does not sound like a good idea to me and it is unfortunate that the Minister did not heed the advice of actually, I think, both of the Opposition Parties and that he not rush into this for ideological purposes.

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In fact, if he had also listened to some of the advice of other accountants who recognize the differences in accounting procedures between Crown corporations and private oil companies, he might not have undervalued that particular company so greatly. It is actually one of the tragedies of this administration and perhaps someday there will be a thorough review of what this has actually cost the province. Thank you, Mr. Chairman, I am finished with this section.

**Mr. Chairman:** Shall the item pass—pass. 2.(d)(2) Other Expenditures, \$143,500—pass.

(e) Manitoba Energy Council, no expenditure—the Member for Flin Flon.

**Mr. Storie:** Mr. Chairman, can the Minister indicate whether he has met with the Manitoba Energy Council in the last year?

\* (2030)

**Mr. Neufeld:** I met with the chairman of the Manitoba Energy Council when we first came into office and he gave me his resignation. The committee had not met for some time, and it was determined that to continue the committee would not accomplish anything. The committee has been disbanded.

**Mr. Storie:** The chairman was probably quite insightful, probably understood what was going to happen to the Energy Policy department and Energy Management section under this Government. That begs a question however of whether the Minister believes there is not some expertise in the broader community that might provide another perspective on the whole question of energy use, energy consumption, in the province. Does the Minister believe he should be the sole arbiter of Energy Policy?

**Mr. Neufeld:** The role of an energy council is being reviewed together with the entire review of the overall Energy Policy. If it is determined that we should have such a committee, we will strike such a committee; but I have to say, Mr. Chairman, the previous committee had not met in probably 18 months at that point.

**Mr. Storie:** Can the Minister indicate who is heading this new review of Energy Policy, and what its terms of reference are, and when it might be reporting?

**Mr. Neufeld:** The energy division of our department is working on the Energy Policy for the department, and will be reporting as they finish their deliberations. If you want some of the broad terms of reference, I can give them to you. They are improving energy self-sufficiency and security through developing Manitoba energy resources; improving energy efficiencies to minimize energy costs; and encouraging energy demand management options to reinforce sustainable development in an environmentally responsible manner.

**Mr. Chairman:** Shall the item pass—the Member for Flin Flon.

**Mr. Storie:** Is there anyone outside of the department contributing to this review of Energy Policy?

**Mr. Neufeld:** The department staff are working in conjunction with the federal Department of Energy and Mines, as well as with the staff, or the Round Table on sustainable development.

**Mr. Storie:** I am very much concerned that Energy Policy and Energy Management decisions are going to be made in the Government here like they are in the federal Government, because my understanding is we have lost our federal Energy Management office. In fact, now we have to travel to Saskatoon to confer with our colleagues, or Regina.

**Mr. Neufeld:** The staff works with their counterparts in Ottawa. They also work with, of course, with the staff at Manitoba Hydro and with the gas utility.

**Mr. Storie:** If the Minister now tells us that he is preparing for a review of Energy Policy in Manitoba, can he explain why the staff has been cut in the Energy Policy branch and Energy Management, why there is no consultation with the energy council, and why those decisions were all made in advance of this policy review and new direction?

**Mr. Neufeld:** I do not know which question you want answered. As far as the downsizing of the policy management staff is concerned, the biggest reason for that was that the natural gas utility acquisition was no longer a program that was followed by the department. That took a fair amount of staff and a fair amount of hours. That is the reason for the downsizing.

**Mr. Storie:** The Minister feels confident that there is no need for Energy Policy on the natural gas issues in the province, and now he is going to set up a task force to decide that?

**Mr. Neufeld:** Of course we have a policy for natural gas. We are following that, but we have set up a committee to study the overall Energy Policy for the Government of Manitoba. It is not to say we do not have a policy now, not to say that we do not have people working on it now. We do have a staff and we have great confidence in the staff that we have. They are working on that and they are working together with the people, as I said, for the gas utility, with the staff of the Energy and Mines in Ottawa, and with the Manitoba Hydro. It is the intention to formulate a policy that will integrate all the energies—hydro, gas, et cetera.

**Mr. Storie:** The Minister says that the province has a policy on natural gas. Could the Minister enunciate that policy for us?

**Mr. Neufeld:** What kind of enunciation would you like? I can give you a page of it.

**Mr. Storie:** What is our policy on natural gas?

**Mr. Neufeld:** I can read you our policy on natural gas, but I do not think that will accomplish anything. I think that we -(interjection)- well, I am really not interested in any side comments either. If he is incapable of speaking for himself, then you speak for him, but let him decide whether he needs some help.

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**An Honourable Member:** Answer the question.

**Mr. Neufeld:** Do not tell me what to do.

**Mr. Storie:** There is a very fundamental rule in teaching, and that is: if you cannot put it in your own words, you do not understand it. Can the Minister enunciate what this Government's policy on natural gas is?

**Mr. Neufeld:** If he is talking about our taking over a gas utility, no, the policy is not to take over a gas utility. If the Member is talking about getting the best possible prices for natural gas for Manitoba consumers, yes, that is our policy.

If he thinks that we are going to sit at the table everytime that negotiations between the producers and the distributors are held, no, we will not. We have confidence and we have regular contact with the producers. We have confidence that they can bring in a price that is to the advantage of Manitoba consumers. As far as "what is our policy on natural gas," I fail to understand the question. Your policy and the former Government's policy on natural gas was to take over a gas utility, a distribution utility. Ours is obviously not to take over a distribution utility. You screwed that up badly and now we are—

**An Honourable Member:** But he calls them as he sees them.

**Mr. Storie:** The Minister says that this Government's policy is to give Manitobans the cheapest gas possible. Can the Minister indicate one concrete thing he has done to make sure that happens?

\* (2040)

**Mr. Neufeld:** We have a contract, or the distributor for natural gas in Manitoba has entered into a contract, with Western Gas Marketing that will give Manitobans a fair price for gas for the next five years. We will probably have to do something about our capacity. Our capacity is not great. It is only about 50 percent, whereas normal pricing is for 100 percent capacity. In five years we undoubtedly will have to do something. That is a load factor obviously that I am talking about, but if we can get the same prices that Ontario can with 100 percent load factor, then I think we have done a good job. If the Member for Flin Flon asks what we have done, we have done just that. We have given Manitobans the same price that Ontario received.

**Mr. Storie:** The Minister is taking credit for something that he indicated quite clearly before negotiations began between Western Gas and ICG that he was going to play no role whatsoever in it. He is now claiming credit. The fact of the matter is that in the previous heating year, we had a better price than Ontario, and of course we are about to be shafted by this very same company that the Minister claims, he is convinced, is working in Manitoba's interest.

I asked the Minister what he had done? I understand that ICG negotiates with Western Gas Marketing. He cannot claim in one instance to have had no

involvement, to not be prepared to participate in the negotiations, and on the other hand claim credit for what he says was a good deal. Which is it?

**Mr. Neufeld:** The Government, the department and I, as Minister, worked in close contact with ICG. They kept us abreast of all their negotiations. All the negotiations were done with our approval. We got the price in spite of what the Member for Flin Flon says, that it was as good as the one for Ontario. I think that if we can get all this done without personal involvement, that is to our credit.

**Mr. Storie:** Mr. Chairman, the Minister may want to say, well, we did not get as good a price as we had, relative to Ontario, (a); and (b), there were many interveners, including some expert witnesses who indicated that the price that was being negotiated—and it is not for five years, we have a fixed price for two years—was not in the best interest of Manitoba, in fact, that it was 10 percent, 15 percent, 20 percent higher than was necessary. The Minister may want to say that, well, we had a hand in negotiations and were kept abreast of the negotiations.

The fact is that because this Government has no policy other than to keep hands off, the consumers have been charged an extra approximately \$20 million for natural gas. That is not my figure, that is expert witnesses at the last PUB hearings. The fact is that the Minister—

**An Honourable Member:** In one year?

**Mr. Storie:** In one year. The Minister is indicating that he saved the taxpayers \$250,000 by eliminating five people out of the Energy Policy area. What he has done has not saved any money at all but cost the ICG ratepayers some millions and millions of dollars. I do not think that is good leadership. Pass.

**Mr. Neufeld:** I cannot let that pass without some rebuttal. I do not think that spot prices is what the Member for Flin Flon wishes for Manitoba consumers. Surely, you could have spot prices in natural gas at substantially less at times than a fixed contract. I do not think he would want any of his customers or any of his constituents to be out of gas because the spot sale had run out, the producer for the spot sale had run out of gas.

I think that he would have had trouble delivering that gas into Manitoba because those producers, the wildcat producers, could not enter the nova system. I think that we would have had trouble getting the PUB to agree to those prices without a fixed contract. I think that if he thinks that the expert witnesses were accurate, then that is not shared by the PUB inasmuch as they approved the rate. Pass.

**Mr. Storie:** I have one other question. The Minister is suggesting that somehow the savings that could be had by the consumers were tied to spot contracts. The fact is the Minister is wrong. In fact, when this was started back in 1987-88, the price was then being quoted for ICG of being something like \$3 per 1,000

cubic feet, and a 15-year contract price was something like \$1.81. So we were not talking about the spot market necessarily at all. In fact, there may be a blend of short-term, medium-term and long-term gas that could be available to Manitobans at significantly cheaper prices, but I know we are not going to get anywhere with this Minister. It is just something that the consumers are going to have to live with.

**Mr. Neufeld:** There has been no evidence to indicate that \$1.81 gas, in the quantities required for Manitoba consumers, was available on a long-term basis.

**Mr. Angus:** I wonder if the Minister could just explain to me whether or not there are any cross-border charges, interprovincial border charges. He had mentioned that we have the same price as Ontario. Does Alberta discriminate in any way between the energy they provide us, between us and other provinces?

**Mr. Neufeld:** We buy at the Alberta border, Ontario buys at the Alberta border. We will pay for our natural gas on the same basis as will the Alberta consumer for a like sale; we will pay the same price. The basis of pricing is the same as the Alberta or Ontario—similar consumers will pay the same, additional cost is for transportation.

**Mr. Angus:** Let me see if I understand this correctly by paraphrasing it. There is a formula that provides some equality to the consumers, probably allows for some sort of a quantity discount. If you have more consumers and buy more, you pay less per unit. On top of that is a transportation charge. That is, it would cost you more to ship it into Guelph, Ontario, than it does to Brandon, Ontario (sic), so you would pay more into Guelph. Is that basically it?

**Mr. Neufeld:** That is essentially it. You are right, the industrial consumer will probably pay less than the residential consumer but that is the base of pricing, and that base of pricing is the same in either province.

**Mr. Angus:** I apologize for not having more specifics on this lingering doubt in my mind but it seems to me that I have read about a gate tax. Is that a term that is in the oil business, that either is being considered or has been implemented?

**Mr. Neufeld:** You might be thinking of a wellhead tax or type of royalty that is assessed by the producing province and is paid at the wellhead.

**Mr. Angus:** By who? Who pays it?

**Mr. Neufeld:** It is paid by the operator.

\* (2050)

**Mr. Chairman:** Resolution 37: RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,709,300 for Energy and Mines, Energy, for the fiscal year ending the 31st day of March, 1990—pass.

3. Mineral Resources, provides for the administration and management of the province's mineral resources,

including the disposition of Crown mineral rights, the regulation of mining and quarrying operations, the rehabilitation of mining lands and the collection, compilation and dissemination of information on mineral resources.

(a) Mineral Resources Administration: (1) Salaries, \$201,000—the Member for St. Norbert.

**Mr. Angus:** The questions that I am asking may not be specific to the salaries of the Mineral Resources Administration but are more in relation to the policies in relation to exploration and the investment of human energies, I guess, in terms of finding and exploiting more products. I am not sure if you want to give an overview.

My specific questions are, what are you doing about those sorts of things? How much of this money is directed into that as opposed to other areas? What other opportunities are being unearthed if you like, pardon the pun, along the lines of the silicone sands, along the lines of asbestos, and along the lines of any other minerals? And that of course will get to gold, right, Jay?

**Mr. Neufeld:** Mr. Chairman, I will deal first of all with the geophysical exploration work. Over the past five years, that has been done under the Canada-Manitoba Mineral Development Agreement. On that we have spent approximately \$5 million in that five-year period on mapping and analysis and other geophysical work. At the same time the federal Government has spent \$8 million in those five years. There has been \$13 million spent. That was one part of your question.

The other part of your question was with respect to industrial minerals, I believe. In that area I can think of one instance when we helped somebody find a granite deposit not very long ago which he was in desperate need of. So if somebody comes to us with a need, we will help them. I can think of another instance when we helped somebody find a gravel deposit because of circumstances that occurred.

Where we can define a need, where we can see a need, we will help.

**Mr. Angus:** I guess these four people are the people that set the policy for the other areas such as the mine and the geological services, and give them the direction. I am just wondering if you wanted to tell me what it means by including the disposition of Crown mineral rights. Is this the selling of these Crown mineral rights? Are there rights to mine stuff on Crown land?

**Mr. Neufeld:** Mineral leases are not sold, they are leased.

**Mr. Angus:** Whatever that means.

**Mr. Neufeld:** It is the—

**Mr. Angus:** The disposition in this case, may I take it to mean the renting or the leasing or the rights in some way. I guess I wanted some clarification on that because disposition can mean the selling actually.

**Mr. Neufeld:** That would be the leasing of Crown land so the mining corporations could work on them.

**Mr. Angus:** Do you have a policy on the leasing of Crown lands for mining rights? How do you establish these rights on Crown land? How do you determine who gets it and who does not get it, for instance? How do you even know it is there? Do they have to get an exploration permit first, to go in and find out if it is there, et cetera?

**Mr. Neufeld:** The first contact would be with prospectors staking claims. If the claim is desirable, the companies will approach to lease the property.

**Mr. Angus:** So I am scouting around the Whiteshell, and I take my pickaxe and I drive it into some of that rock. I find some stuff and I think, gee, this looks like good stuff. I stake out a whole section of the Whiteshell and I take it to your department and say, I would like to yank this stuff out of the ground; and you say, yes, that is okay, or no, that is not okay. Under what conditions do you say okay?

