



**Fifth Session - Thirty-Fifth Legislature**

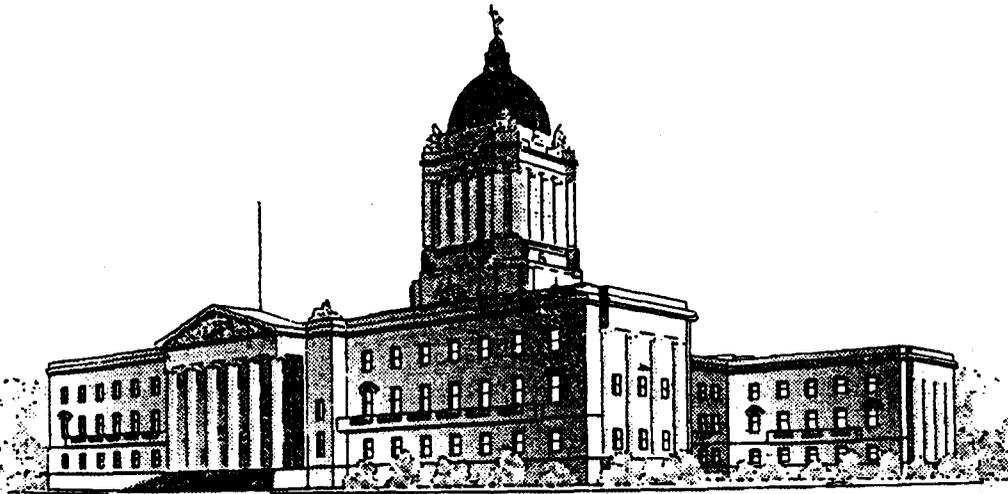
**of the**

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**(Hansard)**

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Speaker*



**Vol. XLIII No. 46B - 8 p.m., Monday, June 13, 1994**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Fifth Legislature**

**Members, Constituencies and Political Affiliation**

NAME	CONSTITUENCY	PARTY
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHOMIAK, Dave	Kildonan	NDP
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
GRAY, Avis	Crescentwood	Liberal
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
KOWALSKI, Gary	The Maples	Liberal
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MACKINTOSH, Gord	St. Johns	NDP
MALOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCORMICK, Norma	Osborne	Liberal
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
ORCHARD, Donald, Hon.	Pembina	PC
PALLISTER, Brian	Portage la Prairie	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
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ROCAN, Denis, Hon.	Gladstone	PC
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STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WOWCHUK, Rosann	Swan River	NDP

## LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 13, 1994

The House met at 8 p.m.

### ORDERS OF THE DAY (continued)

#### COMMITTEE OF SUPPLY (Concurrent Sections)

##### ENVIRONMENT

**Mr. Deputy Chairperson (Marcel Laurendeau):** Good evening. Will the Committee of Supply please come to order.

The committee will be resuming consideration of the Estimates of the Department of Environment. When the committee last sat, it had been considering item 2.(a)(1) on page 52.

Item 2.(a) Environmental Operations (1) Salaries and Employee Benefits \$4,157,100—pass; (2) Other Expenditures \$1,054,000—pass.

2.(b) Environmental Management (1) Salaries and Employee Benefits \$2,530,700.

**Mr. Gregory Dewar (Selkirk):** Mr. Deputy Chairperson, I would like to raise some issues concerning the Red River and the contamination of the Stony Mountain aquifer. Would this be an appropriate spot to do so?

**Hon. Glen Cummings (Minister of Environment):** Absolutely.

**Mr. Dewar:** Thank you very much.

In 1989 the Minister of Environment announced that the City of Winnipeg would have to comply with the same rules as other Manitoba municipalities and start disinfecting sewage, discharge from its treatment plants. Here now we are a way along that road, almost four and a half, five years later. I just want to follow up on some of those issues.

I would ask the minister, what is the timetable that the minister has and this department has to set

out requiring the City of Winnipeg to adhere to his own water quality objectives?

**Mr. Cummings:** A very legitimate issue the member raises, one that however I am sure will never be satisfied to, or be done quick enough for, the satisfaction of most of the people downstream from the city. The process it has undertaken is to be handled as we go through the licensing process. Initially that required that the city begin to produce plans for implementation of the additional treatment.

There has been a lot of work done as well. I guess it is not entirely unrelated—well, it certainly is related in terms of the water quality objectives, a number of additional pieces of work have been undertaken around that. But the upgrades are to be handled as we go through the licensing of the sewage treatment plants in the city.

I have to get an update here. We are presently meeting with the city on those licensing issues in connection with their three main sewage treatment plants. Of course we are going to talk about water quality objectives and the broader issues that were discussed there. That also has to do with developing a long-term capability of addressing some of the combined sewer discharges.

**Mr. Dewar:** Are you suggesting that the city has not submitted any plans yet to the minister's department?

**Mr. Cummings:** What they are doing is their environmental impact assessments so that they can start doing some of the engineering. Now there has been some considerable upgrade of their plants. It is not as though the city has not been doing upgrades and spending dollars. I guess that is where I acknowledge that this is going to take time and money to get it up to the level that would create some satisfaction downstream.

But I have to say that I am not unhappy with the fact that the city has been spending a fair bit of

money on the improvement of their plants. Frankly, the only other way to get it going a whole lot faster would be for the province to come forward with a considerable amount more money than is already being committed to the block funding, some of which I suppose could ultimately go to environmental upgrades that the city needs to do.

**Mr. Dewar:** You mentioned provincial financial contributions. What is the current contributions by the province? What would be the required contributions?

**Mr. Cummings:** I was referring in the sense that the city's funding is no longer specific as it was a few years ago. It is in fact block funding. That is about a hundred and some million annually that the province contributes to the city as a share of assistance in a number of capital projects and other responsibilities that the city undertakes. Their long-term budgets have been presented as part of their effort to put forward their capital program to substantiate their block funding. That is part of the input that we have to have in order to get the timetable nailed down as to the implementation of these upgrades.

**Mr. Dewar:** Does the minister have an estimate of what the cost would be to disinfect the sewage that is currently being dumped into the Red and the Assiniboine Rivers?

**Mr. Cummings:** I am sorry. I did not catch the first part of the question. Do I have the authority to order it?

**Mr. Dewar:** That is a very good question, too. No. I was wondering what would the cost be to the City of Winnipeg to disinfect the waste that is currently being dumped into the Red and the Assiniboine Rivers.

**Mr. Cummings:** First of all, the disinfectant probably is not the only thing that needs to be done, but it would be three times 13 million which is 39 million, plus we know that we are talking at potentially a billion dollars for the revamping of the combined sewer system which should eliminate the combined sewer outflows.

**Mr. Dewar:** Do you as minister have the authority to order the City of Winnipeg to disinfect this waste?

**Mr. Cummings:** Yes.

**Mr. Dewar:** Will the minister be exercising that authority in the near future?

\* (2010)

**Mr. Cummings:** Well, that is what we are doing. It is nice to be able to say one has the authority to do something. To get it implemented and carried out in a practical manner so that the objectives can be met at the same time as we are being responsible with the total development of the infrastructure for the city, I guess, leads to the conclusion that this is not something that we are contemplating being able to order an immediate relief from.

**Mr. Dewar:** The disinfectant of the sewage, in your opinion would that go a long ways to dealing with the problem of a fecal coliform count in the Red?

**Mr. Cummings:** Well, that is part of what the debate is about, and I have suggested to the city councillors at at least one of our meetings, and actually probably a couple of years ago we had a lengthy discussion on this, that they should be seizing the opportunity to look at some imaginative alternatives in this area. Ultraviolet treatment, I am told, can be quite expensive, but it can also be an alternative that should be discussed in the overall view to what they may want to do with the treatment of their outfalls. I do not express that with any other reason than just to demonstrate that there are lots of things that they probably could be examining beyond just additional chlorination because certainly there are some people who are not satisfied that that is the way to go either.

That is part of what is precipitating the debate, but I want to put on the record that, frankly, we have been pretty rigid with discharges all across the province. We simply have to work with the city to get this job done.

**Mr. Dewar:** How often is the water tested as it flows through Selkirk in terms of the Red River?

**Mr. Cummings:** At least monthly and more often as decided.

**Mr. Dewar:** Thank you. I was wondering if the minister could tell me, tell the residents of Selkirk what type of pollutants are they finding in the Red River?

**Mr. Cummings:** The main or probably the evidence that we find is fecal coliform and ammonia, and that varies widely, as I recall.

**Mr. Dewar:** When you said it varies widely, is that in terms of quantity or time of the year?

**Mr. Cummings:** I suppose both, but I am particularly referring to the fact that it would vary widely, depending on the combined sewer outfalls when they hit.

**Mr. Dewar:** Well, what is the acceptable level of fecal coliform and what is the current level?

**Mr. Cummings:** Normally testing should produce levels below 200 organisms per cubic metre, as opposed to occasionally after a rainfall you might find up to 24,000 organisms.

**Mr. Dewar:** Well, what would be the average? You are saying acceptable levels are 200, but after a rainfall it could get as high as 24,000. What do you think would be an average?

**Mr. Cummings:** Of course, one of the problems that we have is that there is no such thing as an average here. In fact, in the dry weather you can have additional problems with your river for other reasons, but combined sewer outfall would probably not be one of the problems. So you unfortunately probably get a less than attractive trade-off there.

This is not a new problem, and it is one that, frankly, I feel our government is taking more action to correct than any previous government. I used to take great umbrage at the Leader of the official opposition referring to what he considered was an exemption for the City of Winnipeg. There never was an exemption, and there is not now.

It is the same as what used to be sort of a standing joke between the mayor of Brandon and myself, that was who was going to go to jail first in terms of getting an upgrade of systems there. I suppose eventually those same stories will be

asked of the mayor of Winnipeg and whoever is the Minister of Environment.

**Mr. Dewar:** In the Clean Environment Commission, Water Quality Objectives, recommendation No. 8, Warning System for High Coliform Levels, the Minister of the Environment should research and develop an appropriate high level, high fecal coliform level, public warning system for operation during the recreation season. Can the minister provide us with an update of his research and his development of this very needed system?

**Mr. Cummings:** Well, there are about 13 different studies that have been done that have a lot of information, partly of which covers some of the questions that the member is asking.

I do not think that we have felt that the high level warnings system has been operationalized because it did not feel that the demand had—we actually had probably a better than average year, I suppose, the last couple of years, but that system is not in place.

**Mr. Dewar:** I would like to raise some issues about the contamination of the Stony Mountain aquifer. Can the minister give us a general status of that particular situation?

**Mr. Cummings:** Yes. That has been one of the rather unique situations that we have had to deal with over the last few years. Without going back over the long story of how we got to where we installed an alternative water supply, one of the things that occurred in the early examination of this problem was that the contaminant does behave in a rather unusual way when it gets into water.

Mr. Deputy Chairperson, 1,1 trichloroethane and trichloroethylene tend to gather in pockets and fissures in the ground water and move somewhat unpredictably, so it led to the conclusion that you could not easily remediate.

An alternative water supply was put in place, and a strategy for containing any movement of the contamination in the area was to be developed. That strategy is now being put in place.

\* (2020)

One aspect of it is to declare the area under the Sensitive Area Regulations where we were able to take additional control over anyone who might consider using a well, because wells drawing from areas that we may not have anticipated might, inadvertently, draw the contaminant away. We knew where at least some of the contaminant was, and Bristol is now undertaking to remediate that by pumping it to aeration, and it can be removed through aeration.

I think we have approved the remedial plan that they produced to attempt to do this, pretty simple situation in terms of their aeration proposals, but one that will take some time and I guess a fair bit of testing to determine whether it will actually provide the total cleanup that one would want to have.