**Mr. Neufeld:** First of all, you would have to record your claim, if it was indeed recordable. Having done that, if you applied for a lease, the conditions of that lease would be incorporated in the lease.

**Mr. Angus:** That is basically what it means by this position of Crown mineral rights. They determine the lease and the circumstances under which people can lease or explore a property. I guess my question is, are there guidelines? How do you know within what rules you play? How do you determine, is this established by somebody in your department?

**Mr. Neufeld:** There are regulations set down under which leases are granted and the staff who administers the leasing of these leases have to follow those regulations.

**Mr. Angus:** Mr. Chairman, another question I have is, over in the yellow book where it said, the Activity Identification on page 36, it participates in Government/industry initiatives to mitigate problems facing single industry communities with respect to cyclical and structural difficulties facing Manitoba's mining industry. That seems to be a pretty relevant comment in light of recent events in Lynn Lake and whatnot.

Am I right in interpreting those three lines as meaning that you go in and try to help solve those problems that a single industry town has?

**Mr. Neufeld:** We have in the past helped single industry towns up north with grants to engage development officers, to engage tourism officers; that is one thing we do. We will discuss with them, if they come to us, areas where they might be able to broaden the base, but I think it has to be remembered that a northern community is a mining community. It has been hard over the years to find a secondary industry for most mining towns.

(Mr. Edward Helwer, Acting Chairman, in the Chair)

**Mr. Angus:** Thank you, Mr. Acting Chairman, your voice has changed.

Particularly the policy says, it participates in Government/industry initiatives to mitigate problems facing single industry communities. It does not say that you are going to actually go out and find another, with respect to cyclical, industry. That is a bit more difficult for some of the smaller towns but it seems to me that—well, let us take a specific geographical location.

Let us take Flin Flon as an example. I know, you know, and we know that they are in difficulty in terms of their OS2 emissions, and the deadlines, and the basic information that has been put on the table to do something by Governments. We know they have come back and said, we would like some help here; we are prepared to put together a plan if you will advance us the money we will agree to pay you back, et cetera, et cetera, et cetera.

Is this the type of example that you would involve yourself in trying to help, and how would you help them with that on basically a \$5 million budget? What do you mean by, participate in Government/industry initiatives to mitigate problems? How are you going to lessen these problems? How are you going to do this?

\* (2100)

**Mr. Neufeld:** As another example, the Sherridon had problems with tailings. We worked with them on alleviating that problem. Whether or not it has been solved is another matter, but we have worked with them on it. Obviously if we are going to get involved with financing the modernization of Hudson Bay Mining and Smelting smelter, we would not do it out of this budget. We would have to find money elsewhere. We would not do it out of our total budget. The total budget of Energy and Mines is somewhat under \$13 million, or approximately \$13 million, whereas the request from Hudson Bay Mining and Smelting is in the area of \$40 million now. We work with them, and we have worked a considerable amount with Hudson Bay Mining and Smelting and the federal Government, in trying to arrive at an acceptable solution to their request.

**Mr. Angus:** Are these then the people in this department, these four individuals, who would have been negotiating to try to mitigate the problems that were facing the industry and the people as a result of the cyclical price of gold in Lynn Lake? Are these the people who would have been doing the negotiating and trying to hammer out a deal?

**Mr. Neufeld:** The bulk of the negotiating has been done at the Deputy Minister level, but the manager in this instance has contributed a substantial amount to the negotiations and to the information that went into the negotiations.

**Mr. Angus:** One of the expected attributes of a good manager is his ability to predict, the ability to recognize future trends, and to be able to work accordingly on that. Does the department have anything in place to anticipate these types of problems?

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**Mr. Neufeld:** The question is with respect to anticipating problems such as Hudson Bay Mining and Smelting encountered, that is something we have been well aware of, and I think the previous Government was well aware of for some time. If the question is with respect to future metal prices, yes, we do have people who will follow the trends and follow those who follow the trends, and follow those who try to predict. Metal price prediction is not an exact science.

**Mr. Angus:** I appreciate that but within certain logical assumptions, that is, we know it is going to cost X to mine ore and if ore falls below Y, we are at a point where there is going to be a problem. If there is a trend developing, a downward trend, it is certainly predictable that there is going to be a problem, and I think that is what you are saying.

It is not an exact science, you do not know what the problem is going to be on Monday. You know that if things continue along these lines, there is going to be a problem like the types of problems they had at Puffy Lake for instance, not wanting to just harbour on Lynn Lake or LynnGold and the unfortunate circumstances there. What sort of initiatives do you take when you make these predictions then? How does your department participate with the industry to mitigate these problems?

**Mr. Neufeld:** We might be able to predict falling metal pricing but the industry itself is the best predictor. They have more experts in this field than do Government. We cannot of course hold up the prices. We cannot do anything to bolster the prices if they are falling. We will work with industry if there is something that we can do, but I think that industry itself is a far better predictor at what the prices will be than what we are.

**Mr. Angus:** Mr. Acting Chairman, it is time to stop pussyfooting around on this. I have to assume that you have surrounded yourself with professionals who know what they are doing, who have a reasonably successful degree of being able to, within a certain criteria, accurately predict certain circumstances. How long in advance did you know about the difficulties that were developing at Puffy Lake and/or at Lynn Lake, and what alternatives were put on the table for you to consider in relation to solving those problems, or helping alleviate those types of problems?

**Mr. Neufeld:** Puffy Lake, as Lynn Lake, or as Tartan Lake went down because gold prices went down. They could not mine the gold at the price they were getting for it. It is as simple as that. The only thing that could have saved any of those three companies was rising gold prices. Neither Puffy Lake, nor Tartan Lake mine came to Government for assistance.

LynnGold came to Government for assistance. The first time LynnGold came for assistance was in August of 1988, the first meeting I had with them. They lost money in every quarter save one since they opened the mine. It was for that reason they came to us because their agreement with Government on a \$2-million loan called for repayment if they had positive cash flow in any one quarter. They showed positive cash flow in

one quarter in 1988, and came to us for forgiveness of that loan, and that is how we knew they were experiencing difficulties. They lost money in the third and fourth quarter of '88 and every quarter in '89. Their losses were substantial and the company was no longer prepared to put in any of its own money.

**Mr. Angus:** It seems to me that this line should either come out of this budget book because it is entirely and totally misleading; or some of the suggestions that have been made by the staff have not been able to be implemented; or the Minister has received some concrete suggestions, some early warning symptoms of potential problems and has chosen to ignore them. I cannot believe that, surrounded by professional staff, Tartan Lake or Puffy Lake were not things that were brought to you as concerns, as potential problems developing, as potential mine fields ready to explode in your face and/or upsetting the apple cart by a department that is charged with this type of an initiative.

If they were not pointing to these things and unfortunately it is a "are you still beating your wife" type of question, because if they were not pointing out these problems to you then there is something wrong with the way you are managing your department. Or if they did point out these problems to you and you refused to react to them or to do anything for them or about them, washed your hands of them, then you are not managing your department very well. Either way it appears to be that there is a bit of a problem in the early warning signal. You have to try and offset these problems.

**Mr. Neufeld:** I think in the first instance we should remember it is the mining companies who do the mining. They are the ones who manage the mines; we do not manage the mines, we are managing the department. I think that should be understood.

When the mining companies cannot mine the gold for a price they can sell it for they have a problem. You say to me, you can fix that problem. Of course I can, if I have enough money. The Hunt brothers tried it with silver, they went broke. The Manitoba Government does not have as much money as the Hunt brothers had. Would you suggest we do that? You have to remember, and I think I have indicated this before, that more than one-half of the free world gold is mined at less than \$250 an ounce. Hemlo Mine, it is the biggest recent deposit in Canada, mines at \$120 an ounce.

Now I ask you, if it costs you \$500 an ounce to mine it how do you get from there to a competitive position? I ask you again, what kind of management, good or bad, can a Government have to alleviate that situation?

**An Honourable Member:** He used a Liberal computer.

\* (2110)

**Mr. Angus:** Just refresh me on the figures of the cost of mining at LynnGold, \$500 an ounce, is that what you would say it would cost?

**Mr. Neufeld:** If they were going to—I have to speak from memory—service a debt they had, if they were

going to continue an exploration program, which you have to otherwise your deposits run out, their costs were in the area of \$498 an ounce.

**Mr. Angus:** Refresh me again. What is gold at now and what has it been going at?

**Mr. Neufeld:** I have not seen it in the last week, but I am told it is about \$403 now.— (interjection)— \$416.75, as of two o'clock. I will take your word for it.

**Mr. Storie:** Mr. Acting Chairman, we do have some questions and I think they follow along the lines my colleague has already been discussing. That is that this area obviously requires some leadership and direction from the Government. In fact, when you identify one of the tasks of this branch as participation Government-industry initiatives to mitigate problems, et cetera, the fact is unless the Government has an active interest in such participation, no amount of effort on the part of staff, no amount of analysis is going to make that happen.

I think what we are increasingly concerned about—at least we, in the New Democratic Party, and I as a Northerner—is that this Minister and his response to my colleague from St. Norbert (Mr. Angus) indicates the same that they have no interest in participating in any way with the private sector, regardless of how valuable or how necessary that might be. That is a major concern. Clearly, the Minister has indicated to the public on many occasions that in Flin Flon's case he is not prepared to act. He continues to wash his hands of any leadership role in terms of providing some input from a provincial perspective, staking out some ground, trying to do some analysis. Certainly, while that is in my opinion critical, his lack of involvement in the Lynn Lake situation has been fatal to a community.

Mr. Acting Chairman, the Minister was asked months and months and months, prior to the negotiations commencing, to undertake a review of what the costs of closure would be to the province. Unfortunately, I never saw anything from this Minister. What I did see was from a town administrator, which talked about the cost to the provincial Treasury, the cost to the federal Treasury, the cost to the municipality, the one-time cost to individual families, the cost to the social assistance programs and the unemployment insurance programs.

The total cost, on an annual basis, based on the loss of revenues to the Government, was something like \$9 million a year. If you add in the one-time costs, UI payout, relocation benefits, et cetera, the costs were in the \$20 million range—\$19 million range. So, when we started saying that perhaps some bridge financing, some support from the Government could be justified on an economic basis, the Minister refused to provide us any kind of analysis of that approach to providing support.

Clearly, the Minister has not kept an open mind when it comes to providing those kinds of support. The Minister from rural Manitoba, the Minister of Health (Mr. Orchard) from Miami, where Governments of one stripe or another have habitually provided subsidies to farmers, to farm producers, whether it be grain farmers

or beet producers or cattle producers or hog producers, have provided subsidies of one kind or another. Because of the importance of that sector of the economy to the provincial economy, we have done that.

But the Minister of Energy and Mines (Mr. Neufeld), who has responsibility for developing mining industry in the province says, no, we cannot do that. We cannot brook any interference. We are not even prepared to do the analysis to see if there is some net economic benefit to doing this or that, or making this or that kind of proposal. In doing so, he has, I was going to say jeopardized the community, but has not simply jeopardized the community but destroyed the community. The Minister may want to blame gold prices, and no one is denying that the price of gold is a very important element, an integral part of the solution. The fact of the matter is he was told, as a Minister, that the price of gold was improving. He knows, from the—

**An Honourable Member:** What is it right now?

**An Honourable Member:** \$406.00.

**An Honourable Member:** It is \$416.75, as of two o'clock this afternoon.

**An Honourable Member:** You should get your facts straight.

**Mr. Storie:** Mr. Acting Chairperson, my colleague from Churchill (Mr. Cowan) is understandably upset at this, because it is his constituents, and mine only by the virtue of the fact that we share a concern for mining in northern Manitoba.

The fact of the matter is the Minister had ample time to do the kind of assessment that we were talking about months ago, to come to some better understanding about why the Government should act. They failed to.

Not only that, Mr. Acting Chairman, there is all kinds of evidence that while the Minister made a good public display of offering support, the fact of the matter is the conditions which he attached to that support were so unacceptable, and so obviously unacceptable, that there was never any intention on the part of the Government to conclude a deal. It was obvious to everyone. It was obvious to northerners. It was obvious to the community of Lynn Lake. It was obvious to the steelworkers. It was obvious to the mayor, and it was obvious to the company.

The Minister, for want of any leadership, has destroyed a community. Clearly the situation in Sherridon had similar elements. The Minister did not lift a hand, even though he knew that operation was in trouble, to see if there was—and I only say "see" if there was a way to salvage it.

I think he quite cavalierly dismissed the operation rather than make any concerted effort to use his resources, departmental or other governmental resources, to see if there was a way out.

Mr. Acting Chairman, I want to focus a bit on the community of Lynn Lake because we continue to hear

some, I think, disturbing things about the nature of the negotiations, and to hear some disturbing things about the real intentions of the Government when it comes to these negotiations.

I want to know from the Minister, first of all, whether from his and the First Minister's rather petulant statements about their unwillingness to even phone the company after negotiations failed some weeks ago, whether either he or the First Minister has had the decency, on behalf of the people of Lynn Lake, to pick up the phone and inquire whether there was anything we could do to salvage this, to save the community, to save those people's jobs, to save them their livelihood and the lives they had invested in that community? Did the Minister do anything?

\* (2120)

**Mr. Neufeld:** I do not know where to start. He has covered the waterfront on that one. Let us talk then about the cost, first of all, of closure in Lynn Lake. It is true that there will be some cost to Government. Those costs that were prepared for the Member for Flin Flon (Mr. Storie) included things like hydro which can be sold elsewhere, so it should not be included in the costs because we can get that money back from selling it to somebody else. It included telephone, which has a cost in itself attached to it. It included payroll tax. A lot of those miners will be re-employed in Thompson and Flin Flon, so the payroll tax will continue. There were a number of issues.