The problem there is simply, as I explained before, the nature of the material and how it does or does not move in the aquifer. I am not an expert, but I am only repeating what I was told in terms of how it may move more or less in a mass. We are talking small amounts, but it is still a mass in terms of it going into a well and showing up somewhat unexpectedly, I understand. It cannot be predicted necessarily when it will move.

If I could go back one step further, perhaps it would be correct to put on the record, there was always questions asked about why the government became involved as one of the parties to provide an alternative water supply. That had everything to do with the fact that there were two sites that were contaminated or showed the most contamination. One of them, Bristol, clearly recognized it was their responsibility, but there was always a site about five kilometres away that Bristol denied they had ever used that particular material on their site.

(Mr. Gerry McAlpine, Acting Deputy Chairperson, in the Chair)

We could have gone to court, I suppose, and we would still be there, and they would be attempting to prove that they had never used that material and never had it on their site. We would be attempting to prove that it was very close to what they had used and, therefore, they should pay for the whole thing.

The compromise, in order to provide some comfort to the people of the area, and that was really what it was, there were some wells that were badly contaminated. There were a number, however, that were below what was considered a dangerous level, but nevertheless, people felt that it was an exposure and a risk that they had not voluntarily undertaken and they wanted remediation from it.

So that explains why there was a three-party arrangement to deal with it. I would rate this as a successful mediation of situation that needed to be dealt with. There was a known polluter, there was some orphan or unknown areas that needed to be responded to, and there was a high level of concern in the community that had to be dealt with because—and I do not say this with anything other than respect—but there was an extremely high level of concern. Unless something was done, and the first thing that was done was put in the filters in order to try and reduce the risk immediately.

I would label it as a success. I would label it as a success also in the other context, that Bristol was not an unwilling partner in the process. It has always been my philosophy that we are better off to have an active cleanup and remediation going on than we are to be wasting our time entirely in the courts.

**Mr. Dewar:** I believe the minister has made some effort to answer my next question, and that is, of course, have you determined the source of the contaminants? You mentioned that Bristol has taken some responsibility for it, so they are accepting some of that responsibility now then?

**Mr. Cummings:** Yes. Our undertaking remediation, plus their undertaking to change their activities at the site, so that they do not contribute again or further. So I am satisfied that the public was well served even though, as I said, there was criticism of a tripartite type of arrangement, but the fact that there was some material that might well have ended up being listed as an orphan, I would think that the program was successful.

It has been pointed out to me that in changing their method of operation, Bristol has now reduced their solvent use by some 90 percent or at least the

material that, I take it, is the material that has to be disposed of by 90 percent, as well as their in-plant use. Where they got into trouble and caused the contamination of the aquifer was, in fact, at their disposal site.

**Mr. Dewar:** Have you been able to identify all of the sites, all of the wells that have been contaminated?

**Mr. Cummings:** Yes, we believe we have. There has been surveys, tests, ongoing tests on a lot of them, we have some monitoring wells. No, I do not think we have missed anything.

**Mr. Dewar:** As the minister is aware, I have a number of constituents just east of the centre of the contamination. Have any of these contaminants been found in the St. Andrews-West St. Paul area? Have any of the contaminants been found in the Red River?

**Mr. Cummings:** Certainly not in the Red River. I think the best way to answer in terms of what is going on in the wells, as I think I have the people here who have been following this very closely, the area of contamination—and Bristol did a lot of the work in conjunction with the department and in conjunction with consultants. What the remedial process undertook to do was define the area where the pollution was. That was done via wells, via trying to determine if it was moving anywhere. That was how they came across that one that was first of all suggested was a plume where that one site was that we were unable to with certainty confirm what was in there.

In delineating that boundary, they have not found it moving. So, therefore, it has not precipitated, for a lack of a better term, a lot of testing in outlying areas because they think they have defined the area in which it lies, and the testing is such that they believe they could catch it if it were starting to move again. The movement seems to have stopped.

**Mr. Dewar:** I am pleased to hear that. Have you or has your department tested the artesian wells in the Oak Hammock Marsh area?

**Mr. Cummings:** I cannot speak to the artesian wells that the member refers to. I might not be able to respond to that, but I am told that there have

been more samples taken this spring. While we do not have the results all completed yet, we are pretty sure they are going to tell us that the contamination area is the same as it was last year.

**Mr. Dewar:** Will the minister, when he gets those results, pass them on to me so I can reassure my constituents that there is no need for alarm in terms of the contamination of their water supply?

\* (2030)

**Mr. Cummings:** In fact, I believe we can say that the company and the department are prepared to go further than that. There has been an ongoing process of public information availability. This will be made available, and if it is deemed useful there will be a public discussion of it in the affected area.

**Mr. Dewar:** What was the total bill to the province to deal with this contamination, and has the department been able to recover any of these costs?

**Mr. Cummings:** Well, that was what I was referring to earlier when I said we had a tripartite agreement. The province did not undertake to recover for the alternate water supply, as an example. That was a three-party, supported by all, by federal, provincial and Bristol through PFRA program. It was a rural water supply that was supplied, even though they had pre-existing water.

So that part was shared but not recovered. We have a capability of recovering a lot of our departmental costs, but we have to verify and bill it. We do not anticipate—at least I remember the discussions when this was raised before, it is not likely, I do not think, to be contentious because Bristol has agreed to it.

**Ms. Norma McCormick (Osborne):** Mr. Acting Deputy Chair, I have a couple of items I wanted to deal with before we pass this item. One relates to the household hazardous waste program. You recall I had asked when we were questioning in the area of the Manitoba Hazardous Waste Management Corporation about whether or not there would be a transfer of responsibility from the corporation to the department for a household hazardous waste program once the new corp. comes into being. I am wondering if there is any

planning going on in the department to assume this program.

**Mr. Cummings:** As I indicated before, the Hazardous Waste Corp. used to manage this out of their allocated loan authority from the department and was presumably managed out of cash flow, but it could be argued that it was to some extent rolled into their developmental costs.

For '94, the funding is still available through the departmental Estimates in the appropriation for Manitoba Hazardous Waste Corp. It is our intention—and I am told we already have a draft, we are working on drafting a contract—to have the department contract with the corp. In this case, it would carry forward to the new corporation to manage that program, at least in the short term.

**Ms. McCormick:** I also had some other questions when we were last discussing the Hazardous Waste Corporation with respect to the polynuclear aromatic hydrocarbons. Do you recall I had asked whether or not there had been any concern raised with the department that the Hazardous Waste Corporation was taking soils which were PAH contaminated outside its licence? You had indicated that you would determine within the department whether or not you had received a complaint of this nature.

In fact, I went back to verify my information and was told that the information is known to the department. So I was wondering if you have any plan to scrutinize the corporation with respect to the kinds of soils that are being taken for treatment and processing.

**Mr. Cummings:** I am not sure I can speak to the specifics of the issue. I may be getting a note here in a minute, but the longer-term monitoring approach that we will have to the corporation is already underway, and that we will have the capability in that region to have a person who will not necessarily be dedicated just to that corporation, but certainly will be dedicated with enough time to cover the corporation and regulate them in terms of their operations.

Perhaps if the member for Osborne (Ms. McCormick) could share any more detail with us, I do not know if we are checking in the wrong place

or with the wrong staff, but we have been unable to find any evidence of the concern that you have raised.

**Ms. McCormick:** Mr. Acting Deputy Chair, yes, I will go back and find out if the person that has been speaking to me has not gone to the right complaint department, but if that is the case, I will make sure to forward it.

I note in the annual report—

**Mr. Cummings:** Just if I might interject on that point, certainly it is our policy that you do not have to go to any particular area of a department to get your complaint dealt with, but perhaps we have not asked the right people yet, but we would certainly appreciate any information and follow up on it.

In fact, this is something that I pointed out earlier in our discussions a week ago that you know it is now timely that people, the public, begin to ask not how well is the corporation doing but how well are we able to determine and regulate what they are doing, because they are now moving into a new era and they will have to answer to the department the same as any other corporation, and they have up to now except that they have had a different relationship with the public than they will have from now on.

**Ms. McCormick:** The Hazardous Waste Corp.'s Annual Report indicates that they processed 14,000 tonnes of hydrocarbon contaminated soil in the year 1993. I was wondering if you could give me any indication of how much is contracted for the first six months of '94.

**Mr. Cummings:** I do not have the precise numbers. They are below prediction at the moment though, I can tell you that.

**Ms. McCormick:** I guess that is what is causing some of us concern is there may be a temptation to bring the numbers up to broaden the amount of soil that they take. You are saying it is not anywhere near what they had anticipated they would be doing last year or what they did last year.

**Mr. Cummings:** Well, not necessarily what they had anticipated, but what they had budgeted for. They are running behind budget. I am not sure if that is cyclical. I think the member would

acknowledge that soils going for treatment there, there may well have been a backlog right at the start. It is my anticipation that there likely is still some backlog out there, and that the corporation is still competitive and certainly I do not have any immediate concern that they will not be continuing to treat a significant amount of soil.

**Ms. McCormick:** Another area of concern is with respect to the PCBs. In the report it indicates that there was about 2.5 million worth of money appropriated in the 1993 budget year for the PCBs that were sent out of province. Can you tell me, with respect to the loads that went, how many loads went in 1993 and how many went in 1994 before the border closed?

**Mr. Cummings:** Let me answer that question in the reverse order. The border did not close, nor I suppose technically was it ever completely open. Alberta, I may be arguing over a split hair here, was looking for soils to put into its incinerator to do a test-burn, and the member probably knows this better than I do, as I understand it, the testing was that if they could get a quality burn on specified PCB materials, they could get their licence approved; they would have passed their initial start-up tests.

Some of the material moved in December, the majority of it did move in '94. I presume the member is asking the difference between the calendar year, December, versus '94. If the member is asking that on the basis of which direction is this taking the budget, because some of the money was allocated in the year '93, some will be allocated in the year '94. There was, in fact, some detailed discussion with the auditors as to what was the best way to appropriate it or to recognize it as income. Some of it was recognized up front and the balance was recognized in '94.

\* (2040)

Unless the member has some other reason for asking the question, I suppose it was entirely—it was no different than on my farm or any other business firstly where you recognize inventory at your discretion in order to balance out your income and your expenditures, but the business end of it was completed prior to the end of the year. I think

it was November when we first had an understanding that the material was going to move.

I am not normally that close to things the corporation would do on a day-to-day basis, but this was an issue where Alberta had indicated they would take materials from surrounding jurisdictions, and that excluded Manitoba. So because Manitoba was one of the ones who drove the presumed co-operation between all of the western jurisdictions in dealing with hazardous waste, tires, newsprint, and all of the original co-operative discussions that occurred, we were somewhat offended that we were left out.

The result, however, was that Alberta found that the other jurisdictions were not prepared to ship in the quantities or in the identified quantities that they needed in order to be able to get their burn done, so the minister in Alberta extended the opportunity to sell or to take the materials to Manitoba. We were more than adequately prepared.

Manitoba Hydro had the vast majority of it, and it was stored, catalogued and categorized, and very easy to move. As I said in my opening remarks, we moved out 40 trailer loads of PCBs, and obviously the vast majority came from Winnipeg and Manitoba Hydro, but there were quite a few school sites, private sites where material was moved from, but they obviously would not amount to huge volumes.

I guess the auditors agreed that sort of a 50-50 breakdown of the total value of the material or of the sale—the profit was allowed to accrue on either side of the year-end.

**Ms. McCormick:** I was trying to tie together three pieces of information I found in the report. One was that they began the shipments departing December 20, 1993. Another statement says that under the note on revenue recognition: PCB management revenue is recognized using a percentage-of-completion method. Then the third piece of information is the \$2,309,000 in the statement of operations and deficit.

I was concerned that the 1994 revenue projections were for, is it simply a splitting of a completed \$4 million-plus deal, \$4.2 million, and

not another overestimation of revenue like it appears we got with the contaminated soils issue. The whole \$4.2 million is for something that is packaged up and gone. It can certainly expect another \$2.3 million to show up in the '94 operating budget.

**Mr. Cummings:** That is correct. The dollars are not in question on this. I hope I did not mislead the member when we were referring to the contaminated soils. Was she implying that the figure that was included in the 1993 year of treated soils was somehow wrong?

The only question we have that I understand is outstanding between us at this point is whether or not the prediction on the amount of contaminated soils be treated in the year '94 will come to fruition. Of course, that is a budgetary prediction, and I acknowledge that, but the PCB sale was a \$4.2 million sale, or very close.

**Ms. McCormick:** I would like to move then from the corporation's management of these soils to the question of the sites, which are likely to be the originating sources.

I was looking at the 1993 State of the Environment Report, and there is some discussion in the report on contaminated sites, headed Identification is just the beginning. I am wondering if you can give me any more information on the number of sites that have been identified as contaminated sites to date?

**Mr. Cummings:** Our total number of sites on the registry are a little over 400.

**Ms. McCormick:** Any idea how many of those would be petroleum contaminated from fuel storage tanks?

**Mr. Cummings:** Ninety percent.

**Ms. McCormick:** Any idea how many of them are outside of the Perimeter Highway?

**Mr. Cummings:** I do not think we have the precise split, but I am told that likely the vast majority of them would be in the city.

**Ms. McCormick:** Any idea, then, whether the disproportionate representation of urban sites is because the urban properties have come under closer scrutiny or are more likely to be transacted

in sales which would require some kind of evaluation of the site, or whether fuel storage practices in the city were historically less rigorous than those in the rural areas?

**Mr. Cummings:** Well, I was just checking with my deputy, but I think his understanding of this is the same as I have, and that is, I do not think you can say it had entirely to do with regulation or with operations.

It probably had something to do with the fact that I guess this is something that is referenced quite often by people in the business, that in the city of Winnipeg where there are some very, what could be valuable properties that were at one time service stations—the same as in rural Manitoba where there are small towns today who may or may not even have a service station but may have had two or three at one time in their life, and we may not be aware of all of those, frankly. We are doing, I think, a pretty aggressive job of identifying all of the sites and gradually moving through and having them checked off. Obviously, more aggressive marketing of some of what, as I said, can be quite valuable properties in the city will drive them to examination and cleanup.

\* (2050)

It does not mean that they are weeping sores sitting there. It means that if they had been closed down 20 years ago perhaps, and there is now some opportunity to put a building over top of the site where there is contamination, they simply have to remove it. That is all there is to it. So, yes, it is a combination.

**Ms. McCormick:** In terms of the department's planning process, is there any anticipation that there might be an equivalent number to the 400 currently identified remaining unidentified in rural Manitoba?

**Mr. Cummings:** This is very much a personal overview, but I do not mind saying it. I know, as I said earlier, I know darn well, there are lots of small communities who may only have one or do not have any service stations any more that probably had two or three at one point.

I would think that detailed examination of those sites would probably find some contamination.

That is, in fact, something that is causing us a fair bit of regulatory heartburn across rural Manitoba, because some of our opposition, including the former Leader of the Liberal Party, used to take a few shots at our decentralization program.

In fact, we have put regulators into rural Manitoba who are now doing things that have not been done there for a while, including checking potential sites of contamination and trying to get them, first of all, find them and get them on the list, but then, secondly, check them for contamination, if there is potential problems that can be deemed to be there. One of the first potential problems is if you are putting sewer and water into one of these communities, chances of getting the contamination off a site into a newly excavated sewer and water trench, first of all, causes problems to get in there, but that kind of disturbance to the ground encourages it to move, and we have had a couple of nasty surprises when we went to do improvements in some of these communities.

**Ms. McCormick:** Fortunately, a new day has dawned and I have the portfolio now. So you will not hear from me on that subject. I do want to ask some more questions on your plans for contaminated site liability, but I am prepared to wait and do that when we talk about the Legislation and Intergovernmental Affairs section.

**Mr. Cummings:** I do not think the list of contaminated sites is a secret. I would also indicate, I am sure that some people have been questioning some of the processes that the department is using, but I think it is only fair to acknowledge that it is increasingly important that we do prioritization based on some risk analysis in cleaning up some of these sites.

Let me choose a random area, town X, where there is known to be a contaminated site, but it has been there for 20 years. In reviewing it for sale, it is identified, and the owner may or may not be prepared to assume the responsibility that goes with it, but at the same time you may well find that there are four more service stations within a block that have been abandoned, none of the above of which are contaminating any known aquifer or moving anywhere.

Some testing can help delineate the areas where they are at. But when you are talking at a half-a-million dollar cleanup in a community that might only have 250 people, you have to look at it in terms of, first of all, the risk to the environment; if that is minimal, what is the risk to human lives and water supplies; and then devise a strategy to deal with it based on that information, rather than simply ordering a cleanup the instant contamination is found.

**Ms. McCormick:** I appreciate that just because you find one does not necessarily mean that you have to order its cleanup, although I would expect that the community should have some input into that decision if the community feels that its water supply is at risk or there could be a land transaction that could result in the sale of a property which was contaminated without the purchaser being aware.

This actually prompts another interesting area for consideration, and that is the concern that I have had for some time about the credentialling of people who offer environmental advice. I know there was that terrible situation up in Onanole where there was some difficulty with respect to analysis which caused a site to be defined as contaminated, and then following some recalling of their operating line for the company, it was subsequently found not to be the case. Has the department, in terms of its plans to make amendments to an act to deal with contaminated site liability, given any consideration to determining who can in fact act as expert with respect to the sampling and the evaluation of core samples?

**Mr. Cummings:** There are a couple of aspects to that, one which I will deal with first while I am getting the answer to the second part, and that is the installers. We are certainly actively pursuing licensing installers. In fact, our most serious leaks lately have been from new installations that were improperly done—well, I say most serious—ones that caused the most trouble when they leaked.

The second part of your question about licensing, who may or may not provide advice, I suppose one of the things we have found is there is some terribly costly advice out there, and the

public does not necessarily know who they should be taking their advice from. There is an element of buyer beware. I am not sure government can protect a person who is seeking consulting advice completely from being charged a significant cost. We do not recommend but the department does require qualified people, qualified meaning—a qualified consultant would be one with appropriate formal training, being able to interpret analysis for action.

What we have done is undertake to compile a list of qualified consultants. The department cannot be seen to be recommending any one company. We make that list available to others. Obviously, I mentioned their formal education or training, but also whether they have appropriate equipment, whether they have had experience in doing it before. On the other hand, you will never get experience if you do not get a chance to get a job. So I suppose there is an element of that has to be considered as well.

I am informed the department has developed and distributed to consultants a standard procedure for investigating sampling and analysis of sites, and we will not accept a report if the work is not done properly.

The case that the member refers to in Onanole was most unfortunate, but it was also unique inasmuch as the original test work was ordered not by us, but by Shell Canada in that case. The people who did the work were recognized as quality people in the area, but it is a horrendous situation that the family is caught in. However, when the Department of Environment undertook to do the second test because they were not willing or prepared to pay for any further testing, I suppose, to some extent, we should have been acknowledged that we did in fact save them from what could have been an even greater cost, which was going in and actually looking to find the contamination that turned out not to be there.

\* (2100)

There was a real reason to be conscientious about the potential for contamination. It was not that far from a well that supplied a school in the

area, so it was not exactly a remote and unimportant site.

**Ms. McCormick:** I was curious when you were reading from the paper describing the guidelines which have gone out to consultants. Is it for a variety of contamination sources or just for hydrocarbon contamination?

**Mr. Cummings:** I suppose you could say that these were designed primarily for hydrocarbons, but my own thinking tells me that would not be too much different from what would be required for a lot of other in-soil investigations. I should not say my experience; my own understanding of it would be that.

**Ms. Marianne Cerilli (Radisson):** I want to ask a couple of questions related to activities at AECL. I am concerned about the import of waste fuel bundles. First of all, maybe you could get some clarifications on why we imported waste fuel from Arkansas the last couple of years and where it came from, specifically for research purposes at AECL.

(Mr. Deputy Chairperson in the Chair)

**Mr. Cummings:** Was the member inquiring about the regulatory regime that is in place to deal with any movement of this type of a material, because first of all, they are regulated federally. Under an agreement that we have today, they must report to us what it is that they are doing, and they must justify that the material is being brought in for research purposes. It is my understanding, and I am satisfied that the material that was being brought in was being used to test their capability on the hot side of it, as it were.

They have the capacity to deal with, to work with radioactive material under highly controlled situations. The transportation of it is an extremely well protected system from what I have seen of it. I am not sure if there are other aspects of this that the member would like to pursue, but certainly the volumes are very closely controlled and every bit is accounted for in one way or another before the cycle is completed.

**Ms. Cerilli:** Is the department still keeping an inventory?

**Mr. Cummings:** Yes.

**Ms. Cerilli:** So the department has an inventory of all the nuclear waste, all of the products that are being used at the AECL facility in Pinawa.

**Mr. Cummings:** We do not keep it here in our Winnipeg offices, it is kept at our regional office.

**Ms. Cerilli:** My concern is why are we having some kind of a trade relationship or exchange in this kind of material with Arkansas, with the United States.

**Mr. Cummings:** I am not sure that I can account for the source of the material that AECL sought out. I am satisfied however that the handling, the auditing and the tracking of any material that comes in and how it is ultimately dealt with is quite satisfactory. AECL is highly, highly regulated. There are a fair number of federal authorities that are onsite all the time with the sole responsibility for regulating.

**Ms. Cerilli:** Well, August 1985, apparently there was an inventory that was made public of 1,344 used fuel bundles; 562 additional bundles; 136 cans of nuclear waste; 1,801 litres of high-level liquid waste from reprocessing; six used cobalt from 60 cancer therapy machines; 676 cubic metres of solid intermediate waste and 16,750 cubic metres of slow low-level waste.

That was provided to the public and one of the staff at the regional office, I believe it was the director, had been keeping this inventory. I believe she was then ill, and since then this group has been trying to get information about the current status of these kinds of hazardous wastes, and I am wondering if I could get that information.

**Mr. Cummings:** I do not know why not. That is why we keep the inventory. If the member is implying or stating that she thinks the inventory has fallen behind—that director was ill for a while, but I am not sure that has done anything to compromise the program. We get the information from AECL. We use their federal regulatory authorities as they are responsible regulating people. We do not intend to be the regulator, so this is a watching situation so that we are abreast of what is going on.

**Ms. Cerilli:** Back then to my initial question, which is related to the source of this kind of material: How much of it is coming from outside of Canada?

**Mr. Cummings:** I cannot answer that question, but I repeat, that does not imply that Pinawa is starting to become a repository for nuclear waste from around North America. It is all accounted for in the processes that they are operating over there. I have been to the underground laboratory, and certainly, it is researching the capabilities of using that system for storage of waste, but they will soon have it so much like Swiss cheese down there that they sure will not be using that lab.

**Ms. Cerilli:** My questions, though, are pertaining to the source of where this waste is coming from. I am wondering if the minister, when he provides me the inventory information, would also include with that any agreement with the United States source and detail for me what the agreement is in the transport of this used nuclear fuel to Pinawa. Would the minister agree to do that?

\* (2110)

**Mr. Cummings:** I do not have a problem with the inventory reports. I do not think that I am in a position to offer to table any agreements that they may have made with the various jurisdictions, but I will certainly make sure that the inventory material is available.