Let us project this for another three and a half years and we do not find another deposit. We run through those same costs. We do not save the money; we postpone the time, and in the meantime we have invested additional dollars. The sum could have been anywhere from \$9.6 million at best to \$24 million at worst. We would have invested that money and then still gone through the closure after. It was a decision that had to be taken, and we took, I think, what was the right decision.

Yes, we attached conditions to the offer to Dynamic Capital Corporation as I think any prudent Government should attach conditions to any monies it offers to corporations that have a net worth of \$550 million. There should be some conditions attached. I do not think, Mr. Acting Chairman, that if we had given the company what the Member for Flin Flon (Mr. Storie) suggests, he would undoubtedly be on my back right now for having given too much. I do not think that, I know that. Let us talk about the conditions. The conditions we attached were: 1. It had to be an ongoing operation; it could not be a short-term solution. 2. The monies of the Manitoba taxpayers should be protected.

If the operation was nearly as good as the LynnGold people said it was, they would have had no trouble paying back the Manitoba Government, the Manitoba taxpayer. They did not want to put those conditions into any agreement. They would not accept those conditions. One of the conditions in our offer, I can tell you right now, was to protect the severance pay for the steelworkers. That was one of the conditions of our final offer—you can read it in the letter—that the

company would not accept. Who was standing at the side of the company demanding that we withdraw that?—the Member for Churchill.

**Mr. Jay Cowan (Chaurchill):** Maybe the Minister can indicate where it is in the letter that it was after the company that they protect the severance pay of the workers at the LynnGold operation. The Minister has a peculiar habit of reading into letters things that do not exist. For example, he read into a letter that he sent to the company that there was a \$24 million offer when in fact the offer was less than \$20 million. Yet he pointed to some line and said: There it is, there it is, the extra \$6 million or the extra \$4 million. He now says that in his letter to the company they asked as a condition that the severance pay of the workers be protected. I have read that letter and nowhere in that letter does it state that. I would ask the Minister if he can point out exactly where in that letter that requirement is provided for by the Government.

**Mr. Neufeld:** I do not have the letter with me, but I will bring it to him tomorrow, in the House. I will show it to him. As far as the \$24 million was concerned, there was a line—we did not know what the shortfall in cash was going to be at that point. We did not have the Strathcona Report. We estimated it to be \$5 million.

The company asked us not to insist on exploration. If we did not insist on exploration, we knew that we had three and a half years left and the town would die in any event. We insisted on exploration. The company asked us whether they could not guarantee that out of the cash flow. We said that we would make that money available. We did not know the amount at that time. The amount has subsequently been estimated in the Strathcona Report to be not \$5 million as we expected, but probably in the area of \$11 million to \$12 million.

The company knew at all times what our offer was. The company was made well aware of it; the \$5 million was not in that letter, because we did not know the amount at that time. The company knew it was going to be at least \$5 million and they knew that we would be prepared to fund that. The problem was never, Mr. Acting Chairman, a matter of the money. The problem was the conditions that we attached to protect the Manitoba taxpayer, and I think indeed they needed protection. There is no reason in the world why the Manitoba Government should put up all the money for a company that has a net worth of \$550 million, and I cannot understand such demands coming from the NDP. It is inconceivable.

(Mr. Chairman in the Chair)

**Mr. Cowan:** The Minister says that it is in an October 4 letter. As a matter of fact, he is quoted in the October 28 Free Press as saying: Neufeld then claimed the offer was contained in an October 4 letter to Robert Buchan, Vice-Chairman of LynnGold's parent, Dynamic Capital Corporation, but the letter—I am reading from the article—showed the province had offered \$19.1 million, \$5 million less than Neufeld stated in the Legislature a day earlier. And this is after the company

had responded to that statement in the House by the Minister of Energy and Mines, saying that he was totally off base, that that offer had never been made, that that offer was non-existent, and he was telling a fabrication, to be quite frank.

Then the article goes on to say: Neufeld then said a further \$6 million would bring the total to \$25 million, not \$24 million, has been verbally offered on numerous occasions to cover the operating costs until LynnGold can establish a cash flow. So, if you believe what the Minister of Energy and Mines is saying on October 28, he is saying that way back on October 4 there was an offer of \$26 million that was made to the company.

Let us go back and see what he said on October 3. Actually he said it on October 2, because it is an article in the Free Press dated October 3, 1989, and it is an interview with Mr. Neufeld by Mr. Flood. What it says here is: The province will know in the next few days if the deal which could cost taxpayers more than \$17 million can be struck to save 220 jobs at Lynn Lake. In other words, the offer was worth more than \$17 million, nowhere near the \$24 million, \$25 million, or \$26 million that the Minister said it was on October 4, and on October 2. So he himself discredits what he had to say on October 28. Either his memory is faulty, or he was not telling us the truth, or he was trying to sleaze out of the fact that he had not ever made that offer in writing.

But we have one other source that substantiates it. These are minutes of a meeting from October 10 and it is the result of an interview that Mr. White had with Mr. Neufeld, and I will quote from the minutes themselves. October 10 of the Adjustment Committee in Lynn Lake. Last Thursday I had a meeting with Mr. Neufeld again. Eugene Laye, Bob Immrie, and Tony Pardino and myself were there. He said that it does not look good. He said that it is in the company's hands. He says that we have been doing everything possible we can to make this company happy, and right now we are looking at approximately a \$20 million package from Government to keep this company going, yet any time the Government says we have to take it back and look at it and see this and see that. Well, he told Mr. White it was a \$20 million offer on the Thursday preceding October 10. On October 3 he was quoted as saying it was more than a \$17 million offer, which leads us into that \$17 million, \$18 million, \$19 million range. Then, when he stands up in the House a while later, this offer has magically grown to \$24 million, or \$26 million, depending on how he is counting on any particular day and any particular time of the day, on any particular circumstance. We also have the company that says that offer was never put on the table.

\* (2130)

We have the Minister standing alone saying there was an offer when in fact the union says there was not an offer or that they were not told there was an offer—it was only a \$20 million offer. The Minister himself says it was more than a \$17 million offer, nowhere uses the term near \$24 million, \$25 million, \$26 million. A couple of days previously, the company says there was no such offer. Whom are we going to believe in this instance?

Quite frankly, I do not believe the Minister of Energy and Mines (Mr. Neufeld). Quite frankly, I do not believe him, based on his own word of October 2, where he indicated that it was an offer in the range of a little more than \$16 million. So there is the one point. If ever there was a set of bungled negotiations, this was that. This was the classic example of a Government that could not negotiate its way out of a paper bag.

Unfortunately, Mr. Chairperson, what that has done is destroy a community. What that has done is destroy some lives. What that has done is taken out of the hands of 250 mine workers, and hundreds of other workers in the community, their livelihood and their future. That is what the Minister has done through his incompetence, through his ideological commitment to keeping the Government out of business, and sacrificing a whole community so that his ideology can remain pure. That is what he has done.

If he does not have the letter in front of him that he sent back to the company, I do—on November 9. I can read into the record what this letter says. It is to Robert Buchan and it is from Ian Haugh and it is dated November 9. Dear Mr. Buchan: We have spoken with Malcolm Wright this morning following discussions with Gordon Bub and George Faught and we are disturbed by the continued reference in his report to a DCC Barrick will "try" to do certain things or will do certain things "conditional upon the agreement of the creditors." In the interests of people in Lynn Lake we cannot allow the current situation to continue to drag on and we must insist that DCC Barrick undertake from the outset to cover all issues in the event agreement cannot be reached with the various creditors. This commitment by DCC Equities and American Barrick must be in our hands before we can proceed to any undertakings on our part.

What the Minister did with that particular clause, which he knew was one that could not be lived up to in good faith by the company, and therefore they could not indicate agreement with it—and I believe they said, look, give us a chance to try to work these things through; if we can keep the mine operational it will be—(interjection)—The last sentence? This commitment by DCC Equities and American Barrick must be in our hands before it can proceed to any undertakings on our part. Is there another one?—(interjection)—Is there another sentence? We have indicated to the mayor of Lynn Lake and representatives—

The Minister is looking for the missing sentence, just like he looked for the missing sentence in the October 4 letter that did not exist. So I will read the rest of the letter into the record. We have indicated to the mayor of Lynn Lake and representatives of the United Steelworkers that we will be making an announcement on the status of our discussions no later than Monday next week, November 13. You may consider this insufficient time in which to complete the necessary undertakings, but it is our view that more than 14 weeks have now elapsed since notice was given, and this is ample time in which to have addressed these issues, particularly as you have been well aware of the Manitoba Government's position for the past several weeks. That is the entire letter. It is not in there.—(interjection)—The commitment is not in there.

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**Mr. Chairman:** Order, please.

**Mr. Cowan:** So I make that point, but I ask the Minister a question. Have they done any work further to these discussions with respect to the assessment of the orebody at the Farley Lake deposit?

**Mr. Neufeld:** I will deal first of all with some of the allegations, some of the accusations, that the Member for Churchill made against me personally. He talks about my incompetence. Well, Mr. Chairman, I have in my lifetime proven that I am competent. It is something the Member for Churchill has not done. So do not talk to me about incompetence or competence, because I can stand mine up against yours any time. Now, he talks about negotiations bungled, he talks about - (interjection)-

**Mr. Chairman:** Order, please; order, please. The Honourable Minister.

**Mr. Neufeld:** If the company was not aware of our position before, as you suggest, they surely must have been aware of our position by the time we had our final visit with Mr. Buchan. He was well aware of it. He could have made his decision, and he did make his decision, on the basis of the discussions we had on that final meeting when he came to Winnipeg together with Mr. Faught. We discussed. He gave us his position. We gave him our position, which was the same as it had been for the previous four weeks.

We have to consider the cost to the Manitoba taxpayer. We have to consider what is loan, what is possible loss on that loan, and we have to consider what amounts we are going to take back in shares and the probability of realizing on those shares. When I talk about losses and the cost to the Manitoba taxpayer, I talk about the probabilities. The monies we were going to advance was known. The position of the Government was, aside from ensuring that this was an ongoing operation, not a six-month postponement of the results that we now have—we wanted to make sure that it was ongoing. We also wanted to make sure that, if the company did make money on the deposit, we wanted ours back first, a portion of it at least.

Our losses were certain to be \$9.6 million. Our losses were possibly \$24 million if we received none of our loan back. Our losses—the probabilities of getting that loan back had to be assessed and, depending on what the discussions were with Mr. White at that time—I am sure he did not write down the entire discussion we had over a period of a couple of hours. I am sure he did not take minutes and write down word for word what was discussed. He wrote down his impressions, his interpretations, of what was discussed. There have been lots of numbers, as you have indicated, discussed, but those are the probabilities.

We knew we were going to lose \$9.6 million. We thought we could get some of the \$14.4 million that we were going to advance. We were hoping to get some of that back and, based on the preliminary Strathcona Report, we would get back the entire \$14.4 million. As the Strathcona people continued their analysis, it

appeared likely that amount would be reduced somewhat.

Now that is the reason for a number of figures, but our position was, always, we would buy shares for \$9.6 million and we would advance 14.4 as it was required, in the hope that we would get back that \$14.4 million.

**Mr. Cowan:** Has there been a reassessment of the ore deposits at the Farley Lake Mine?

**Mr. Neufeld:** The assessment is the one that was taken some time ago and there has not been a reassessment.

**Mr. Cowan:** How long ago was that assessment taken, and who took it?

**Mr. Neufeld:** The work was done by Mingold, the operators of the deposit. The time frame that was done in was—I cannot tell with exactness, but I will bring that information back to the Member tomorrow.

**Mr. Cowan:** Are we saying a month, two months ago, three months ago, over six months ago?—just a general indication of when the assessment was done.

**Mr. Neufeld:** I am not sure the Strathcona Report gives the date of the assessment that they derived their information from, but I am not in a position to give an approximate time at this time.

**Mr. Cowan:** If I understand the Minister correctly, and I want him to listen to the question carefully, the last assessment that has been done by the Government or by Manitoba Mineral Resources or by Mingold, with respect to the known reserves, or the anticipated reserves, in the Farley Lake deposit, was done as part of the Strathcona Report and no assessment has been done since that time?

\* (2140)

**Mr. Neufeld:** That is correct.

**Mr. Cowan:** The Minister indicates that the offer that was discussed on the last meeting with Mr. Buchan and Mr. White, Mr. Linfitt and Mr. Harris, and the Minister and others involved, was the same offer they had been asking from the company for the last four weeks. Is that correct?

**Mr. Neufeld:** That is absolutely correct. Our position had not changed.

**Mr. Cowan:** Contained in that offer was an amount which was to be required for working capital. Is that the case?

**Mr. Neufeld:** That is correct.

**Mr. Cowan:** Did Mr.—

**Mr. Neufeld:** Incidentally, at no time did the company discuss specifics or what the money was to be used for. All they discussed was the way they wanted to pay for the monies we advanced.

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**Mr. Cowan:** Maybe the Minister would like to take a moment to describe what the difference was with respect to how the company wanted to see the money advance structured and how the Government wanted to see the money advance structured, and the difference between the two.

**Mr. Neufeld:** The company wanted to give us paper for the entire amount, and we insisted on no more than \$9.6 million in paper, the balance to be by way of loan, repayable out of the first cash flows of the Farley deposit.

**Mr. Cowan:** What did the Strathcona Report recommend with respect to the structuring of the money that would be provided by the Government?

**Mr. Neufeld:** The Strathcona Report dealt with proposals. The Strathcona Report dealt with how things would have to be structured in order for it to fly. We did not take advice from the Strathcona Report with respect to structuring. We took advice from the Strathcona Report with respect to the costs, but not with respect to structuring. That is something that has to do with the Manitoba taxpayer and cannot be dealt with by a consultant. That has to be dealt with by Government.

**Mr. Cowan:** How did the Strathcona Report recommend that the Government assistance be structured?

**Mr. Neufeld:** The Strathcona Report indicated that to make this work, the Government would have to take shares.

**Mr. Cowan:** So the Strathcona Report recommended the Government take shares or advance its money in the form of equity, and they did so. To quote the Minister: In order to make this work, the Government would have to take its shares. Well, if it was in order to make it work, if that was the assessment of the Strathcona Report, and the Government accepted every other component of the Strathcona Report verbatim, why would it not accept that component which the Minister now indicates was necessary in order to make it work? Was it because he did not really want to make this work in the first instance? Was that the reason?

**Mr. Neufeld:** To protect the taxpayers of Manitoba, we had to make the best deal on their behalf. If we were going to take shares for the entire amount, we probably would not have got any of it back. If we had taken shares for the entire amount and the company runs short of money again and they come to us, we are obliged to put in more. The probability of the company running short after we put in \$24 million was very great. The additional shortfall could have been as much as another \$9 million to \$11 million, and that is acknowledged.

The company was not prepared to guarantee that they would put this money up if there was a shortfall after we had put in \$24 million. Sooner or later we have to come to a bottom line, Mr. Chairman, and the

bottom line for us was 9.6 and 14.4. No matter what we say today, I think that was a good offer then and it is a good offer today to a company that has a combined net worth of \$550 million and spent \$450 million on another deposit in Nevada.

**Mr. Cowan:** The question to the Minister is, going back to his earlier statement, with respect to the offer not changing. My understanding is the final offer provided for an amount of working capital in the range of \$1 million. At that final meeting, with the company and the union and the community represented, the company agreed that was an amount they could carry.

The next day they were phoned by the Government, and Malcolm Wright said, we have re-calculated those figures and we have now come up with another figure which would be financing that would be required beyond the Government investment. Can the Minister indicate what that figure was, how that figure was derived, and what the figure was finally determined to be after discussions with the company?

**Mr. Neufeld:** The Member is talking about a working capital contribution of \$1 million. That was right. But over and above that, there was an anticipated cash shortfall in the first, second, and third year—second and a half year, I guess—which would have to be covered. It is this shortfall coverage we are talking about when we are talking in terms of the additional funding.

Our calculations are, and were, that the shortfall over and above the \$5 million could have reached \$9 million.

**Mr. Cowan:** Does the Minister still stand by that calculation, or has it been revised in consultation with others?

**Mr. Neufeld:** The company, in its calculations, said certain things could be taken out. It was with respect to those things which were taken out that we wanted guarantees before we entered into any agreement. They thought they could take out, for example, a severance package for the employees and give them shares. They thought they could take out the \$1.5 million vacation pay package for the employees and give them shares. This is what I have told you earlier. We had insisted that if the employees were not prepared to take shares, they undertake to pay them. That was our condition, and it was at this point you stood with the company and said, take away that condition.

**Mr. Cowan:** The Minister is, as always, confused once again. The Minister has been confused right from the start. He has not been able to get his figures right, and he has not been able to stick by his figures when he has had them right. One day it is \$17 million, the next it is \$24 million, and the next it is \$26 million. He says, what is a million? That is his response to that.

The Minister says, what is a million? That is his response. He then sends Malcolm Wright to Toronto to suggest to the company that a further \$9 million is required. In that \$9-million figure are a number of items which have been double counted. Well, the Minister says, no. Maybe the Minister then can outline specifically

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what was required in that extra \$9 million that was discussed at the meeting on Thursday, which would be mid-November, between Bob Buchan, George Faught, and Malcolm Wright in Toronto?

**Mr. Neufeld:** It was in the morning of that Thursday. They were back in our office here in the afternoon. So it was in the morning, in answer to the Member for Pembina (Mr. Orchard).

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**Hon. Clayton Manness (Minister of Finance):** A point of order.

**Mr. Chairman:** On a point of order, the Honourable Minister of Finance.

**Mr. Manness:** Mr. Chairman, I have been listening now for some period of time. I guess I ask you for your advice. So, tell me what line we are on and what dollar amount within that line is directed to Lynn Lake and, more importantly than Lynn Lake, specifically to the agreement that was attempted to be struck and obviously failed. We are here pretty much for a specific purpose, and the Member knows he has Manitoba Mineral Resources. He has that opportunity when it is probably better to bring forward questions dealing specifically with the agreement.

**Mr. Cowan:** Oh, no, he said then we could talk about LynnGold.

**An Honourable Member:** That was for Estimates.

**Mr. Manness:** Mr. Chairman, I have an opportunity too, to sit here and ask specifically of the Chairman what we are dealing with, which allows the Members to move into great detail on the subject.

**Mr. Chairman:** On the same point of order, I would recognize the Member for St. Norbert.

\* (2150)

**Mr. Angus:** Mr. Chairman, I would suggest that the Honourable Minister of Finance (Mr. Manness) does not have a point of order. I would bring to his attention that we are discussing the Mineral Resources Administration salaries, direct policy, particularly from the Subappropriation No. 3A, Reference Book No. 1, page 36, where it says, they participate in Government/industry initiatives to mitigate problems facing single industry communities with respect to cyclical and structural difficulties facing Manitoba mining industries.

There was a specific policy that they are to deal with, the questions that I began were: what does this mean, how do they enforce it, and how do they work with it? The Honourable Member for Churchill (Mr. Cowan) has simply picked up and isolated on a specific line of questioning. That may give direction to the Minister of Finance (Mr. Manness). I do not believe he has a point of order.

**Mr. Chairman:** On the same point of order, I would recognize the Minister of Finance.

**Mr. Manness:** We understand the comments from the Member for St. Norbert, but nevertheless, we are now moving outside of policy and moving specifically dealing with an isolated, specific case. I say to all Members of this committee, that is not the purpose of these Estimates review. The purpose of the Estimates review is to review general policy and their application in specific problems to come.

What the Member is discussing is something that is in the past and consequently I say he is out of order.

**Mr. Chairman:** On the point of order, the Member for Churchill.

**Mr. Cowan:** . . . a more shallow, weak attempt to detract attention away from the failings of a Minister than was just provided for by the Minister of Finance. Indeed the incompetence must be catching. The fact is, he says that we are not here to discuss items in the past, yet he knows, and he was a participant in Estimates on many occasions where we discussed lots of activities that transpired in the past. He says, I think somewhat facetiously, never from his seat, but he will recall and if necessary it can be brought to his attention quite explicitly by reviewing the Hansard, when that has been done and how that is a practice of the Estimates process. As well, one must determine policy and test policy and review policy and analyze policy in the context of how that policy works in actual circumstance.

Therefore, by asking for the details of this particular event, we are testing as to whether or not, and trying to determine as we should, that the Government is getting its value for its taxpayers' dollars with respect to the policy development and the policy implementation by this Government.

My final point, Mr. Chairperson, I am not certain if you were in the Chair when it transpired and it may take a moment or two to find, but I do have it in front of me. The Minister himself said, when we were discussing the LynnGold situation in the committee where the Minister of Finance suggested it should be discussed, that was not the appropriate place to discuss a lot of the items, that they in fact should be reviewed during the Estimates process. It is the Minister himself who has directed us to this particular review and these particular questions at this time. I would suggest that he not have a point of order, and I would hope he would allow us to get back on with the line of questioning.

**Mr. Chairman:** I would thank all Honourable Members for their comments. There is no point of order and we do generally go line by line in Estimates, but on occasion some latitude is given in particular areas.

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**Mr. Chairman:** We are discussing Mineral Resources Administration (1) Salaries. Shall the item pass—the Member for Churchill.

**Mr. Cowan:** The notice today, or at least the media reported today, that the company has initiated formal

bankruptcy proceedings. In other words they have gone from the stage of a holding proposal to formal bankruptcy proceedings.

I would ask the Minister what the Government stands to lose as a result of that, and what analysis his Government has done with respect to what residents of Lynn Lake, and when I say residents of Lynn Lake, I am not just directing the question to miners and people who operate the mill and work for LynnGold directly, but to business owners, to service workers, to public sector workers and to the community generally.

**Mr. Neufeld:** Yes, the company has announced, I am told, and I have not seen anything personally. I have not had a letter from the receiver but the company has announced that they will petition, or have asked the courts to petition them into bankruptcy as of October 27. That petition was filed on October 27, and the company had a holding proposal that did not have a specific date on it, but had a date of the first creditors' meeting of December 14, I believe.

The company has obviously decided that they are not going to go ahead with holding their proposal and have asked the courts to petition them into bankruptcy. As far as the community is concerned, I think the Member is well aware that there have been a number of people from various departments of Government have been active over the last four to five weeks in the community and outside the community, doing what has to be done in order to make the downsizing of Lynn Lake as easy as possible.

We all agree that it is a tragic situation. It is something that happened that was not the fault of Government as may have been suggested. The company decided to close the mine and I think that the Member should remember that. The Government did not close that mine; the company closed it. At the same time we are working with a number of committees. The town itself, the town council has been advised that necessary services will be continued, that Government will provide the funds for those necessary services that the town will not receive—well, how much the Member for St. Norbert (Mr. Angus) asked, we do not know what the amount is going to be. That will come in time, we will find out, but the tax base has been eroded and we are going to support the tax base and make sure that those necessary services are continued.

As far as the relocation costs are concerned, there has been some relocation but the figures on those are not in. I have to remind the Members again, that relocation costs, downsizing costs would have come two years from now after we spent the monies we would have to prop up the mine itself, the mine whose parent have a net worth of \$550 million.

I think that the Government made the right decision. We have the people at the hospital, the hospital administration has been advised that they will be supported; the school has been advised that they will be supported; the town has been advised that they will be supported; and the people who are moving have been advised that they have relocation costs that will be covered. I think that answers the question, Mr. Chairman.

**Mr. Cowan:** The Minister has had some discussions with a number of people with respect to the severance pay requirements for the employees. Can he indicate exactly what those requirements are, what the Government's position is, and what it is anticipated those severance payments will be for individual employees?

I also have to tell the Minister that the receiver was in Lynn Lake today as a result of the petitioning for bankruptcy, which proceeded earlier and they are in fact involved in bankruptcy sale proceedings right now. They met with individuals in the community, so while he has not seen a letter, nor have I, or seen any legal documentation to the effect, I think we can assume on the basis of the events that have transpired today that in fact the company has petitioned for bankruptcy. Whether or not that proceeds through its full course, we do not know. The fact is that we have reached another stage in the destruction of this community and I would like the Minister to indicate exactly what he is going to do to help the workers protect their severance pay.

**Mr. Neufeld:** The Government in its proposal to the company insisted that the two parents of LynnGold make a commitment that those expenses be met. The company did not choose to put in the money to meet those costs. In fact, the Member for Churchill wanted us to withdraw those conditions so that we might strike a deal with the company. Under the Bankruptcy Act, I believe, each employee is entitled to \$500 or whatever is owing to him, whichever is the lesser. Manitoba regulation calls for each employee to get the minimum of \$1,200, the difference being made up from the Manitoba coffers. Each employee, I expect, will now receive \$1,200, because their claim will stand behind the secured creditors who, I am sure, will not get all their money. The employees will get \$1,200 each.

**Mr. Cowan:** So the Minister is suggesting that although some employees have coming to them tens of thousands, if not \$20,000, \$30,000, \$40,000, that because of the bankruptcy, now each of them will receive in the area of \$1,200.00. Is that correct?

**Mr. Neufeld:** That is correct. The maximum amount that is payable to the employees under Manitoba Government law is \$1,200.00. The decision to petition the company—the bankruptcy was that of the company and it is unfortunate, but the employees will not receive, I expect, their severance pay or their vacation pay unless the assets of the company bring in sufficient monies to pay off the secured creditors, and I expect that will not happen.

**Mr. Chairman:** The hour being ten o'clock, committee rise.

\* (2000)

## SUPPLY—ENVIRONMENT

**Mr. Chairman (William Chornopyski):** We are on 1.(b)(1)—the Honourable Member for Wolseley.

**Mr. Harold Taylor (Wolseley):** In earlier questioning in the Estimates of this department, I had requested some further information on staff being used for the sustainable development secretariat and the Minister had agreed that anything pertaining to other departments would be dealt with by the Executive Council and that seems reasonable. In addition, the Minister was kind enough to put those requests over to Executive Council so that there may be preparation of those questions in advance. That leaves only any contributions in staff years or dollars or in any other way, such as premises that might be used to the dedication of the secretariat, and I wondered if the Minister had that information available at this time.

**Hon. Glen Cummings (Minister of Environment):** I can tell the Member there are three from the Department of Environment, one of which is a federal employee participating in an interchange program because the present incumbent is now on maternity leave, so that does not apply. There are two others—one communication director and one planning analyst. I can—requires any more explanation.

**Mr. Taylor:** Can we have the levels of those positions, in other words their classification, and the names for them if the Minister has that, and what duration, if they are on some sort of secondment basis, what is the duration of the secondment or whatever else the arrangement might be?

**Mr. Cummings:** I will have a couple of copies made and I will table it with the Member.—(interjection)—Three.

**Mr. Taylor:** I thank the Minister for that information, and further request whether he has information as to what other dollar supports there might be from his department to the secretariat in the form of whether that be equipment supply, premises, operational support, anything of that nature.

**Mr. Cummings:** None. The salaries are on the sheet I will give the Member.

**Mr. Taylor:** I understand then there are no other dollars at all under the Environment Department for sustainable development and I assume then the sustainable development secretariat is funded through another budget and that we will be able to delve into that at Executive Committee. Thank you. Does the Minister have any other information to provide to the committee tonight on any other requests that have been put forward for information?

**Mr. Cummings:** That is a pretty all-encompassing question—anything else you want to tell us? I do have some comments on the Rafferty-Alameda licence, which I would like to read into the record. In relation to the numbered clauses in the licence, under Clause No. 1, it ensures that the licence is not open-ended if Saskatchewan does not proceed with portions of the project, the Alameda dam being an example, within seven years, then the licence will lapse. Given the long period involved, it is unlikely there will be any project which is not undertaken within that period, however.

Clause No. 2 binds Saskatchewan to operate the project in conformance with the international agreement, which is signed between Canada and the United States. Among other things, this agreement will guarantee that water quality objectives will be set for the Souris. There will be overall basin management and there will be steps taken if unanticipated impacts occur, and Manitoba is entitled to compensation for any damages incurred. It also binds Saskatchewan to any future international agreements that are negotiated on the project.