**Ms. Cerilli:** Is nuclear waste considered a good? We see a lot of billboards now with waste being promoted as being a good that is being transported across borders. I am wondering if the minister has a definition, if nuclear waste is considered a good.

**Mr. Cummings:** Does the member mean good as in commodity?

**Ms. Cerilli:** Yes. I am talking about a good that can be traded, a commodity.

**Mr. Cummings:** Well, I think we have to recognize that what we are talking about here is research material. We have one of the best research laboratories in North America at Pinawa. The expertise from Pinawa—as a matter of fact, a former schoolmate of mine is responsible for travelling to a number of sites across North

America, helping them with their waste management using the expertise he gained working at that particular site.

I cannot claim any personal knowledge because of that except that he seems quite hale and hearty. Even the member, in her own questions, referenced the fact that some of this was spent on X-ray equipment and that type of material. There always seems to be this aura around AECL and nuclear questions that arise, particularly from the concerned citizens group and through the NDP caucus, that lead me to believe that they think that there is another imminent Chernobyl at Pinawa.

I think it was her colleagues from a previous administration that declared this a nuclear-free zone. I know that had a tremendous impact on international relations, but the fact is that this is a test facility that is seeking information and knowledge that may or may not unlock some of the secrets that need to be mastered if nuclear energy is ever going to develop the potential that it has.

Nevertheless, the peaceful use of nuclear energy or radioactive material is absolutely fantastic. There are a lot of people who owe their lives and their entire futures to the fact that radioactivity and the benefits that can flow from it through medical uses are very dramatic and very beneficial. But it needs to be handled carefully, and that is why we keep a watching position on Pinawa, but we do rely heavily on federal authorities to make sure that it is being done correctly.

**Ms. Cerilli:** I hope the minister is not trying to suggest that my concerns about the situation and the world in terms of nuclear energy is misguided. I think concerns in these areas are certainly well founded. I have concerns about Canada's Candu program, I have concerns about Mr. Filmon's promotion of reactors in Indonesia, I have concerns about the import of nuclear waste in terms of NAFTA, and I have a lot of concerns about uranium mining in Saskatchewan. I have a number of concerns about the depleted uranium that was used in shells during the Gulf War that is contaminating the Middle East and Iraq and Iran and destroying—yes, and I am concerned that some of that uranium came from Canada.

I think this is a very serious national issue, and I would really like to have the minister's co-operation to see that we are being responsible. I think we have a history in this country of not necessarily being responsible in what happens with our Candu uranium program.

In terms of NAFTA, does the minister have any kind of advice with respect to our authority under NAFTA to maintain autonomy in jurisdictions that are provincial jurisdictions?

**Mr. Cummings:** Well, as I have said a few times on the record, Manitoba was very much in the lead in the discussion of the environmental side agreement and the recognition that in fact provincial autonomy does survive under certain aspects of the NAFTA agreement, particularly in the environmental area. That is why the penalties are structured the way they are, that if a jurisdiction should be proven to be substantially in violation of exercising their environment laws, or if they have a complaint brought against them, as I understand the proposals that we saw last, that will accrue back to the jurisdiction, i.e., the province, where the problem is deemed to occur.

So I really am impressed that the member continues to forge forward on this particular line of questioning with her stating her belief about the Candu reactor and presumably the slowpoke reactor, which is considered one of the safest and most usable systems in the world, and at the same time our NDP cousins in Saskatchewan are looking to open two open-pit mines without an environmental hearing. So I suppose she is now going to disown the Romanow government because they changed their stripes once they found out that there actually was some economic spin-off from the uranium mine.

**Ms. Cerilli:** My dissatisfaction with that is known within my party.

Back to the NAFTA issue and the other question I was asking with respect to nuclear waste, if AECL is successful and they go through this process of, what do they call it, the term that is used, the Canadian Nuclear Fuel Waste Management Program where they dispose of nuclear fuel waste in a deep underground vault in

intrusive igneous plutonic rock, which is in the Canadian Shield.

So if they are successful with this program, could we be in a position to be involved in trade in nuclear waste with the United States? I have heard that all of their current disposal sites are either tied up in litigation or are full, and they are desperately looking for alternatives. I think that a number of people are concerned about the implications for Canada based on those kinds of situations.

\* (2120)

It raises all sorts of questions in terms of intergenerational rights and the kind of situation we are going to be leaving for an incredible number of years. Does the minister have any way he can explain the possibility in this area under NAFTA?

**Mr. Cummings:** To begin with, the underground test facility at Pinawa is just that. It is an underground test and research facility. There is no intention of massive intake and no capability of massive intake and storage and waste in that facility. Their responsibility is to examine—

#### Point of Order

**Ms. Cerilli:** I just want to say on a point of order, I said given that their testing goes forward as they hope and that this program is accepted in the country, however many years down the road that may be. We may all be gone by then, but I just want to clarify for the minister.

**Mr. Deputy Chairperson:** The honourable member does not have a point of order.

\* \* \*

**Mr. Cummings:** The member is asking me what might happen several generations down the road from when she and I have gone on to our just reward. The fact is, as I was beginning to state, that the facility is not being designed as a long-term permanent storage facility. It is being designed to test the capability of that type of a granite rock structure as a potential permanent storage site for nuclear waste. I suggest that the member would not be ill-advised to take the opportunity to sit down with some of the doctors at Pinawa and review

what it is that they are doing, because it attracts international attention, people come from around the world to be able to do research there.

The lab, incidentally, it is no secret, it is under some considerable pressure for funding today. The present administration in Ottawa is not going to extend funding to this laboratory beyond the next few years, other than to keep it in a very minimal state of operation unless they can develop private sector funding through doing research and lab work for contract.

That is why I referenced earlier that, in fact, some of the people with the expertise from that facility are being contracted to and through other national facilities of the Canadian nuclear program being contracted by the Americans, in some cases, to help them with their waste, to design systems for cleanup, capsulation, et cetera.

So I think the member can take some comfort in the way NAFTA is designed that Manitoba is not going to become a nuclear dumping ground, and in fact, I would hold some hope that in the long run the type of expertise and knowledge that is being developed at Pinawa would continue to be an asset to this province. The capability for testing for other contaminants for dealing with other environmental problems, using the knowledge and the equipment that is available in relationship to the nuclear industry, has a very high degree of possibility to aid research in other areas.

**Ms. McCormick:** I have just a couple of miscellaneous little water issues I would like to deal with before we move on.

I had a letter from the Pembina Valley Protection Association with respect to their concerns about vandalism to the riparian culvert, aware of the Pelican Lake Diversion.

The correspondence I had with this group dated back to the 10th of May, at which time they expressed concern that they had not heard from you with respect to a resolution of this issue. Is this still an ongoing issue, or have you responded to the Pembina Valley Protection Association?

**Mr. Cummings:** Yes, that issue did drag on longer than perhaps it should have. We have

responded to them. I cannot remember the contents of that letter.

**Ms. McCormick:** They had indicated to me that should they hear from you they would report to me so I could clear it off my file, but your belief is that they are now satisfied that the issue has been resolved to their satisfaction?

**Mr. Cummings:** We will attempt to find the letter. If you will hold your question until a little later, I will try and find the letter.

**Ms. McCormick:** The other water issue is a recent letter from the Winnipeg Water Protection Group, again expressing concerns about the Consolidated Professor Mines intention to operate their gold mine in the Shoal Lake area. The last I understood was that they were planning on doing the processing of this mining quite far away from the water source, but it seems that this issue has come back again as recently as the 7th of June.

The position being taken by the Water Protection Group in the letter is that they would expect that there would be a full environmental assessment of any gold mining initiative in the area, and the stated position of the mine is to have the E.A. withdrawn. Can you give us any additional information on that?

**Mr. Cummings:** Just a moment till I get the fact sheet here to update myself. The issue is simply ongoing. The problem is, as was raised in the House not that long ago, that Ontario has been busy working with their native bands that live in their area but assures us that they are striking an arrangement to have a framework for discussion, not going beyond that, frankly. Of course, it leaves us very uncomfortable.

Interestingly enough, there have been a couple of indications that Ontario is going to try and take this project off of its environmental assessment list. I do not think that has occurred yet, and that is in fact encouraging, although that could come off pretty quickly I guess. There certainly was a rumour circulating for a while that they were considering taking it off that list. That would be the most stringent environmental assessment that a mine, any mine, in Ontario had ever been put through if they in fact were to continue with that.

\* (2130)

Moving the process site out of the basin, I suppose, does lower the level of potential problems, but as before, I have said I would wait and see before I would pass much comment on any design of the project, because what we had hoped to have is a basin-wide management plan. Of course, my conclusion is that Ontario really does not want to have to deal with us, although my conversations with Mr. Wildman recently have been much more cordial in this area, and he does want to reopen the lines of communication. I think, as we discussed before, he has had a very difficult winter and probably reflects on the lack of communication that I have had with him. Nevertheless, we cannot afford to in any way risk what is going on with Shoal Lake and the water quality there.

Really, not much is occurring that I can add to what everybody knows about the process, except that we are still committed to the basin-wide management plan, and we still have the one ability to demonstrate our commitment to putting that management plan in place. That is, quite simply, with about a week's notice, I can gazette our Sensitive Area Regulations that we intend to implement on the Manitoba side of the border, surrounding the lake, to demonstrate that a regulatory regime for the protection of water quality can in fact be put in place.

**Ms. Cerilli:** Mr. Deputy Chairperson, I just want to follow up on the minister's comment. What is the status of the Sensitive Area Regulations? Are you saying that they are done? Are they the same regulations that are basically the one kilometre border around the lake that does not go up into the tributaries that feed the lake?

**Mr. Cummings:** I do not think one kilometre was the criteria. The drainage area around the lake was the criteria. These are the same regulations that the member for Radisson dumped on from great heights, which in my view do a rather adequate job of protecting the water quality, if they were to be implemented in the same spirit and effort all the way around the basin.

We withdrew them from proclamation because the native bands asked us to in the interest of co-operation with them. They felt they had some legitimate concerns. They felt it was impinging on their ability, their right to do certain things on their properties. They wanted to embark on further discussions with Ontario.

I have always said that I would like this sort of thing cleaned up and managed co-operatively rather than on an ad hoc and an adversarial agenda. So we withdrew them, but I still indicate that those regs will demonstrate Manitoba's intention to deal with this and would demand a reciprocal action from Ontario, except that I would rather continue the negotiations than to follow that approach.

**Ms. Cerilli:** Does the minister now accept, I think, the changes in the Ontario proposal to take the processing of the extracted resources away from the lake? Is that outside the scope of the Sensitive Area Regulations if they were applied in Ontario? Does this proposal now satisfy the department?

**Mr. Cummings:** No, because we do not have precise details.

**Ms. Cerilli:** Is the department, on behalf of the province, now part of the Shoal Lake Working Group?

**Mr. Cummings:** I am sorry. Would the member repeat the question, please?

**Ms. Cerilli:** I just asked if we are now part of the Shoal Lake Working Group as the Province of Manitoba?

**Mr. Cummings:** I have been told three times that I will be invited very shortly. It has not yet occurred. The latest was two weeks ago.

**Ms. Cerilli:** But we are all set to participate in that, sounds like it anyway.

**Mr. Cummings:** That is correct, but of course our first approach to those meetings will be to determine precisely the nature of the agreement that Ontario believes they have struck with their native community. If it is of the nature that I described earlier, then it is a framework for decision making, but it is not an agreement on specific issues and therefore might be something that we can work within.

Until I have seen it, and we have seen really nothing because the natives, whether they have chosen to divide and conquer I do not know, but the native groups have in their wisdom decided that they do not want Manitoba at the table. In return for that position, Ontario has said that they will only take the agreement so far until they have Manitoba at the table. Frankly, Manitoba's position is, of necessity, going to continue to be very tough on any conditions around what might occur in that area until we see something concrete, if you will, in terms of what is being proposed.