Item No. 3, we believe confirms the project will not interfere with Manitoba's guarantees under the 1959 interim apportionment measures, which I have held up on occasion in this Legislature, as the manner in which we will ultimately deal with the water supply that Manitoba expects to get from the Souris River. Item No. 4, we confirm that Saskatchewan must participate in the setting of water quality objectives, which will be crucial in protecting Manitoba water quality. We want these objectives in place to be used by the parties in setting standards which are legally enforceable.

Item No. 5 would ensure that Saskatchewan will be providing data from its portion of the basin, which is essential to the ongoing management of the waters and basin. Item No. 6 refers to mercury in fish, that is generally considered to be of local impact in relationship to the fish stocks. It is at a distance downstream, which we are, the indications are that fish stocks should not be impacted. Number 7 would not directly affect Manitoba. It is important, however, that this work gets done and that is what this clause is to ensure. Clause No. 8 would relate to actions within Saskatchewan. Clause No. 9, is mainly directed at effects in Saskatchewan, although literally it means if waterfowl habitat is affected in Manitoba or North Dakota, then Saskatchewan would be required to undertake mitigation measures.

Item No. 10 will severely influence the possibilities for transfer of water from other drainage basins that would ultimately have effect in Manitoba. The upper limit placed on the quantity means that only small portions could be transferred. Item No. 11, the clause of provision for water quality and wetland protection, though such measures are unlikely to affect this province, it is, however, consistent with our policy of wetland preservation. Number 12 is one that I have referred to before, which should work to the protection of water quality, because the ground water in the area that they are concerned about certainly is not considered to be of very good quality.

\* (2010)

Item No. 13 obligates Saskatchewan to participate in overall basin management process. We have already set this process in motion through the drafting of the Saskatchewan-North Dakota-Manitoba memorandum, to start to get the process going. Item No. 14 deals with local effects and does not directly impact on our concerns. Item No. 15 is similar. Number 16 obliges Saskatchewan to deal with possible rare plant impacts in Manitoba. We will work with Saskatchewan to ensure that they meet their obligation under this clause.

Seventeen and 18 are regional in the area of the dams. Number 19 confirms the protection that Manitoba has under the Boundary Waters Treaty, which is also confirmed in the international agreement. It means that this project cannot be operated in a way that degrades the water quality of North Dakota or Manitoba. Number 20 relates to the considerations of the Province of Saskatchewan, which were dealt with in approval under the Saskatchewan Assessment Act.

Number 21 relates to Canada protecting itself from liability related to the actions of Saskatchewan, leaving Saskatchewan to be liable for their own actions essentially. Number 22 with virtually all licensing legislation there is a process by which licence can be changed. This means that the process must be respected if there are to be departures from the requirements of the licence. That is a general summary of comments on the various clauses of the licence.

**Mr. Taylor:** Mr. Chairperson, I thank the Minister for his dissertation on the Rafferty-Alameda federal licence. I guess, though, that some of the points he brings out are some of our concerns. For example, in Clause 4 it talks specifically of water quality objectives. Water quality objectives are not usually measurable nor are they enforceable, the problem being that standards are what is required, absolute measures. Therefore I reiterate, as we are potentially going to have poorer water and certainly less of it, that is one of the things you could say is an objective as a target to shoot for. However, objectives are not binding and never have been so, and there is not an international agreement that has objectives in it that have to be met. You try your best and that is all, and of course if you miss the mark, gee, that is too bad.

Number 10, inner basin water transfer; that clause is very interesting because it is not clear whether we will be having inputs of water from elsewhere, whether it be from the Missouri, or whether it be from the South Saskatchewan basin, more likely the latter, as that has been voiced quite seriously in Saskatchewan. I do not have as much faith in the clause as the Minister has, but maybe that is not surprising. I find the whole process objectionable and a terrible precedent.

Number 12, ground water inflow; we are on record as saying it is already happening on that river, and the pipeline is there with the connection for it to flow that same contaminated ground water from the Macoun area just west of Estevan right on into the Rafferty reservoir; unfortunate as heck as far as I am concerned. That is what has been allowed to take place by Saskatchewan Water Corporation. There was no licensing of the drilling of the wells and the tamping of them by pipeline to the boundary dam with connection to Rafferty now under construction, nor was there any EIS. That seems to be what happens in Saskatchewan; things are very expediently done.

I hope we are not going to see the same thing happen for other exercises here in Manitoba. The latest thing we have had with Repap certainly does not give me any rest. Quite frankly, the fact that we are dealing with the expansion of an existing plant, a significant expansion in fact, some three and a half times increase

in production, without tying that to the forest management plan, it is just unconscionable to me that that is the way it is done. It seems to be this fragmentation of the environmental impact statement so that you do not see a comprehensive picture, so you deal with each in isolation, and then lo and behold you pass each in isolation. The company and its financiers seem to have more sense than do the Environment Minister or the Clean Environment Commission in that regard. That is unfortunate because, not that the work in itself is wrong, but the fact of the lack of interrelationship is the point I make, and that one point is very, very significant. We had hoped on this side of the House that the days of fragmented or disjointed environmental impact assessments in which you do not relate significant different stages of projects would be over, but it would appear that leadership is not there.

I would like at this time to have the Minister address matters relating to maintaining the quality of water supply from Shoal Lake. We have talked earlier in this Estimates process about intervenor status, intervenor funding, and it is quite clear on the record that the Minister does not believe in it, does not think it is necessary, and is quite frankly very cynical about the whole environmental movement. I recognize he has a concern about one particular Member and one particular lawyer. So do I from time to time. However, that is no reason to be cynical about the whole movement. Would the Minister be prepared to give a status report of where he sees negotiations between either his department in Ontario Environment or between his Government and the Ontario Government as a whole on assuring a role for Manitoba in any potential mining or other industrial developments on Shoal Lake and what he sees transpiring in the next few months?

**Mr. Cummings:** I do not think I am going to let the comments on Repap go by without at least a little bit of response. The Member obviously has a no-development scenario in mind for the province when he feels that the licensing of this plant to change its method of operation should only be allowed after there has been a total province-wide plan for forestation for forestry in place.

A forestry management plan is a moving and virtually living plan in and of itself, because in dealing with living plants and the vagaries of the weather that often go with that, it is obvious that any forest management plan that is put in place has to be adjusted and modified from year to year for the specific application of licence. The manner in which it will be managed, replaced, the manner in which cutting will be managed within the licence that is issued is only a natural extension of the management of that licence. The licence can be structured within a larger forest management plan for the entire province.

\* (2020)

The Member from Wolseley (Mr. Taylor) seems to be saying that there is no way that one can recognize the plant without recognizing the licence that goes with it for operations, but in fact we are simply refurbishing

a plant that has been a polluter and that is going to continue to pollute until it is rebuilt, to harvest a resource which was licensed to the original plant. Nothing has changed in that respect. What has changed is the inability of the previous plant to harvest the material which it was licensed to harvest. We have quite clearly said that we will require the corporation to file for forestry management, but to say that there cannot be a forestry operation at The Pas, which is basically what the Member is saying, then I would like to know what we have been running up there for the last number of years.- (interjection)- The Member says that is a good question. Surely he would agree that it has been established that a plant, a significant forestry products plant, can operate at that site and within the bounds of the forest management area that was assigned to it.

As the plant expands, then of course its licensing requirements will be modified, but the province, as it develops a complete picture of the forestry availability in the province and identifies the areas for cutting, can do that in harmony with the applications that Repap has brought forward. Unless, as I said at the beginning, the Member is talking about a situation where he sees an absolutely no-growth scenario for this province in terms of management of our natural resources, then I have to conclude that he is simply taking a few shots in the dark, hoping that he hits something.

In reference to Shoal Lake and Shoal Lake Basin management, I have to indicate that we have spent a fair bit of time on this previously. He asked how I see this issue unfolding and Manitoba having input into the future quality of water in the Shoal Lake area. I see it through the two immediate facets, the environment hearing process that is scheduled for the potential mine site that Consolidated Professor has made application for. Manitoba will be very actively involved in that hearing process. Obviously the licensing authority is still outside of our jurisdiction, but we see ourselves having a very strong and active role there, and we believe that we have negotiated to a position where the Province of Ontario has recognized our legitimate concerns and is now prepared to work in co-operation with us.

At the same time, we have been working diligently to bring them to the position of working with us for basin management for the Shoal Lake area. I have constantly harped, and I do not know how clearly I have to spell that out, on the fact that Manitoba not only will have concerns that it will be raising with Ontario. Ontario is going to react by saying that Manitoba had better make sure it has its own house in order. There will be significant impacts on our side of the border as well in relation to the management of the basin of Shoal Lake. It is not simply a case of where Ontario is the only body which has to act responsibly in relation to this lake.

Of course, we always get mixed messages regarding development. The one group of Native people who live there have made an agreement to restrict their development. Interestingly enough, I am not so sure that is always going to be the case with other groups living within the area. They will start to ask about their

legitimate opportunities for development as well, and that is one of the problems that the Clean Environment Commission or the Ontario equivalent is going to have to deal with as they get into the hearing process on Consolidated Professor. I would not be surprised, at any rate.

I see this process unfolding largely in our favour at this point. Ontario has agreed to most of the concerns that we have raised, and I expect we will start working on the basin management process. In fact, we have already started in the early discussions. We will continue working in the basin management aspects of our agreement with Ontario. I believe we will achieve our objective of protecting the water quality within the Shoal Lake area, particularly where we draw our water from.

**Mr. Taylor:** I do wish to correct something that the Minister brought out, a couple of points, first of all that I or this caucus would have an anti-development stance. The idea being, do your development with your thinking cap on first knowing what the impacts are, do the mitigation, amend the plan as best as you can, and you minimize the risk, and you proceed and you try to protect and look out for the environment as much as possible, no different than you were going to look out and make sure that you do the engineering properly and that you are going to make certain the bottom line in the sense of revenue back on expenses incurred is going to make sense, just the same you should be doing the same step on the environment.

The difference, I think, happens to be in the one of thoroughness and commitment to the process. The fact of the matter is the Minister put a point out as to what has been going on at The Pas to date. I said at the time from my seat, I thought he asked a good question, because the answer is, they were not a forest management plan.

Yes, the previous administration did put a forest management plan in place, but no, it was not followed. What will happen is that after five-year plan after five-year plan is not followed, there is down the road at a certain point an impact, and a noticeable impact. The impacts can be in the sense of erosion and the impacts of causing wash-outs into the local water courses and the polluting of them with extra silt and soils. It can affect the fisheries, it can affect traffic in the area, and it can affect the stands of timber themselves.

The fact that the previous government did not adhere to its own plan, or insist that the company, a Crown corporation at the time, adhere to the plan, I think is quite regrettable. What I was requesting was not a forest management plan for the whole of the province. When asking for that to be done in conjunction with the industrial changes proposed, I think, was a reasonable point. I was asking for a forest management plan not for the whole of the province but for the licensed cutting areas for Repap itself. Albeit that is one heck of a lot of territory in the province, it is not the whole of the Province of Manitoba.

Of course the forest management plan is an evolving creature. It has steps to it, normally five-year steps, but there is also a scheme of things, a general approach

that is taken, and that is what I feel quite sincerely should be on the table and what is not in the table now, given the way the process is going in a disconnected fashion.

The Minister, in speaking of Shoal Lake, talked about commitments on both sides of the border, and I think that is quite correct. I think that commitment has to be there. My question to the Minister is that we know we have old industrial sites on both sides of the border, industrial sites that could much after the time that they have been shut down still contribute to pollution, possibly local, possibly of a greater scale. I have brought this up before in the House, as have environmental groups. What are the plans of this department for an industrial site clean-up in the Shoal Lake Basin and in co-operation with Ontario?

\* (2030)

**Mr. Cummings:** The sites as identified are also identified according to the potential risk. The Member implies there might be some future pollution or there could be ongoing pollution. I presume he would want to talk about the retaining pond at Bagg Bay. I find it regrettable that pond and its contents received the type of attention they did in the manner that they did. The obvious conclusion is that if you are going to find potential contaminants, you are going to find them in a settling pond that has been part of an operating mine. I would suggest that if you look at the natural environment in the area of Shoal Lake, that we are in the heart of the Greenstone Belt. You are going to find all sorts of minute quantities of various composition, most of which would not be too healthy if you consumed very much of it. I suggest, however, given the existing attention that the area is receiving, that the concern is more one of potential pollution and potential contamination if one of these sites should become active again.

He is asking, what are we doing about cleaning up the sites that are existing? I still receive some conflicting responses in terms of the information that the Member opposite has brought forward from time to time about the condition, for example, of the Consolidated Professor site. Obviously, if you think that you are taking water out of a cistern, and you have a very limited quantity, then the potential for something to fall in that cistern is most unappealing to look forward to.

We are talking here about a huge basin, and unless the Member is suggesting that no activity whatsoever should carry on in that area, we are not going to see the elimination and greening over of every site that had some operation take place there. Each of these sites, and I would consult with the department in a minute to get further information on this, but it is my understanding that each of the sites, when they are shut down, are shut down in compliance with regulations that are imposed upon them, and therefore are considered to be shut down in a responsible, non-polluting manner and to the best of the ability of the people on the site, so that they are rendered safe before they are abandoned.

**Mr. Taylor:** Mr. Chairperson, it is unfortunate the Minister finds confusing some of the information put

to him. It was certainly put forward in a clear enough fashion. The ore that had been mined out of the Stevens Island Mine was ore that, quite frankly, was already in crushed form in the lake. That is why we asked to have the rocks sampled and analyzed. If he did not like my samples, they were not done in a fashion he liked, then he was quite free at the end of June to do his own, or in early July, when his officials were out there. We did not hear anything on that.

We are not talking about rocks that have weathered for twenty-odd years or so since glaciation, and therefore have very little leaching taking place. We are talking newly crushed ore that is in the water from the piles of surplus ore that has come out of the mine, or out of the actual makings of the main dock itself. It is made out of this crushed rock. The issue of the water out of the holding ponds would be one that if the mine were active would be an interesting measure, but since the mine had been inactive for two years when the sample was taken was why quite frankly I found the exercise interesting but not one that I would have thought would have yielded a heck of a lot.

Maybe his officials should at the same time have gone a quarter mile away to the adjacent Cameron Island. Cameron Island has a closed gold mine on it. In fact, it is proposed that the main shaft of the Cameron Island Mine will become the air shaft for the Stevens Island Mine as that mine projects a number of miles out under Shoal Lake. In 1978, I believe, there were significant levels of arsenic found in the holding ponds there. When was the last time since then that they were checked?

All I am saying is that vigilance is what is required. The requirements of the regulations at the time of a mine's closing are hardly the measures we wish to go by today. I suggest anything like that is nothing short of lackadaisical, and I do not think that is what the Minister meant to suggest. The issue before us is a review of regulations across the boundary of Ontario and Manitoba. Are they adequate? Are they up to date? And if they are, a review of the industrial sites involved, of which there are many, it could be something from as innocuous as what could be contained at a saw mill operation to something that is very, very dangerous at a gold mine operation. We all know the sorts of materials that are found in the ores and the materials that are used in the gold extraction process.

Cyanide is used in some processes, but others use mercury still. Now mercury is a very discredited way of extracting gold and you see very little of it, albeit in some illegal mines along the Amazon, and what it is doing is contributing to the contamination of the Amazon and its tributaries. That process, which is discredited and is not normally used, was used on an experimental basis at the Bagg Bay Mine in which there was a mixing of the ores with free mercury on an asphalt pad. Said pad drained down to the lake and there is a very thin, low cofferdam separating some of the Bay waters from some of the collected waters from this process.

I would make light of that sort of a finding, quite frankly. I think that sort of a finding is one that bears close inspection and testing to determine whether there

is any potential for that fragile cofferdam to be breached in any way, whether it is by frost or ice action or just straight leakage. That is the sort of thing that should be checked out. I am not surprised that the owner of the mine was terribly upset when all of a sudden the mine was crawling with officials. Well, I was glad to see the officials out there. I just hope they got the information that they needed and that the proper analysis was done.

With that sort of operation going on, supposedly under the eyes of the mining officials of Ontario, I do not think that is going to make Winnipeggers rest easy about the quality of their water. That is the sort of example I am talking about.

We can look at an example on our side of the boundary. Star Lake Mine, has that been inspected? If it has been, good.- (interjection)- My colleague, the Minister of Industry, Trade and Tourism (Mr. Ernst), from his seat, says it has been. Well, I hope the heck it has, because if it has not been, it should be. It may be quite safe, but it is one of the things that you should do on a periodic basis because we do not seem to have any way of assuring ourselves that the owners of these facilities are doing that sort of thing. Has the facility been broken into? Has there been any possible disruption of the equipment, whatever? Any contamination possible? Because guess what, the land draining around the Star Lake Mine, lo and behold, goes into a creek system which enters into our watercourses and eventually goes into none other than Shoal Lake via Falcon Lake.

So, that is the sort of thing I am talking about. I am saying, is there an overt strategy on the part of this Government in conjunction with Ontario to have a review and if necessary a clean-up of old and abandoned industrial sites? In many cases the owners are not even around to do a clean-up in any case. I think it would tie in with an initiative by the federal Government in that regard in co-operation with the provinces. A clean-up of old industrial sites albeit is a very timid step when one looks on a national context of that program. Has the Minister any comments to make in this regard?

\* (2040)

**Mr. Cummings:** My first comment is that the Member has for months got away with talking about the leaching from the rock at the abandoned mine site on the edge of Shoal Lake. In anything that I have been able to determine, leaching would come from rock that had been milled, but certainly not from what he kept referring to as tailings, which would have been as a result of the rock having been milled, is entirely different from what is really there. It is rock that has gone through a rock crusher or some form of reduction, but has not been milled, and therefore is not likely to leach.

**An Honourable Member:** Did you do a leaching test?

**Mr. Cummings:** The leaching of that—he says, did we do a leaching test on it? The fact is that experts indicate that this is not any different from small-sized rocks. It would not leach in the form it is in. If he does not want

to take the advice or the information of the people who are qualified to pass opinion on this, then I suggest that perhaps he should bone up on some of his chemistry and prove that they are wrong. Frankly, the advice I am getting is that that material is not subject to leaching.

He continues to put false information on the record and continues to attempt to get coverage out of repeating and repeating false information to try and scare the people of Manitoba into thinking they are getting faulty—

### POINT OF ORDER

**Mr. Chairman:** The Honourable Member for Wolseley, on a point of order.

**Mr. Harold Taylor (Wolseley):** The Minister has suggested that I am trying to mislead the House is imputing motives that I am deliberately putting false information on the record. Unless the Minister has direct evidence of the same, I would ask him to withdraw his comments so that we can carry out this Estimates process in a civil fashion.

**Mr. Chairman:** I will take that under advisement, and I will peruse Hansard and come back with a decision. The Honourable Minister.

**Hon. Glen Cummings (Minister of Environment):** I did not say that the Member was deliberately falsifying the information. I said that he was wrong.

**Mr. Chairman:** I thank the Minister for that advice, but as I indicated, I will peruse Hansard and come back with a decision. The Honourable Member for Wolseley.

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**Mr. Taylor:** Mr. Chairperson, it is too bad the Member for Ste. Rose has to stoop down to the level of discussion and debate that his Leader so often shows in this House in Question Period.- (interjection)- I am hearing this constant rumble from the Member for Portage la Prairie, but I cannot make much sense of it, Mr. Chairperson. I guess nobody else can either.

Anyway, we better get on with the questioning here. The Minister does not wish to agree with the fact that there is a need for the clean-up of old industrial sites even though there has been an initiative of this nature, albeit a timid initiative by the federal Government, the program covering some \$200 million for the whole of Canada.

He is not interested in doing that clean-up although a moment before he said that we will have to do some things on our side. So I think you hear it; the rhetoric is there but the substance is not.

The other question that was raised -(interjection)- I guess the Ministers are all getting tired; they are tittering in their seats here. The other question that was raised when the matter of Shoal Lake came up again for this Government, a year after it was first brought up, was

the matter of preparedness, contingency planning, should there be any problems with the quality of water in Shoal Lake that the city uses as its water supply.

I would ask the Minister if there has been at least any formal discussions between emergency measures staff on both sides of the border so that there is a contingency or action plan in place across the border to deal with emergencies of this nature?

**Mr. Cummings:** I am not sure if he is referring to a catastrophe on an operating mine. That in fact is not the case. We do not have operating mines on the shores of the lake. We work co-operatively with the Environment Department of Ontario at the officials level no matter what politicians may be on either side of the border. Unless they were absolute fools, I do not think they would recommend against continuing the policy of co-operation between the two departments.

Through that department in fact a response would be rather easy to mount in relation to an emergency. Manitoba has probably an easier access in many respects, but Ontario has a great deal of emergency response capability I would expect at their Kenora headquarters. Given that it is a remote area, the response would be of a similar nature from both provinces. Certainly I would be surprised if either province would respond into the other's jurisdiction unless they were requested to do so. If there is an accident, however, we have every reason to believe there would be co-operation in both directions.

Unless there is something the Member is wanting to find out and I do not understand the question, all that I can respond is that I fully expect co-operation on both sides.

**Mr. Taylor:** Well, what is it? The old saying goes, a road to wherever is it, it is paved with good intentions. Ontario will have good intentions and Manitoba will have good intentions, but nobody will be prepared. That seems to be what the Minister is saying.

Co-operation is not the issue. Co-operation is not the issue at all, I say to the Minister. The issue is whether you are prepared, whether you have working relationships, whether you know what the capability is of either side in the way of equipment, in the way of supplies, in the way of staff, to handle a real emergency. It would appear that is not on hand at all, and this was offered months and months ago as a positive suggestion back in June to the Minister to take and use in a proactive sense.

Instead we hear tonight reactive statements—well, we will depend on the good intentions of Ontario, and we will have co-operation. Well, whoop-de-do. Manitobans and Winnipeggers in particular are really reassured, really reassured with that. That is more proactive Government here; it sounds more like knee-jerk reactionism to me. The fact of the matter is, when something serious happens, you do not just cobble it together in a few hours.

We have to look at the response time that Ontario took to deal some years back with a PCB spill on a major highway. It was not out in the bush somewhere,

it was not in a major water course, in fact, a water body that is a supply of drinking water to a major city; it was out on a paved highway. The response time and the knowledge within a single jurisdiction was poor. In fact, there was an impact on the provincial election a few years ago because of the poor response.

We saw the problem when dealing with forest fire fighting this year. It was a massive operation of a nature that is an experienced thing, with plenty of staff, equipment, lots of trained people, but until Manitoba was fully up and fighting fires at its maximum—three weeks it took for that capability to jump into place. That is the sort of capability that takes some time, and it does take contingency planning efforts and it takes practices of contingency plans. We are not hearing that, and I am very, very disappointed that that is the case.

On the same matter of clean-up of old industrial sites, maybe the Minister can be a little more positive and tell us how he is co-operating with Mr. Bouchard of the federal Ministry of Environment on the initiative to clean up industrial sites across Canada. What sort of contribution will Manitoba be making to that program, if any?

\* (2050)

**Mr. Cummings:** First of all, the program as it is structured is a base amount from the federal Government toward the clean-up of orphaned sites. Plus, there is an additional \$50 million that can be accessed on a fifty-fifty basis for the development of the expertise or technical capability for environmental clean-up. We are looking within the province to see if we have identified orphaned sites that could be part of this program so that we might access some of those funds. Frankly, we do not at this point see where we would be in a position to access the funds on the major clean-ups on orphan sites. We may however have some technical expertise within the province whereby people would want to work through the Government to apply for a share of the technical development dollars.

Interestingly enough, most of the sites in Manitoba that have been identified as being historically polluted still have an owner and we have been able to deal with him. We have had some examples of some very conscientious and thoughtful response from one company in particular to a problem that they have in Manitoba which is part of a nation-wide concern. The company has taken what I view as quite a responsible position and rather than play financial games and attempting to go out of business in order to avoid their responsibilities, have taken considerable amount of work and money towards cleaning up the areas which result from historical activities of the company but in terms of accessing the major quarter of a billion dollars, I believe it is, for Orphan Fund Clean-up, we do not at this point have identified any sites that would fall within the criteria.

**Mr. Taylor:** Is the Minister saying that at this time there are no orphan sites in Manitoba that would qualify, or is the Minister saying the Government has not done its look into this to be able to determine whether there

are any orphan sites that would qualify for the federal program?

**Mr. Cummings:** Some of the PCB remains that were left in the North, for example, are part of the federal responsibility. We do not have any major chemical dumps that have been abandoned which are polluters of the nature of Love Canal, which is the famous one from the eastern part of the continent, on the New York side of the river, yes. Nor do we have a site, and I do not think they will be eligible either frankly, B.C. thought that perhaps the old Expo site would qualify. When you consider that they sold it for I forget how many dollars, saying that they would also be responsible for the clean-up of the site because it was previously a yard site, which was contaminated by prior activities, I am not so sure that is something that I would support as one that we should be supporting through our tax regime to clean-up.

We do not at this time, and have identified, major orphan polluted sites that would qualify for this fund. I think rather than be—unless the Member knows something that we have not identified, I would be thankful rather than upset if Manitoba happens to be in that position.

**Mr. Taylor:** I would be content also if I felt more assured that Manitoba had no percolating sites out there in the back woods. After all, we have a history of mining, mining all over the province, and mining that was done at a time when there was little regulation. If there was regulation there was little enforcement, and I am talking back a few decades or so. Who knows what sort of condition some of those sites were left in. I guess that was the sort of thing I had in mind. I recognize we did not have a chemical industrial waste site along the lines of Love Canal, and thank goodness we do not.

My understanding was in reading federal documents is that those types of long abandoned sites with potential contaminants still in them, what might qualify, and that is what really I had in mind when I posed the question to the Minister. I guess he is saying we do not have any. I am not sure we have really looked into it, located them first, and checked them out in the second place. If he has any further clarification on that, I would very much appreciate it.

I did not catch that last aside if he would like to repeat it. My goodness, Mr. Chairperson, we have the former Minister of Environment making that further insinuation that I knew about a boxcar for months and months and months.

**An Honourable Member:** Come clean, Harold.

**Mr. Taylor:** Sorry. I am on the record and it is too bad that it still troubles those Members yonder so much. From the time I knew to the time I was out on site inspecting that boxcar, the elapsed time was two weeks. I think I did my research well and it was correct. It is unfortunate if it embarrassed the Member for Portage la Prairie (Mr. Connery), but I did ask the Minister of Environment (Mr. Cummings) specifically about mining sites in the province if he wishes to reply before his colleague interrupts us both.

**Mr. Cummings:** I did not say that we do not have some mine sites that would not have problems, but the fact is that any of the sites that we are identifying that have to have some remedial work done, we still know the owner.

**Mr. Taylor:** I guess Manitoba is more fortunate, Mr. Chairperson, than any other province I have encountered. We know all the owners of, let us call them, inactive mine sites. I think that is an absolute miracle quite frankly. Either we have been extremely lucky or we do not have all the mine sites listed. Does the Minister have a program to deal with those sites aside from the federal program?

**Mr. Cummings:** Mr. Chairman, the Member for Wolseley implies that we are lucky, or stupid, he cannot decide which, because we do not have any orphan sites. He sees federal dollars sitting out there and he forgets that the Manitoba taxpayer would have to pay the other half. Why should we allow owners who would like to make some of their polluted sites orphans, so they could get out from underneath the burden? That is not the way we do business around here. If you are a polluter, your polluter pays.

The other aspect to this, we should remember that Manitoba's industrial base is not as old and does not have the diversity that other parts of this country have had the good fortune to have. Because of the strong economic growth and spinoffs that they have from that, they can darn well afford to pay for the whole thing.