(Mr. Bob Rose, Acting Deputy Chairperson, in the Chair)

**Ms. Cerilli:** Part of the letter that I have from June 16, 1993, says that First Nations expect that Manitoba will either join the Ontario First Nations Memorandum of Understanding or seek their own agreement with First Nations. So there is still that option that you would come to your own agreement with First Nations in that area, even though, as I understand it, they are under federal jurisdiction. Is that correct? I have never really been clear as to why they are dealing just with Ontario, how that came to be.

**Mr. Cummings:** I think it is pretty clear. The Ontario government has taken a position that it wants to empower the native communities there. My concern has always been, are they doing it at the expense of Manitoba?

**Ms. Cerilli:** The other thing I have that related to this is a letter from the minister sent to the Minister of Environment from December 15, 1992. I think this was when the heat of this debate was going on. There were four concerns that the minister had expressed in that letter. One of them maybe dealt with the mine shaft being subject to a known amount of water seepage. Excessive precipitation will overflow the closed circuits. I am wondering then, there are two others, and I am wondering if you have some indication if those have been addressed, the cyanide and the mercury levels.

**Mr. Cummings:** No, and we are still awaiting—we do not have the information from the company.

**Ms. Cerilli:** We are going to move on to talk about hog lagoons and your favorite topic—sewage lagoons, I should say, and the incredible expansion of the hog industry in southern Manitoba.

I do not know if this issue consumes as much of the minister's time as it consumes the time of the critics in this portfolio, but maybe I can begin by asking the minister—I have been trying to get some information with respect to the scope of the expansion of this industry. I am wondering if, especially considering the minister's background, he would have that kind of information and be willing to share it with the committee.

I think it will help us with this discussion, even though, you know, it is not part of the Environment Estimates per se, but it certainly is pertinent to the discussion.

**Mr. Cummings:** It is very pertinent to the discussion. The business side of the hog industry and the agricultural portfolio in general recognizes an expansion opportunity, world market opportunities that say that there could be a doubling of the hog population in this province, and it could be adequately marketed.

The member should not run off and say that I said, there will be a doubling of the hog population. I said that there could be and it could be adequately marketed.

There is also a demand for beef, of course. The member will remember the debate we had last Thursday on the Crow rate benefits, Western Grain Transportation and all of the associated aspects of that part of our economy.

\* (2140)

Being that we are centrally located, we have the highest transportation costs anywhere probably in the North American continent to get our product to market. We need to have value-added product. We cannot continue to subsidize the production of wheat, subsidize the transportation of it, and then subsidize the sale of it.

We need to have a product that we can market that has a higher value, and one of the highest value products right now is PMU production, frankly. It takes a lower quality land out of

production into livestock-style production more environmentally friendly inasmuch as the erosion possibilities of the land is dramatically reduced. There is a market, obviously a good market for the Premarin produced from the urine, and there is also a good market for the livestock.

Taking that through to the hog industry, the capability of producing here I think is very high. The member asked what are the expansion figures that are occurring right now. I would think that optimistically we believe if we were to fill the market demand we would need, as I mentioned, a doubling.

The exact figures I have not got for the proposed development of facilities this summer. I think we have about eight proposals in front of the department. The information was pulled together as a result of questions that you had asked before, I believe.

Formal applications to date, only one in the R.M. of Macdonald, approximately 20 inquiries, and since that does not always translate into development, I suppose we are a little disappointed in terms of from the economic point of view about whether or not some of the potential investors have backed off, frankly, because of the very negative publicity that they have been receiving.

In my own area there is a redevelopment of a large hog enterprise, but it may ultimately—it will be a larger production unit after they have redeveloped their production facilities, but I am not aware of a high number of new facilities going into place. That is troubling, given what I said earlier about the world markets for grain and the need for higher value product if we are paying the freight for it out of here, that it should be worth a lot more. It should be worth \$3 a pound rather than \$3 for 60 pounds going out; it is much easier to pay the freight.

I think we probably can produce the precise numbers. I am sure you do not want to get hung up on just that number, so I would invite you to ask further questions.

**Ms. Cerilli:** I actually forgot I had this. Issues relating to value-added processing of agricultural products in Manitoba by the Rural Development

Institute was just issued April '94. It talks about approximately 2,000 commercial hog producers currently operating in Manitoba. They represent about 7 percent of the hog producers in Canada.

One of the concerns and questions that I have is are these farms getting too big? Are we exceeding the caring capacity of the ecosystems that they are putting the waste into? Are we already at the point where before you brought in the regulations, and I am not going to get into dealing with specifics of the regulations right now, but are we already in a situation where we have allowed the expansion to occur?

That is why I wanted to get an indication of how many new hog operations are there in Manitoba over the last four years and how much expansion does that represent of how far we are going in this direction?

**Mr. Cummings:** Well, I think this is the kind of discussion that we all welcome on both sides of the Chamber, because when I suggest that there has not been a rapid expansion right in my local area, it just went through one of the larger expansions in the last four or five years.

We have got other areas of the province, the municipality of Rhineland, that general area, the larger sense, 30 percent of the hogs are produced in this province, 35 percent of them are produced by Hutterian Brethren.

Their expansion is ongoing although it is not any more rapid than it was a couple of years ago. So, no, we have not seen the expansion and then have to come back in behind and regulate. What we have seen is a growth that has been driven by very low grain prices and by a need to get a higher value product coming off the farms.

Are we starting to exceed the ecological capacity of some of the farmlands? I would say that you could find examples where that might have occurred, but good farming practices mean that that will get dealt with fairly quickly. Let me demonstrate by saying that I had a person in my office on Saturday who has access to technology that can be installed in large hog operations that would capture the biogas, that would use biological activity to enhance the nitrogen capacity

of the material, reduce the volumes and have a guaranteed level of fertilizer content in the product that is being removed to the field.

When you consider that that is being put in in a situation in Alberta where everything has been done for 10 years to try to block the development of a hog production facility in a particular neighbourhood, that plus a lot of other known technologies that are available from Denmark and other parts of Europe, I think we are in a pretty good position to take advantage of known and developing technologies to deal with waste. What will force that is changes such as we have made in our regulations. I am continually impressed by the idea that industry is moving very quickly to stay ahead of this.

We do not have a lot of examples, in my knowledge, where there are operating facilities right now that have their neighbours anxiously trying to shut them down. There is the example of two or three new facilities that are being developed where there is opposition. I acknowledge that, acknowledge that that will or will not be proven to be an appropriate investment, depending on how well they operate when they get up and get going, but I know from my own experience and from what has been demonstrated over the years that if you want a good safe operation, whether it is in hog production or in any other agriculture endeavour, that you will probably find that the willingness to put money into innovation and technology is very often made available through the large operations because they, in fact have a little bit more decent profit margin and they have a heck of a lot more at stake if for any reason they should be shut down or start to lose money.

\* (2150)

The very fact that we say we are prepared to regulate the amount of nitrogen, for example, that is available on a given field that has had hog waste put on it, or livestock waste of any kind put on it, indicates to the industry that they are going to have to be more conscientious in their application of their waste. It is over application of the waste that will contaminate the aquifers, and that contamination will occur from nitrates,

particularly, and phosphates leaching into the lower levels.

The positive aspect of that is that every gallon that goes out there has a value for fertilizer purposes and you combine a better-known technology so they can verify and in fact enhance the value of the fertilizer, i.e., the waste that they are putting on their fields. You will find that the industry will be extremely imaginative in finding ways to transport it to other fields so that they get the same nutrient buildup, if you will, or enhancement for their crop production without overdoing it on a field. So that takes care of one part of that.

There are numerous new approaches being made to the application of manure. There is research going on to enhance the smell reduction in the handling of waste. There is a very strong movement afoot to develop better—well, in fact, I think we have come through one of the most progressive two decades in terms of developing feed and the genetic capability of livestock for feed conversion. The last 20 years, it seems, I do think there has ever been a more dramatic change in the quality and capacity of the combination of feed and genetics that are producing efficiently. All of that means that these farmers are capable of reacting to environmental regulation.

The question that needs to be answered is, how quickly do you move in working with the industry? I think the industry is prepared to start being self-regulating inasmuch as they can be requested to report the nitrogen fertilizer levels of the fields that they are putting their waste on.

We are seeing companies, colonies, that are prepared to invest \$300,000 to a half a million dollars into waste-handling systems. They are prepared to invest that kind of money; they are not going to do it in something that is going get them shut down under violation of The Environment Act down the road. So I have a high level of confidence in where I see the industry going.

I have a high degree of unease with some of what I call fear tactics that are being used by some advocates who are clearly opposed. They can dress up their opposition in terms of concern for the

environment; they can dress it up in terms of concern for animal rights; but, in the end, it is an out-and-out opposition to this type of development.

I maintain that the capability is there to respond to those concerns if we can get the appropriate information into the hands of those who count—in other words, the neighbours of the appropriate hog developments.

**Ms. Cerilli:** I am quite concerned by some of the minister's comments. He just finished saying that you do not deny that there has been a problem, and I think that a lot of the people who are raising this issue are concerned about specific areas. The regulations do not have anything that deals with sensitive ground water hazard areas, the lagoon that is going into the Delta Marsh area.

So this is tied up with the whole debate that is going on with respect to sewage lagoons, but the mechanism for decision making, I think is—

#### Point of Order

**Mr. Cummings:** The member is implying or made the statement that there is a lagoon going into the Delta Marsh. There is a lagoon going on a farm that is within a few kilometres of the marsh.

**The Acting Deputy Chairperson (Mr. Bob Rose):** The honourable minister did not have a point of order.

\* \* \*

**Ms. Cerilli:** The effluent from that will flow where?

**Mr. Cummings:** Well, the effluent is not going to flow anywhere. I guess that is the concern that I have about comments that are made by some of us who have not necessarily taken the time to look at it.

You do not have to go to the most expensive operation in the country; you do not have to go too far, however, to find some reasonably well-managed hog operations; and you do not pull the plug on a hog lagoon and let it run anywhere. You have a valuable asset in the lagoon. It is waste manure which has an organic value for the improvement of the soil.

Mr. Acting Deputy Chairperson, I would really encourage the member to pick up the phone and phone Manitoba Pork Inc., invite them over to her office and sit down and talk about where they see the hog industry going in relationship to regulation and in relationship to environmental protection and really take an opportunity to look at the industry.

This is not the same as dealing with the effluent from a town lagoon, where you are dealing with a situation where you are treating the material before you are letting it out. This is livestock waste that in appropriate quantities—of course, that is the issue; we are talking about large volumes—is very much considered a way of enhancing the organic content, the mulch within the soil. It need not be a problem. It must be managed appropriately, but it need not be a problem.

We have advanced quite a way in terms of the regulations that are laid down for the disposal of livestock waste. Now the member constantly asks, what is our ability to enforce? The first issue that always comes up is, what is the structure of the lagoon? The lagoons are leaking is always the accusation. Well, that is pretty darn easy to deal with under new constructions, that you lay down the standards of impermeability, and they are constructed to that level.

My level of distaste for this debate stems from the discussion we had in the Oakville area about a human effluent lagoon that was servicing seven families, and because there was a fight over the development of the colony in that location, I know that we spent tens of thousands of dollars of taxpayers' money testing that lagoon to prove that it was sound. The fact was there was so little going into it that evaporation took care of the surplus.

\* (2200)

It is a most distasteful product to have to deal with. Nobody likes to really get into the discussion of—and we all know the colloquialism with which we refer to hog manure, but it need not be a problem if properly managed and regulated, and I think we are embarked in the proper direction, if only some rational voices would be brought to the argument.