We believe that there is some responsibility on the federal Government to become involved. They did not become involved to the level that we as Environment Ministers were asking for. The Member says it is a weakhearted response. Anything short of the total dollars that he might want would be considered weakhearted. The simple fact of the matter is the jurisdictions that have those orphan sites have very likely reaped the tax benefit and the growth and the jobs from those sites over the years and they can darn well dig into their own coffers and start cleaning them up. Manitoba has not had that benefit.

**Mr. Taylor:** Mr. Chairperson, I hear a round of, so there and take that. My goodness, my goodness, it would appear that the Minister is a little sensitive on this one, and heaven forbid we might put any public dollars to cleaning up our environment. Nobody says there is a bottomless pit, but my gosh, let us have a little action.—(interjection)— We know the disrepute that the public is generally taking to hold the Tory computer in so we will not go into that and embarrass the Finance Minister any further.

\* (2100)

I would like to ask the Minister whether he has heard of the concept of environmental rights and what his thoughts are on that.

**Mr. Cummings:** Mr. Chairman, the environmental rights issue, I have heard of it and I have some understanding of what the proponents of it have in mind. I suggest

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however that the discussion that I have been involved in with people talking about environmental rights, they had a tendency to put environmental concerns into a legalistic position that would very quickly in my mind deteriorate into litigation over whether or not someone had contravened the statement of environmental rights and no matter how one would want to couch it if you went with the proposition of environmental rights, it would very soon start to fatten the coffers of environmental lawyers around the country.

Therefore, I think that there are benefits to dealing with that concept through other means. I have not had all of the discussion that perhaps one should be subject to before making a decision on this, but at this point I am not convinced that this would add anything to the protection of the environment in this country.

**Mr. Taylor:** Tempted as I am to make a snarky comment, I will hold back -(interjection)- No, I will not. Mr. Chairperson, in 1985 the Law Reform Commission of Canada looked at the question of environmental rights. Its report indicated that the Criminal Code prohibits offences against persons and property, but it does not in any explicit or direct manner prohibit offences against the natural environment itself. The report concluded that the natural environment should become an interest explicitly protectable in some cases in the Criminal Code and that a category of crimes against the environment should be included in the Criminal Code. The Commission believed that a fundamental and widely shared value is indeed seriously contravened by some pollution, a value they refer to as "the right to a safe environment". The Commission stated that there are values fundamental to the purposes and protection of criminal law. They include the sanctity of life, the inviolability and integrity of persons, and the protection of human life and health. Certain forms and degrees of environmental pollution and degradation can, directly or indirectly, sooner or later, seriously harm or endanger human life and human health. This is the basis for the Law Reform Commission's stance on environmental rights. They revolve around the impact on human life and health.

Now that is talking about the criminal side, the federal side, if you will, and it is an area of growing concern among the general public, obviously among environmentalists, and certainly among those few people that do at this time practice environmental law. My question, in all seriousness, is to the Minister. Is it not time that we started looking at this sort of concept for our own province?

**Mr. Cummings:** I would like to remind the Member for Wolseley that this Government has stated that its avowed intention in doing business in this province and how the province will do business itself, how industry and the public should do business in relation to the environment, should be based on the principles of sustainable development.

The principles of sustainability, once stated and established, and the Round Table discussions have obviously a great deal to say about this, it seems to me that the principles of sustainable development would be a lot more important, and putting them into practice

have a lot more impact, than going to a statement of environmental rights within the province. I would simply advise the Member that he should look at that in the light of what the Brundtland Commission said in terms of how we deal with the environment.

We are seeing a very rapid pendulum movement of opinion about responsibility and general actions regarding development and how they relate to the environment, but we are also cautioned by the Brundtland Commission to remember that one eye should also be kept on the quality of life. Therefore, when I chided the Member a while ago about his concept of a no-growth scenario for this province, it is no wonder he was a little bit touchy, because probably that indicates that he really does not believe in the no-growth scenario, and that probably in his heart of hearts he agrees with me that the principles and the concept of sustainable development which recognizes the quality of life as well as the quality of the environment and the balance between the two is the manner in which to proceed in order to have the best type of quality development within our jurisdiction or around the world and not have to be fighting with the concepts that are to the extreme on either side. The extreme on one side says, whatever can be harvested, no matter what the damage to the environment, shall be harvested. The extreme on the other side goes back, and I am not sure how far it would want to go back, but it does go back to the no-growth and certainly to the reduction of what many people see as the quality of life in our society.

\* (2110)

So, no, I am not a proponent of establishing an environmental bill of rights for Manitoba.

**Mr. Taylor:** Mr. Chairperson, all I have to say is I am more than a little disappointed, not only in the Minister's answer that he sees no need for environmental rights, but his lack of understanding on the subject to boot. It is really unfortunate. This subject was quite frankly the main topic of discussion at the annual meeting of the Manitoba Association of Rights and Liberties just last month. At that time there was more than a little interest, whether it was by the general membership, whether it was by those that are trained somewhat in this area.

I think if we talk about federal regulation, whether we talk about regulation at the provincial level, there should be some guiding principles that lead one to say a certain statute is required and a certain set of regulations to accompany that statute, what is needed to protect the environment, but if one is to do that in a concerted fashion, knowing where one is going or one's Government is going, then I would suggest a bill of rights of this nature, in other words environmental rights, are what would be in order, but we do not seem to have that sort of mindset. We have instead the idea that sustainable development is the answer and we know it certainly is the buzzword of the Conservative Government, but we have seen little action on that. They have had the confirmation in a briefing recently by the Assistant Deputy Minister for Western Diversification that their commitment is a whole

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\$150,000 to a sustainable development centre and that there is no other money there yet. We have seen for example a copy of the minutes of one of the recent Manitoba Round Tables on the environmental economy in which our Minister here was a lead player. Interesting work, but so far, given the length of time they have been working at it, I am wondering if there is much substance there, unfortunately. We had the Minister at the Round Table recently. I wonder if he can give us a little update of what transpired in Brandon, maybe he can bring us up to speed—

**An Honourable Member:** A lot.

**Mr. Taylor:** Yes, a lot, well I hope it is a lot more than the September 14 minute because there is not much in the minutes.

**Mr. Cummings:** Well, first of all I would like to respond to the comment about the need for environmental rights being enshrined in legislation. The Member has, and he is going to accuse me again of not understanding the concept, but we have all got the same objective and maybe he will try to understand that in getting to that same objective, there are many different ways in which one can approach it.

Talk about putting into legislation requirements that recognize the importance of the environment and the importance of non-degradation of a quality environment, when we have moved to .5 million and \$1 million fines under The Environment Act for certain offences, then I would suggest that polluters are not going to take that very lightly. Couple that with the potential for a jail term for executives. The public has often indicated that it is not necessarily the last word in control to impose a fine on a corporation, but when officers of a corporation can go to jail for a dumb or inappropriate action by someone further down in the chain of command within a corporation that leads to a major pollution or a major impact on the environment, and he could eventually end up facing six months in the Crowbar Hotel, then I suggest that has as much impact on the thinking of people within the corporate board rooms as anything else, and it certainly recognizes the importance of maintaining quality environment.

In terms of the Round Table, I would have to answer the question in this manner: yes, I am, along with several other Ministers in the room here, part of the Round Table. I am the newer member. The object of the Round Table, the most important and immediate result of the Round Table, is to have an opportunity for people who are closely linked to environmental concerns, Ministers of the Government of the Day and business people, to have an opportunity to sit down across the table, eyeball to eyeball, and the people from Government, the Ministers of Government, have an opportunity to have the wisdom of their advice on various issues. For that reason some of the sessions are closed.

At the public sessions in Brandon, the most recent meeting of the Manitoba Round Table, there was a reception where many of the people of the local

community had an opportunity to meet with the Members of the Round Table and express some of the things which they were most concerned about. The Premier announced the procurement policy for the Government of Manitoba, which is a beginning toward new priorities, purchasing for this Government. We will look at recycling and we will look at the options of using more environmentally-friendly products and apply some principles, the basic one being that one of the most difficult parts of getting environmentally-friendly products up and running is to establish a bit of a base market so that they have something that they can rely on. In this case, recycled paper is an example. The Government is obviously a significant purchaser of paper and not that long ago I had difficulty getting recycled paper for my office. That seems to be changing dramatically.

As Governments begin to use more recycled paper, there would be more suppliers out there and ultimately more manufacturers who will be willing to put the material in stock or to put in place the financing that is needed to produce the product.

The same thing is true in the area of a number of items. Procurement of recycled oil I think is something that has a tremendous importance in terms of long-term preservation of quality non-renewable product. In this case the very highest quality of oil goes into motor oil and obviously some of it is burnt off from the motors during the course of operation, but there are great volumes of used motor oil that is considered waste and, in some cases, burnt inappropriately. It probably puts more pollution into the air through inappropriate burning than it does by dumping it down a gopher hole, which some people used to do a few years ago, and perhaps still do in some cases.

So the promotion of the use of recycled oil in Government fleets will lead to the ability of somebody—either someone already here, or someone that we may attract to this province—to establish a more viable and larger oil recycling program which we can start funnelling used oil into. I am not talking necessarily about refiltering. Remanufacturing of this oil can come up with the same product, but what we are doing is saving the highest quality product that the oil industry can produce to be re-used.

\* (2120)

So those are the kinds of things that were discussed in the open session. I can report that at the National Round Table, as opposed to the First National Round Table meeting that I attended where there was a public session and where the Ministers and the Members of the Round Table spent a fair bit of time getting themselves ready for a half-hour press conference, the majority of this last meeting was in camera. We had an opportunity to meet with the Ontario Round Table and exchanged views with how they are proceeding with their initiatives and we brought our subcommittees up to speed.

I would have to indicate to the Member for Wolseley that at both Round Tables the work of the subcommittees is proceeding rapidly and there will soon

be initiatives and results demonstrated from that. The subcommittees are on such items as education and communication, how the importance of the environment can be communicated through the education system and through all other means that are available, through the Waste Reduction Committees, the committee on Principles of Sustainable Development, committees on Industrial Initiatives that demonstrate proper environmental approach. All of these things lead to a better understanding on the part of the Ministers that are involved so that they can go back and apply those thoughts and those principles to their Government actions while, at the same time, industrialists who were there may choose to become advocates of the process, advocates of change within their industry or within industrial sectors as a whole, and what we have is a very beneficial system that is started. It has floundered from time to time in various jurisdictions, even at the early onset I am sure there were some second thoughts on the part of our Round Table, but I am pleased to report to the Member that things are proceeding quite well. I would say that the Round Table on the Environment and the economy is unfolding as it should and that there will be a considerable number of initiatives that will soon be demonstrated as a result of this forum.

I should also remind him that the real work of the forum is to make sure that the Ministers have the benefit of the advice of these kinds of people, people from all walks of life who have a concern with the environment.

They can feel confident for example at the national Round Table we sit down with the Minister for Environment, the Minister of Finance, the Minister of what would be the equivalent of our Government Supply and Services, I believe, Mr. Andre represents. In Manitoba we have Agriculture, we have Industry, we have Environment, we have Natural Resources, most of the Ministries that are involved in environmental concerns and the impacts that would flow from the activity.

People from northern communities are represented, people from major industries are represented, people from women's organizations, agricultural organizations, environmental groups, they are all represented at the Table and all are given equal opportunity to be heard. I would suggest that the basis upon which we operate requires that we as Ministers listen, and that is what we are there to learn as much as anything else.

**Mr. Taylor:** Mr. Chairperson, I appreciate that update by the Minister on a number of things that he discussed recently in Brandon. I note with interest he referenced the use of cleaning used motor oil, potentially he could use that to grease the skids to break out of the inertia of action on the environment as seems to be the case all too often in this province.

**An Honourable Member:** What?

**Mr. Taylor:** Well, one Minister was listening in any case.

I would like to ask the Minister about a subject of which I have quite a bit of concern, and that is the extensive use of chemicals for pest controls. I would

like to ask him what initiatives his department has taken over the last year and a half, two years, to review practices in the use of chemicals on pest control versus other methods that might have less impact on the environment and are still effective?

**Mr. Cummings:** Yes, I would be pleased to respond to that question. Remember, there are two parts to what the Member asked. If he is asking what initiatives we have taken in making changes to the herbicides, pesticides that are available, we do not have the research capacity to start to move in that area. That is the responsibility of the federal pesticide licensing and regulation responsible departments, but we do have a very significant role to play in co-operation with the Rural Development, which by the way is the other department that is represented on the Round Table. I do not believe I mentioned them a few minutes ago.—(interjection)—Is Jack mad at me?

(The Acting Chairman, Mr. Parker Burrell, in the Chair)

The other aspect of what we have done is, working with Rural Development and Agriculture to provide the what we have referred to as ACRE to get on with clean-up of the pesticide containers which is—we recognize only a cleaning-up of an aspect that is out there, but it is an initiative that is somewhat overdue and has come along rather rapidly in the last short while.

I would take this opportunity to boast somewhat about the results of what CPIC has done in this area. They took a lot of abuse, a lot of people were skeptical about whether or not they would in fact transfer to the Province of Manitoba the amount of money that was raised by their organization, being the equivalent of a dollar a pail of what was sold in the province. When we reached agreement with them they said they would be more than pleased to transfer \$675,000.00. Is that the correct total? At any rate, when we contacted them recently they said that they were not going to transfer it, that in fact it was now closer to \$775,000.00. There is a very significant pool of money out there that is going into ACRE to deal with this problem.

We are very pleased to see that. The fact is that what we have is this year's allotment to go into play in the spring to clean up the residue and get the program up and running in relationship what was left from this '89, and we will have presumably something close to the same amount to be added to that to deal with the 1990 issue.

We will be dealing with something like \$1.5 million towards the cleanup, and I want it clearly put on the record that the pesticide industry has recognized one of the principles of sustainable development, and that is that they have to be responsible for their own pollution if you will or their own industry. When I say principle of sustainable development, I say that somewhat loosely. It is also the principle of responsibility which is what I meant to refer to and refer to that in our recycling comments, because where an industry can demonstrate that it is taking responsibility and cleaning up behind itself, then there is not the pressure of Governments to legislate regulations on them.

Government can be the regulating body or they can be the supporting body and very often when you have

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the co-operation of the industry, such as is now, it seems to be demonstrated in this particular case. I think that we are going to have a much more positive response.

I believe that we will see more environmentally friendly pesticides and herbicides developed. They will be ones that have to have the properties that will cause them to break down in sunlight and contact with soil in a much more ready fashion.

There will also be development I am sure in using pests of some sort, pests that are favourable to the operation as opposed to those that are unfavourable that can be used to reduce the impact on crops. There are certain environmentalists who will say that biological engineering is not a very good objective, that there are problems associated with that. That is one way in which we can reduce our dependency on chemical support in agriculture. We do not need to look very far afield to see where this is actually happening. There is in fact, the Member for Wolseley (Mr. Taylor) might know, but there are quite a few of the people on the agricultural side, background on this side have become aware of recently, but they believe that there is a parasite that prays on thistles that may eventually reduce the thistle population in this part of the country.

\* (2130)

The question of course is always, what else will they turn to after the thistles are gone? It is, as we look to develop alternatives to some very specific chemicals that are out there, we have to remember that the standard of living which we have in this country, the ability to produce \$1.4 billion in agricultural exports out of this country, is directly related to the fact that we have one of the most technologically advanced agricultural sectors in the world, not to mention people who are motivated to do the work and have a reasonably favourable climate.

I am not one who is going to be moving with any great expectation that we will be able to take the majority of chemicals off of the market in the next short while. I think the chemical industry is rapidly coming to the realization that it will have to act responsibly in order to stay ahead of the criticisms that are being directed towards it.

**Mr. Taylor:** Mr. Acting Chairperson, the Minister brought up a really interesting point about the money coming from industry on the basis of a dollar per pail of farm chemicals sold to lead towards the clean-up of the huge proliferation, as we are well aware, of farm chemical containers. It is a real problem; I think everybody recognizes that.

I would hope that one of the first clean-up areas that it will be dedicated to will be the Poplar Point dump in the riding of the Member for Portage la Prairie (Mr. Connery). There we had the unfortunate practice, Mr. Minister, of the burning of chemical containers that had not been flushed of the chemical residues.-(interjection)- No, I think we can.

The fact of the matter though is that move by industry I think is a necessary one. I do not consider it not

positive; it is positive. The issue though is the scale of use of chemicals in the first case. Now the Minister talked about biological engineering. I would ask if he has -(interjection)-

**The Acting Chairperson (Mr. Burrell):** Order. The Honourable Member for Wolseley.

**Mr. Taylor:** Mr. Acting Chairperson, I would ask if the Minister's staff has looked at other solutions such as, he mentioned first of all, using chemicals that were more friendly to the environment. I know a case in point, he talked about when they strike the ground they will go neutral or over a very short period of time their active agents will cease to be active. I think that is fine. What about other things such as non-toxic pest control, such as the use of biological agents, the use of parasitic insects, the use of plants that have an impact on insects?

The answer from the Minister was in the global sense of pests and pesticides, and I am coming at it strictly from the issue at this moment in this next question of insect control. I wonder if the Minister can give us any rise for encouragement here of going this direction, of seeing other practices coming into place as opposed to the heavy use of chemicals for insect control.

**Mr. Cummings:** I do not think, directly from activities of this department, that I could give him cause for either joy or despair frankly. We are not involved in the evaluation of agricultural or domestic chemicals. We do rely upon the expertise of the federal licensing authorities and we cannot afford to duplicate the testing process. The Member knows full well that it takes about five years of field tests to license a product in this country. Products' specific registration has cost the agricultural people of this country millions, probably even billions of dollars and -(interjection)- Well, the Member says that is not the question. It is related. He asked what I might be able to add to the discussion and frankly there is not a lot, given the mandate the Department of Environment has at the moment.

He makes a point about chemical pails being burned in waste disposal grounds. Something that is interesting to find is that while we object to the plastic being burned, tests have indicated that plastic pails unrinsed have less chemical in them than metal pails triple rinsed, given the design of the product. By burning the plastic pail you are likely to be putting more pollutant into the air than you are with what chemical may be left in it. It is actually unfortunate that is the case, but in fact something that we may be able to build on.

**Mr. Taylor:** Mr. Acting Chairperson, maybe the Minister in his later work in recycling can consider the concept of recycling the plastic pails because we are well aware of efforts that have been undertaken in various parts of the continent about the shredding of different types of plastic containers. That might be another route.

What I was asking in the previous question quite frankly was not the whole thing about licensing different chemicals that are more environmentally sensitive, it was the whole thing of different practices. I am not for

a moment suggesting that Environment Manitoba should get involved in the whole licensing process which at the moment is a federal responsibility and rests almost entirely with Agriculture Canada.

The point I tried to bring out is the switching to biological agents which will serve the same purpose as the chemical, but the biological agents are environmentally more acceptable. Ditto for the use of plants that have an impact on insects; ditto for use of insects against insects. That was the general thrust of the question that I tried to get an answer from the Minister on. A specific example I will give him is, and I will wait until he finishes conferring with the officials so I might have his attention then.

The specific example I wanted to use was that the former administration refused a request by the City of Winnipeg to larvicide with biological agents, not chemicals, biological agents in a buffer zone around the City of Winnipeg. The city requested that they be given permission to use biological agents on standing water in a 10-mile circle around the city, and it would have been done both by truck and helicopter. This was some two years ago, just before the fall of the last Government. Now they were turned down cold. They appealed the decision, I might remind the Minister, they appealed that decision. The appeal was turned down.

(Mr. Chairman in the Chair)

\* (2140)

When a jurisdiction attempts to use a biological agent to gain insect control along the lines advised by scientists and then are turned down, I just wonder what our Minister's reaction would be to a similar application to using biological agents for insect control, specifically mosquitoes, in a ten-mile circle around the city. Would he license them?

**Mr. Cummings:** If I remember the debate about the application to use a biological agent to do larvicide work, the debate swirled around whether or not it was effective, if I recall correctly. If I do not—the Member is shaking his head. Well, that is fair, my memory is failing me. I cannot say that I followed it terribly closely at the time the debate took place.

I look towards the use of more benign products as a way in which we can approach this problem. The Department of Natural Resources uses a biological product I believe on the Spruce Budworm Control program that operates in this province. If the Minister of Natural Resources (Mr. Enns) was here, I would ask him to confirm that but I see he has left.—(interjection)—Well, yes, I do not see him at the moment. He is probably in the other committee.

I am hedging my response because the Member is asking me to make a commitment on a specific product, and until I know what it is and what the other impacts of it might be, I will not do that. I am however in principle very willing to look towards that type of control as opposed to a hard chemical control.

Using the example of natural resources, there was in fact, it seems to me the effective time of that material

is reduced to just a number of hours when the product is quite effective. In fact, the one occasion when there was an accident where it was dumped in an inappropriate place, the fact that it was a biological product allowed for the clean-up and the damage that occurred to be very minimal.

**Mr. Taylor:** As we move on to the line items here, I think that the chemical the Minister was referring to was BTK that is used in Natural Resources, the same family as the city uses BTI, which is used against mosquitoes. It is the same family of biological agent.

What line are we on, 1.(b) is it?

**An Honourable Member:** 1.(b)(1), yes.

**Mr. Chairman:** Item 1.(b)(1)—pass; 1.(b)(2)—pass; 1.(c)(1)—pass; 1.(c)(2)—pass; 1.(d)(1)—pass; 1.(d)(2)—pass; 1.(e)(1)—pass; 1.(e)(2)—pass.

Shall 2. pass—the Honourable Member for Wolseley.

**Mr. Taylor:** I want to ask a question that is a question that refers to a number of areas. It is a common question. Now what I noticed in a number of cases was noticeable reductions in administrative support, operational lines such as communication, supplies, transportation, reductions in those areas common throughout the pages of this department's Estimates. Along with it another common point is a noticeable increase in capital in most of the pages.

In that there seems to be a pattern there, I do not want to get into nitty-gritty detail about pencils here and erasers there, but there is a definite pattern to the way the budget has been formed for this department for this year. I wonder if we could get a statement about that.

**Mr. Cummings:** I am not sure that I follow his reasoning on the fact that there was a significant reduction in communication support, although we have tried to limit that, but in fact where the capital is referred to I would have to indicate that that is a function of the automation for the department. Considerable money has gone into the purchase of computers.

**Mr. Taylor:** Yes, Mr. Chairperson, then if it was computers for each of the sections, it was not a case of collecting capital dollars from each of the units and then use them for some other larger purpose?

**Mr. Cummings:** No, it was spent in the unit where it was indicated in the accounts.

**Mr. Chairman:** Item 2.(b)(3)—pass; 2.(c)—pass; 2.(d)—pass.

**An Honourable Member:** Mr. Chairperson.

**Mr. Chairman:** We will do the resolution and I will recognize you after this.

Resolution No. 41: RESOLVED that there be granted to her Majesty a sum not exceeding \$10,162,400 for

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Environment for Environmental Management for the fiscal year ending the 31st day of March, 1990—pass.

Shall item 3. pass—the Honourable Member for Wolseley.

**Mr. Taylor:** Given the changing nature of his department, does the Minister see any likely future increases in staffing in the Planning, Research area beyond this fiscal year?

**Mr. Cummings:** Is the Member—he said in Planning and Research, but is he referring to the Clean Environment Commission? -(interjection)- Yes, that was under 3.(1)(b), we do anticipate that there will be some growth there, yes.

**Mr. Chairman:** Shall item 3 pass—pass; 3.(a)—pass; 3.(a)(1)—pass; 3.(a)(2)—pass; 3.(b)—pass; 3.(b)(1)—pass; 3.(b)(2)—pass.

Resolution No. 42: RESOLVED that there be granted to her Majesty a sum not exceeding \$385,500 for Environment for the fiscal year ending the 31st day of March, 1990—pass.

We are reverting to Clause 1. We will ask the staff to leave the Chamber. Minister's salary.

\* (2150)

**Mr. Harry Harapiak (The Pas):** I would hope that the Minister would take into consideration some of the requests that there have been for intervening funding for the Winnipeg Water Protection Group. I see that the City of Winnipeg has granted more funding for that group, and I think there should be some support coming from the province as well. When over half the population of Winnipeg is receiving their water from that supply, I would hope that the Minister would see fit to provide some intervening funding.

I think it is also very important that they move with the Repap hearings as soon as Repap asks for the second phase of their operations at Repap. I think the people of northern Manitoba are very anxious to get on with the environmental hearings, so I would hope that the Minister would move very quickly in that area. It is important that we have the time now that we move on to call the Clean Environment Commission to hold those hearings.

I would also urge the Minister to consider to give intervening funding for the groups that are making presentations to that process as well.

**Mr. Cummings:** Yes, I would respond to the Member for The Pas that we are quite prepared to move in an expeditious manner as soon as we have received applications from Repap for the licences which he refers to.

I am sure that he is aware that we have a recommendation from the CEC on the licence regarding the changeover of the mill, and the department will issue a licence based on those recommendations in the very near future. We will refer the other matters to

the commission as soon as we have applications in hand.

On the issue of intervenor funding for Water Protection Group, Mr. Brian Pannell has made a number of presentations to me. I believe this is the same gentleman who was a candidate for the Member's Party at one point. He has made his feelings known very clearly to me, but I have stated many times my feelings on this particular issue. We are quite prepared to work with the Water Protection Group in terms of providing what information would be useful to them, and we are also I think, unless something has happened in the last couple of days that I missed, EPC has recommended additional funding for WPG, but it has not yet passed City Council. I do not know if it would be presumptuous to assume that it will pass there.

**Mr. Taylor:** We are about to wrap up the Environment Department Estimates for this fiscal year. I would ask, as I did in last year's Estimates to the then Environment Minister, to seriously consider upgrading the capabilities of the Clean Environment Commission, because I feel that we are asking more and more of that organization with little more in the way of support in operating dollars, in support staff, and it has been quite noticeable at different times.

When a hearing is on it is almost impossible to get information, to get replies of phone calls or correspondence from the offices of the Clean Environment Commission here in the city. I think that is a major failing. Basically it says that when a hearing is on the commission is almost out of commission. Pardon the pun, but it is a case of it is not operational. I think that is a very serious shortcoming, and I would ask the Minister to have his senior staff look at that in consultation with the chairperson of the commission, so that we can see a small augmentation in the office here in Winnipeg, and followed by I would hope a significant augmentation of capability of the commission overall. Thank you.

**Mr. Cummings:** Yes, two things—when I first became Minister I went to the commission to introduce myself, and they indicated that they thought they should be busier. I believe they may have regretted that statement this summer and in fact they probably do need more resources. Let me put it this way. I would indicate to the Member for Wolseley (Mr. Taylor), I have not had direct discussion with the chairman of the commission, but I believe that the commission is structured such that not all commissioners need to be involved in each hearing. With some increased support, with some perhaps judicious use of the commissioners, they will be able to get through the workload in an expeditious manner.

We understand that there is a different way of thinking that has to go on in the process of development. The public will not stand for development going on indiscriminately without it being examined by an independent body such as this or being examined by the department in a scrupulous manner prior to the issuance of a licence. There needs to be a process and that process will take some time. We have to do everything we can to make it as smooth as possible or we will be counterproductive.

**Mr. Chairman:** Resolution No. 40: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,534,100 for Environment for the fiscal year ending the 31st day of March, 1990—pass.

This concludes the Estimates for the Department of Environment. Committee rise and call in the Deputy Speaker.

\* (2200)

**IN SESSION**

**Mr. Deputy Speaker (William Chornopyski):** Is it the will of the House to call it now ten o'clock? This House is now adjourned and stands adjourned until 1:30 p.m. tomorrow (Wednesday).