I have several times had it argued to me that Quebec is a shining example of what not to do in the pork industry and that we are about to follow Quebec down the tube, for lack of a better analogy. The fact is we are far further advanced than Quebec is in terms of development of systems for handling their waste. We are in good shape.

(Mr. Deputy Chairperson in the Chair)

Ms. Cerilli: I realize that the minister is one of the hog experts, the head hog, but I would just let him know that a lot of the information and concern that is raised with me does come from farmers. I have also written to Manitoba Pork, and I have not received a response to letters I have sent to them.

I think, though, that some of the things that the minister has just referenced are legitimate concerns, that when I look through these new regulations, I wonder how this is going to be enforced? How was the determination made, and why was it made at 100 metres from a surface water course?

How are we going to look at case by case when each proposal comes forward? How is that decision making going to happen, especially when there are so many municipalities without development plans and all of the concern that that raises?

I am wondering if there is a requirement for the field that the manure is spread on to be used for production. One of the requirements is that the nitrogen content cannot exceed the requirement for—

An Honourable Member: How much is that?

Ms. Cerilli: I imagine that that would vary, but I am wondering if there is a requirement for the field that is used for the hog manure to be used for production during the time that the manure is spread on the field.

Mr. Cummings: Well, this is a little different approach to regulation than what has been traditionally used in Manitoba. It is quite intentional to what we have done, that is, state the regulations that the producer must conform to, but we have stated it in such a way that they can then

make adjustments to be sure that they are living within those regulatory standards.

The amount of nitrogen that can be applied, that can be found on a field or in a field as a result of hog waste application is a good example of applying that method of environmental protection.

What it says is that 60 pounds of actual nitrogen for annual crops or on light soils up to 225 pounds of actual for alfalfa. In fact, that is somewhat lower than what you might find under normal production using artificial fertilizers. So these are not unreasonably selected figures.

Now the other question about it being in crop, one of the methods—and the reason I point to the fact that larger operations are not necessarily problematic is that they are sometimes prepared to invest in equipment, because they have more opportunity to use it, and they have better financing to put on a per tonne of available manure. They have a better cost base to spread it over.

Injection of the manure into the soil at a four- or five-inch level is a very acceptable way of trapping the nutrients and minimizing the amount of runoff, minimizing the amount of smell that goes with the operation, and all of those things. In fact, injection has been the agreed-upon method for application in the Delta Marsh hog operation.

While we are mentioning Delta Marsh, we should remember the reason there is a marsh there is that there is a good clay content underneath. That is what holds the water from soaking away. The clay level is there. So this is not an improper area to have an operation, provided the surface water movements are controlled. It is unlikely, from the information I have given, that there would be any possibility of ground water contamination from that type of operation.

So a distance of 100 metres from a surface water course—of course, those figures were somewhat arbitrarily set, but they were set on the basis of the knowledge that people who have been working in environmental protection for a great length of time in discussion with the industry.

Mr. Deputy Chairperson, 100 metres is 300 feet, or a little better. You can control with a fair degree of certainty what is likely to happen in terms of construction. You are far enough away; presumably, the elevation will be appropriate. I think there is a reference to elevation as well.

Nevertheless, for construction of a lagoon that is certainly a distance away, a distance that can be pointed to as an appropriate setback. You do not have—these are not lagoons that discharge. Another reason you want it a fair distance back is if somebody is trying to play games and discharges, it is a heck of a lot easier to catch them if they are at least that far back from a water course.

You tie that to the fact that we have required that there must be significant capacity to store all the waste from the operation for I believe it is one year, that you have a situation where the operator can then—the intention of that aspect is that the operator can then time whenever they would apply the material to the field. They do not have to do it when it is frozen.

The fact is, I had it pointed out to me by an operator just this week that application of manure to frozen ground early on in the winter season is a lot less likely to—you will lose the fertilizer benefit, but you will not end up with a polluting field nearly as likely as you will if you apply the material very early in the spring before all the frost has come out of the soil, so conscientious management of the waste within the regulations that are set down here.

The overall statement, of course, that there will not be a pollution result directly from the application of the waste means that a regulator, if they find evidence of violation, will be able to find or take whatever other appropriate actions are deemed necessary.

Ms. Cerilli: In a different vein, we talked earlier about the increase in this industry and the ongoing expansion I think the minister and the government hope to see.

I think we would also expect that there would be an increase in the number of processing jobs. The Swift's plant is in my constituency, and I have

talked to residents there who say there has not been an increase in the processing jobs and, in fact, that they have laid off inspectors. There are often layoffs in the processing side of this industry, so I am concerned what is happening.

Are we seeing an increase in export of pigs for breeding purposes or other pigs that are not slaughtered? Can the minister explain the situation?

**Mr. Cummings:** The member raises a good point, and I think it is well worth spending a little bit of time on this, because the creation of job opportunity is very important.

This is not just a discussion about opportunities in rural Manitoba. It is not just a discussion about environmental protection. It is a discussion about where we will take the future of this province in a very real sense because agricultural production is a big part of the provincial national product, if you will.

The development of jobs—and I had the figure in front of me here not very long ago. I think we are talking about 100 jobs for every 500-sow production facility that is put into place. I will find the figure. The job creation also includes the marketing of the feed and the production of the feed. I think I am out on the numbers, actually, but certainly the processing and marketing is very important.

\* (2210)

The member raises an aspect that I am sure she had not perhaps totally thought about, and that is that this raises the issue of marketing. A lot of Manitoba hogs are being slaughtered out of province, and that has a lot to do with the demand for our hogs. They are very good quality hogs, but they are, in fact, being marketed by our own marketing board on occasion outside of the province.

The hog plant in my hometown, which is Neepawa, is short of hogs. The killing plants here in Winnipeg, by and large, need more hogs. In fact, they will tell you that they need a new facility perhaps to be built in the province, but they want the efficiencies of size to go with the increased

production in hogs. We should be doing everything we can. In fact, we are, but it has a lot to do with the approach that some of the farm community is taking to the marketing of their hogs as to what is the most appropriate method of marketing. Should it be Manitoba first?

Excuse me, I have the figures here now that have been worked out as to what the normal job ratio would be from an increase in hog production. The Chatfield operation, for example, would probably produce 20,000 weanlings per year. Ultimate spin-off benefits, by the time that was completed, could be as much as 100 jobs. So I am—basis of 6,000, six jobs per 1,000, until you go—that is right onsite, but when you take it through to the final spin-off jobs with the feed and the processing and the trucking, you can indicate that those are the numbers that would come to pass.

Now, first of all, we would have to recognize that in the killing industry right now, a lot of them are on an a per-hour basis. They are not getting a 40-hour week or even a 36-hour week, and that is one of the problems they are having in that industry. So some of that capacity is not going to show directly in a job, but what it will mean is the person who already has a job will get more hours. I would be the first to acknowledge that in terms of there is excess capacity that can be gobbled up without that first bulge of additional jobs.

The development of the industry also means that Manitoba is going to have to make gains in the next year to 18 months in the number of hogs that are available to be killed in this province, or we are in danger of being overtaken by Alberta and, to some extent, Saskatchewan. The member asked very early on, what is the increase in hog production? The fact is, Saskatchewan in the near term is outstripping us in their percentage of growth in hog production. They were behind us to begin with, but they are rapidly increasing their hog production.

I have to go back to my original premise that if there is any place in North America where hog production should be able to expand without creating environmental problems and without creating a lot of planning problems, surely it is in

western Canada somewhere, given the relatively small population and the high number of acres that we have in agricultural production.

**Ms. Cerilli:** To bring this back around to the obvious environmental concern, especially given what the minister has just said, I think we have potentially some of the worst kind of economic development you could have if we have the marketing difficulties that the minister explained. Well, but I also have heard that pigs or hogs are being exported, by-passing the marketing board. I have discussed this with our Ag critic, and she says she has also raised the issue.

Now, what ends up happening is we have a very small number of farmers making a whole lot of money, especially when they are vertically integrated with the feed companies, and we have a whole lot of other people with threatened water, if not contaminated water, and the smell that is disrupting community life and the lack of diversified jobs, so the line goes: We are getting the manure but not the benefit.

The minister wants to clarify that this is not so. With some of the points that I have raised, I think that there is a real need for some strong intervention.

**Mr. Cummings:** Certainly, Mr. Deputy Chairperson, we are wandering now into an area that the Minister of Agriculture (Mr. Enns) could have the figures at his fingertips much more accurately and quickly than I have. I did not say that the producers were by-passing the marketing board. The marketing board itself is shipping the hogs out of the province without them being slaughtered here locally. So that in itself raises another dimension to the discussion.

The marketing board, when the plants here choose not to bid enough for the hogs, the marketing board ships them out of the province. So I guess I was speaking assuming that the member was comfortable with that knowledge, but that in fact is one of the issues that will be dealt with over the next period of time.

I have been a strong supporter of the marketing board in Manitoba. It is not a production-limiting board. It is a marketing board, but it does control

all of the hogs and how they are marketed and can, by its own volition, choose to market them other than through a local slaughtering plant. That, I am confident, can be dealt with in the long run if we are able to increase our production and increase our capability of slaughter here in the province. As I started to say in my last answer, if we do not make that move in the next 18 months, we will probably lose the hog slaughtering capacity to Alberta, the same as we did in the cattle industry.

The cattle industry—there is now a huge plant built by Cargill, very efficient plant, but the reason that it is located in Alberta, probably part of it is at least that the largest number of finished stock are there. They got the largest number of finished livestock or cattle there because they had a feed subsidy program up to \$17 a tonne and higher for supplementing the feed costs of finishing cattle.

We cannot afford to lose the hog industry to Alberta and/or Saskatchewan in the next short while, or Winnipeg, which at one time was billed as the Chicago of the North, will simply be the little city on the forks.

**Ms. Cerilli:** I was going to ask questions about the amount of subsidy going to this industry as well, but I am going to see if the member for Osborne (Ms. McCormick) wants to get into the discussion. I know that she has also been dealing with a number of the people from rural areas, the number of farmers from different communities and different groups that are springing up over the province that are trying to keep up with the increase in this industry.

I hope that the minister does take seriously the concerns that are being raised. I will pass the chance to get into the debate to the member for Osborne.

\* (2220)

**Ms. McCormick:** Mr. Deputy Chairperson, just as a beginning point, I think this Farm Practices Guidelines produced by the Department of Agriculture is worth commending. I am a big fan of plain language information, and this is an excellent document. I think, that being said though, there are some lapses or gaps between some of the issues that are raised and, in fact, when

you get to the regulation section, the ways that they are addressed.

For example, the first section sets out the importance of water pollution as an environmental and health concern and goes on to make the statement that Manitoba Environment has responsibility to prevent pollution, to detect pollution if it has occurred and to take legal action to correct the problem. You know, that is right up front in the first section, and it is unequivocal.

However, when you get a little further on into the how-to, I think it does break down just a bit. One of the areas that I wanted to sort of focus on was the issue that was raised in the House when we were talking about the regulation dealing with siting.

It seems to me that this is one area where the regulation is weak, that it says that you can pretty well go anywhere and that the guideline raises those areas which might be inappropriate, but the regulation itself, when you get to the schedule in terms of 5 and 6, Siting and Construction Requirements for Earth and Storage Facilities, it does not deal a lot with the geophysical characteristics of the area. It seems to rely very heavily on there being an informed local government district who is very well aware of the geophysical conditions in their area and who is going to make good decisions about where they allow these things to go.

It also says that the minister may vary any requirement of the regulation. Here is the essence of my question to you. If you identify one of these operations which is requesting a permit in an area where there is not sufficient local planning control, is it possible that you could, knowing the geophysical characteristics of the area, deny the permit or put on more stringent requirements on that operation?

**Mr. Cummings:** The reason to add the catchall, if you will, for the building to vary the regulations was to acknowledge specific concerns that might not have been addressed and in fact require something more than what at first glance the regulation might have been prepared to allow.

Sensitive areas would be the one that would immediately come to mind.

**Ms. McCormick:** So your response indicates that you would vary the requirements up as opposed to down, using that section.

**Mr. Cummings:** Yes, but also part of the answer did not provide for your first question, as well as that I think we cannot always act paternally towards the local government. Local government has been very adamant about how they want to at all times retain the right to virtually veto a development because their argument, which I have to acknowledge has more than some small amount of importance to it, is that if it is sited in an area where it is unwanted, unaccepted and distrusted, it will probably never be successful.

We have examples of that in the city where poor planning has led to conflicts that have just never gone away. So municipal authority has attempted to keep their right to, through planning, make a decision. Now, in unorganized territory or in areas where there is no planning by-law, then the citizens have, by not having a by-law, made the decision that they are an agricultural area. The siting guidelines then come into play to help in decision making as to an appropriate location.

You might argue that guidelines under those circumstances could be flaunted, but the bottom line is if they appear before the Farm Practices Board for any reason under that process, they will not be seen to have opened up with a proper approach, and no amount of sound management will save them from ongoing examination. I hesitate to use the word "harassment", but that is virtually what it could amount to if they are not properly sited. Even in the unorganized areas, that is something that they are going to have to be acknowledging when they meet with either the municipality or an advisory group.

In fact, Chatfield, as I understand it—and I suppose we do not need to discuss them specifically—but they altered their proposal after the initial reaction of the community, in their reaction to the initial advice from the department, advisory board. So it did work even though the

community is still not really happy with the location.

**Ms. McCormick:** I understand what you are saying then is that the paternalistic intervention that you are saying you would prefer not to involve yourself in would not be in the area of expecting a hostile community to accept a facility, but, in fact, to challenge an operation inappropriately being sited in a potentially friendly community, that the concern would be where you, for example, know from your own department information that you have potentially porous soil conditions that you would, in fact, intervene to challenge the siting in an area that is unsuitable.

**Mr. Cummings:** We are talking about two separate approaches. One is under the farm practices act and one is under the livestock regulation. At least, I believe we are following two separate approaches.

Within the regulation, it is fairly specific about the storage area. Water rights legislation comes into play, even though it is not directly referred to here, if they are withdrawing a certain volume. In fact, the application of manure on porous soil does not mean that you are automatically going to have a leaching into the soil if it is applied at the kinds of levels that are recommended here, that is, in fact, regulated.

It might mean that they would have to get more land or change their cropping practices because the general statement, the prevention of pollution of surface water—under both provisions, livestock wastes shall only be applied in a manner that prevents pollution of surface water, ground water or soil and does not escape from the boundary of the farm. That is a pretty general prohibition, but it does leave the operator to his own devices as to how he might achieve that.

**Ms. McCormick:** Mr. Deputy Chairperson, yes, I was specifically at this point questioning the siting and construction of the storage facilities, not the application of the manure on the fields.

One of the things that has been raised as a concern with me that I would like to have you address, the general construction requirements make reference to a requirement which may be

placed on the constructor to place a plastic liner acceptable to the director to recognize that the soil conditions may be porous and cause leaching into the water table.

\* (2230)

One of the concerns that has been raised—and I would like your comment on it—is that there is a requirement for periodic desludging of these lagoons, that over the course of time, there is a necessity to get rid of whatever cannot be incorporated into the field. During that process of desludging, which occurs every so often in terms of years, there is a potential for the earth-moving equipment that is used to—maybe it is not earth-moving equipment, but the equipment that is used to conduct this desludging operation has the potential to break through plastic liners, and then once that is done, you have a real problem.

Has this been given any thought with respect to inspection following the desludging operation?

**Mr. Cummings:** Well, with livestock lagoons and the systems that are used presently, and I would think with future systems as well, desludging is likely not to be a problem as it is with a large lagoon that covers acres, as in a town or village or city, because the material is deliberately agitated during the removal. That is one of the problems. It stinks the whole neighbourhood out if it happens to be at the wrong time.

Is it contemplated? No, I guess it is not because I would not expect that it would occur. Generally speaking, this can be managed or is managed in such a way that pumps create enough agitation that you are not likely to require desludging in the long run. It can occur, and, of course, the general prohibition against allowances for leaking could lean to testing. I suppose there is always an opportunity for the kind of thing you are talking about to occur. I do not think it is one we anticipate in the regulations.

**Ms. McCormick:** The specific requirement is fairly general. It says a plastic liner acceptable to the director must be installed. Is there any place in the regulation with respect to the sort of mil thickness or whatever would be considered to be

acceptable to the director where you are requiring a liner?

**Mr. Cummings:** No, because what is anticipated here is that the proponent would have to satisfy the director that they were going to put in a liner of sufficient strength and durability that it would not be in danger of rupturing.

Again, I say we wrote the regulations very specifically. This is not an accident that it was not referred to, because the conditions might vary such that the regulation that would suggest a certain type of liner in one place might not be suitable in another. I cannot think of a precise example, but I presume that is the reason we have it, so there is some discretion on the part of the director.

**Ms. McCormick:** Another concern that has been raised is the size of these operations.

I note in the regulation, when you are talking about animal units, the potential goes up in excess of 40,000, 40,000-plus with respect to the weanlings. Is there a number that is considered to be simply too big in terms of the department's approval process?

(Mr. Jack Reimer, Acting Deputy Chairperson, in the Chair)

**Mr. Cummings:** No. I would suggest that the restricting factor is the amount of suitable agricultural land for disposal of the waste. Of course, we have had a demonstration of how that can create an issue in the Interlake. It is interesting in the discussion in the Interlake debate about whether or not applying hog manure to that land can be managed. There are lots of examples of some pretty large cattle farms in that area which have their cattle in a confined area and they do not have them on cement and they do not have them on poly-lined yards and the opportunity for contamination of the ground water from those sites is every bit as real as it is in the case of hog operation and the distribution of the material on the surface of a 50-acre plot or 150-acre plot of alfalfa.

So, while the hog industry might be the focus of this—that is why these regulations are written the way they are—I think there were people who were swept up in the issue of a large hog operation

coming in who maybe had not thought about the fact that—it seems to me four hog units equal one livestock unit, which is the equivalent of one adult cow. I am stretching my memory here. It has been a while.

My point is that there are intensive livestock operations in existence that have not attracted the kind of attention that these hog operations have, but some of them nevertheless have similar potentials to pollute the ground water.

**Ms. McCormick:** Mr. Acting Deputy Chairperson, one of the other areas that I was really intrigued by was the soil monitoring, soil sampling procedure, which is the beginning. Appendix F says: monitoring soil nitrate, and then says: Why is monitoring necessary? It goes on and outlines quite a comprehensive monitoring regime, but it goes from the initial introduction of why it is necessary to describing a monitoring program and the first statement starts that it is recommended.

I went back into the regulation looking for some evidence that there was some kind of regulatory requirement for this soil monitoring and the argument is made further along that if you are getting good results on your soil monitoring, then it would give you clear indication or at least some positive indication that excessive nitrogen or nitrate leaching would not be as great a concern with respect to ground water contamination.

Am I correct in understanding that the monitoring that is described as necessary is still only recommended by the guideline and not something that can be enforced?

**Mr. Cummings:** It can be enforced, but it would be enforced through the nitrogen requirements. The recommendation would follow the Farm Practices Guidelines that you are referring to there.

I understand your point, but I guess there are different ways of imposing it. We have chosen to do it from the lower end of the scale, I suppose, working back, depending on how you view this. By setting the limits to do a test on the content, the nitrogen content in the soil, is not particularly difficult or complicated.

To set up an ongoing monitoring program may not be much more than having the local fertilizer dealer do tests with a probe that is capable of going to several different depths. It is not necessarily a real complicated, well-monitoring type of process. So we catch it by saying that they must not exceed certain levels. In order to know what they are, they have to do testing. The elaborateness of that testing, I guess, is not prescribed.

\* (2240)

**Ms. McCormick:** So you are saying that the requirement for the nitrogen testing is not in this regulation but in some other regulation?

**Mr. Cummings:** Well, let me quote what I have in front of me here: Livestock waste supplied to land must be at a rate not to exceed crop nitrogen requirements. Recommended rates are set out in the Farm Practices Guidelines documents, ranging from 60 pounds of actual end per acre for annual crops in light soils to 225 pounds of nitrogen per acre on alfalfa fields.

So what we have is the ability under the regulation, a matter that is regulated, to say that it shall not exceed, but the guidelines lay out what the procedure would be for setting up a monitoring program and the reasons that you are referring to there, which, I think, do a pretty good job of explaining what they should do.

**Ms. McCormick:** One of the things I wondered which would perhaps strengthen the regulation, and again we do not get the opportunity to have input into the discussion as we would if it was an act, but I note that there is a permitting process which applies to the construction of the storage facility or the lagoon, but no equivalent permitting process when we are talking about field storage. It sort of stops being a permitting process and is simply what looks like a permissible section of the regulation.

Given what you have just said, that it is in that process of the—in terms of allowable application onto land where the rate of application should not exceed the amounts necessary to meet crop nitrogen requirements, that in fact becomes the point at which the monitoring activity would verify

that the livestock waste is being properly incorporated.

Then it goes on to say that you cannot cause pollution or surface of ground water or soil, but in absence of a requirement or some kind of enforceable mechanism for requiring these excellent soil testing activities, it seems to me that many farmers, being like small-business people—I mean, I have never been a farmer, but I have a small-business person's abhorrence to record keeping and to these kinds of onerous things that it seems is a waste of my time sometimes to do.

How is the department going to ensure that these objectives of not contaminating surface ground water or soil are going to be met?

**Mr. Cummings:** An example of a large operation would be that they could be asked for fertilizer, for something as simple as a record of soil tests having been done by either themselves or their local fertilizer supplier, which would more than likely be the case. If they cannot supply them or if they seem inadequate when they are presented, then they could order tests. That would be a very simple way of doing it. It would be as a response to the fact that there is a large operation there, and we should do a random test on what is occurring. That would be one way of enforcing and ensuring.

I do not have the answer in the sense of field storage. Field storage, you are probably talking about something that is set up for composting purposes, probably, or you are talking about more of a dry waste, or it would not be field storage. You cannot pile up liquid waste.

The opportunity there for ground water pollution is probably significant if it is sitting in an area that is inappropriate. Yes, at this point, that is not something that is required permitting. It is not something that occurs in great amounts. I think it would normally occur from feedlot operations where if under spring conditions, things were getting wet and the lot was becoming unacceptable. They might take a bulldozer and move it, but that is not likely to be there permanently.

I cannot think of too many other situations where this would become a situation—dairy farms

where they have a concentrated number of stock in one area and they are using a stacker, a mechanical stacker. Generally, they are set up so that they retain their liquids. That would be an example of where maybe there needs to be something further thought of in that area. Originally when we looked at this area, we thought of this as composting primarily, not as long-term storage.

**Ms. McCormick:** Mr. Acting Deputy Chair, I think that is an area, particularly as climatic conditions can change. I mean, you can get the stuff on dry, and then it can start raining the way it did last summer, and you have yourself a bit of a problem.

The other area that I was somewhat concerned about—and actually you ventured into this, and I would just like to pursue it a little further. You talked about a large hog operation giving cause for the department to want to ask for monitoring activity to occur.

I am interpreting your remark to say that this would be proactive rather than reactive. You are not envisioning a complaint-driven system. You are not envisioning a system where people have to come and say, prove to me that this is safe, as opposed to a system which would say because of the size of the location or the nature of the operation, the department has reasonable and probable grounds to request monitoring to go on, and then you would have the strength of the regulation to require the kinds of monitoring activities that are currently outlined in the regulation.

(Mr. Deputy Chairperson in the Chair)

**Mr. Cummings:** The member is correct. I think it would be a combination of complaint-driven and random sampling.

When I say large, generally speaking, the larger volume areas would be the ones where you would anticipate there might be a problem, because perhaps they are storing larger amounts of a lagoon or whatever.

This is one of the things we have done with decentralization. We have people in the regions. We have Department of Agriculture staff who are

pretty cognizant of where the operations are. We also have much better knowledge of where some of the sensitive areas are in terms of locations. I think all of that adds up to allowing us to be able to get a monitoring program in place. It has been pointed out to me that the director, if this is a new operation and there is a permit required, he can as a condition of the permit, if he has reason to believe it would be the right thing to do, require monitoring and add that to the condition of the permit.

\* (2250)

**Ms. McCormick:** Actually, this is better news than I had anticipated getting tonight. Are you saying that in the permitting process which is really for, as I read it, the construction of the storage facility, that you could also extend the permit conditions to a requirement which would satisfy the transfer of the waste to the agricultural land?

**Mr. Cummings:** I think so, but would you explain that a little bit further?

**Ms. McCormick:** Yes. Actually, when I first read this, I was quite—as I described with the concerns with respect to the liners—satisfied that there was sufficient protection with the permitting process in the siting and the construction of the lagoons, but when I got down to the sections on field storage and transportation and application of the waste, it seemed to get quite weak. I did not see that the permitting process went that far.

To believe that permitting conditions could be extended to place conditions on the transfer of the waste to the agricultural land, that assurance would go a long way to making me a bigger fan of this regulation than I am now.

**Mr. Cummings:** Well, I am not going to give her a team shirt yet. When the member refers to being able to regulate the transportation, does she mean the application? [interjection] Okay, the application.

I am looking at the precise wording under transportation and application of waste. We have, in fact, an example right now of where we have conditioned the application of the material to the soil, but that is in conjunction with the R.M. of

Portage la Prairie. The R.M., in fact, and the proponent agreed to use injection methods to handle it.

So that was a specific agreement. I guess we did not regulate it, but it was an agreement that was struck while we were at the table. That was before these regs were actually in place. It was a tripartite approach, and Environment, Natural Resources and Agriculture were all at the table along with the municipality, and that was a condition that was agreed to by the parties at that time.

**Ms. McCormick:** Given that condition is agreed to, it would take the form of some kind of contractual agreement between the land use approval process and the operator. What would happen? Who would enforce it, and what would be enforced if there was, in fact, a breach of the agreement?

**Mr. Cummings:** I think the agreement that I referenced would not be one we would enforce from an environmental point of view. It was agreed to under the conditions of their Planning Act. Because we all recognized the importance of the Delta area and wanted to make sure that this was not a problem, they would have to enforce it as a condition of their planning agreement which really extends into an operating agreement, which is not unusual for a planning area to be able to do that. They can restrict, under their Planning Act, location and land use.

**Ms. McCormick:** Yes, actually, that answer brings me full circle, back to my original concern that some of these operations may wind up in LGDs without a planning process in place, and then I was looking for the assurance that the department could place on the operations the necessary restrictions, and saw the regulation as somewhat weak when it came to—stronger when you can regulate the siting and the operation of the storage lagoons, but weaker when it would attempt to regulate the incorporation of the waste on the surrounding land.

So I will leave it with you, and I am just happy to have the opportunity to get the clarification as far as we have gone tonight. I would like to see that either the permitting process extended or some

kind of de facto powers given to the department to insist on some kind of monitoring that could alert people to problems before they actually manifested as ground water contamination.

**Mr. Cummings:** I think we are talking about two things, one of which we have a better handle on, by the member's own definition, than the other. In terms of requiring monitoring to demonstrate what is happening, I think we have the capability to do that through the regulation that talks about the amount of nitrogen for production purposes, as an example, that is allowed in the field. If a soil sample shows up that there is nitrogen three feet down to the equivalent of 30 pounds to the acre, first of all, you have problems if you know it is getting down that far, so the director, I think, under those circumstances—I am getting an affirmative nod—could impose additional monitoring and conditions on the application of liquid waste or any other waste to that field or could perhaps require that application be stopped to that field and an alternative found.

The second part of that, in terms of mandating the precise method of application, I see this as being able to be—and we had some considerable discussion about this—mandated still through the other requirement, and the director may have to correct me here, but under the prohibition against application: shall only be applied in the manner that prevents pollution of surface water, ground water, or soil and does not escape from the boundary of the farm.

A good example is one well-known operation in south central Manitoba that farms some very hilly land, and they will have to exercise some considerable caution how they apply their waste. Presumably working them in or injecting them will be their best way of controlling surface runoff, which they could very likely have a problem with under the wrong conditions. That, I think, could cause them to be in violation, which ultimately would mean that once you are in violation that conditions could be put forward on the operation. It is not as strong, perhaps, or as direct as the member was seeking, but the ultimate hammer is still ours under The Environment Act.

**Ms. McCormick:** I am prepared to wrap up on this area now just with a concern that I worry about the hammer, which is only used after the fact and not before the fact, but I am willing to give it a rest now and we can move on to another area.

**Mr. Deputy Chairperson:** Are we ready to pass this item? We are dealing with 2.(b) Environmental Management (1) Salaries and Employee Benefits \$2,530,700.

**Ms. Cerilli:** We spent quite a bit of time on that area. I wanted to also try and deal a little bit with some of the issues around sewage lagoons specifically—I guess, the human waste lagoons. One of the requests that has been made is for there to be a study on the effectiveness of the earthen sewage lagoons in Manitoba. Can the minister clarify the nature of this study? I think he has indicated that there is some work being done on this. I do not know if it is in keeping with what the concerned citizens are asking for. I do not think it is, but can the minister clarify what kind of research is going to be done in this area? I know that there is a request for 10 to 15 lagoons to be used to do a sampling and comparison. Is that happening?

\* (2300)

**Mr. Cummings:** Mr. Deputy Chairperson, the member is correct. There are 15 lagoons that are going to be monitored quite closely this year in response to some of the issues that have been raised, and I guess we will have a better look at it when summer is over.

**Ms. Cerilli:** One of the other issues related to this is the public's ability to have assurance on leakage and testing. What exists currently if someone is concerned and they want to have access to information regarding discharge and water quality before discharge and that kind of thing? I know that I made the request, I think, last time we were in Estimates, and I would have liked to have the experience of going and seeing how that is done and then observing once they allow a lagoon to be released. I have never had the opportunity to witness such an operation. These are some of the concerns that are being raised with me in terms of the operation of the lagoons as well.

The access that the public has to information in terms of—

**Mr. Cummings:** If the request is, if there is a suspicion the lagoon is leaking, what happens and what information can be made available to the public, we had an example of Teulon, I believe it is, where they had a large saline patch appearing as a result of a lagoon that was seeping. I do not think there is any reason why information that is gathered is not made available. Generally, it would be done by collecting the data from test wells. That is what happened at Carberry to attempt to check if there was pollution going from the old lagoon, but in terms of information, there is certainly no attempt or need to contain information. The regional office responsible for a particular lagoon is probably the best source of information.

If the member is asking, do we do ongoing monitoring of every lagoon to see if it is seeping or leaking, then the answer is probably no. Although I heard her ask about what happens during the time of discharge, of course, the answer there is that the material to be discharged must meet test standards that we have predetermined. Their discharge dates are ones that our regulators agree to. They do not have to have our approval to discharge, but they must meet the standards that we have indicated within their licence. I guess they would have to have proof of those tests, but, obviously, that implies that there is a certain amount of self-regulation that goes on.

**Ms. Cerilli:** Part of the concern expressed to me is that the municipalities that are doing the discharging—you know, we have both heard the complaints that the samples are not taken from the top and the sludge goes from the bottom, and all these kinds of concerns about the design of the lagoons, but also just that there is not careful monitoring to see what the composition of the waste is prior to its being released. You know that is a concern.

I guess, as the minister must be aware by now, I am big on the public's right to know and having the public get that information as they request it, so what I am asking is the availability of that and the process that the public has to go through to get

information about when the sewage lagoon in their area is going to be discharged, what the levels it is supposed to meet are, how they can find out if it has met those levels—that kind of thing?

**Mr. Cummings:** The kind of thing that the member is talking about is exactly what we will be doing in pulling together the information from these additional tests that are being done this summer to give us some idea of whether the violations, or whether the discharge programs are what we think they are, or what our critics think they are, I suppose.

An example of where an awful lot of fear and loathing was spread, yet was never verified—in fact, quite the contrary was proven—was the Dunnottar situation. The most unfortunate occurrence of where the family was flooded out by a discharge from Dunnottar lagoon, but in testing the material, there was never any doubt about whether or not the material was within the proper guidelines acceptable for discharge. The fact was that it picked up contaminants as it went down the ditch and into the farmer's yard, not that it carried the contaminants in with it. So, to that extent, and that is the only good news in relationship to that situation, I acknowledge that, but at least the testing that was done there had to acknowledge that it was not an illegal discharge in the sense that what was being discharged contained something other than what we knew about.

**Ms. Cerilli:** I want to ask a couple of questions related to Ayerst. The minister is chuckling, and he knows that this is an issue that struck at my female sensibilities, if you will. I find that the whole issue, when I look at it in the big picture, quite offensive, from the initial agricultural side of the operation up to the final product and how it is marketed. I wonder if the minister can just comment and see if he understands the issues that I was raising from a sustainable development point of view with respect to this industry, the entire industry from the agricultural side to the pharmaceutical side and to the women's health side.

\* (2310)

I appreciate what the government is saying with this pharmaceutical being authorized under the

federal authorities and whatnot, but we see over and over again in women's health that women are used as guinea pigs in the third world to test out pharmaceuticals that are then prescribed in the developed world, in the industrialized world. When I discuss this issue with women who are from countries like India and southeast Asia, they are quite concerned.

It is related to the same issue and it is related to Norplant, which is yet another new chemical that is being prescribed to women as a pharmaceutical for contraception that has not been tested in Canada and yet was going to be prescribed in Winnipeg. They were going to offer it to 500 women through the Health Sciences Centre for free, and I think that was shown to be not such a good idea.

When we look at the pharmaceutical industry and the amount of profits there are there, the amount of chemicals that are introduced from the manufacturing into the environment, I do not think we can say that there is not cause for concern. So I want the minister to comment on the issue of demand-side management in the pharmaceutical and chemical industry and if he understood the approach that I was taking and if he has any comments on my view of this whole issue.

**Mr. Cummings:** I think there are a couple of issues that we need to clarify right at the start. The one is that the member has, I think, fairly clearly stated that she has an abhorrent view of pharmaceuticals, whether they are from a natural source or whether they are from an artificial source if they are being used for certain reasons, whether it be for birth control or whether it be for estrogen replacement, et cetera. If we agree that she does not like the chemicals, whether they are naturally occurring or whether they are artificially produced, then the second part of the debate becomes the question of whether or not the PMU herd is appropriately managed and whether or not the plant is appropriately controlled from the environmental point of view. I guess those are three main issues, as I see it.

First of all, I think that there are always questions raised about pharmaceuticals, but there

are countless situations, including serious bone degeneration in females—and I have close personal knowledge of some people who suffer from that. If they had had opportunity and early diagnosis, they would be living a much healthier lifestyle now because they would not have had the bone degeneration that they have. It is not unusual to women, but it is most debilitating when it occurs. It is preventable, to some extent. I am not a doctor, but I know that is the case. There are therapies and treatments that are available, specifically to the PMU industry.

I would invite the member and I will personally drive her to some of the pastures in my area that have some of the best-looking horse herds that you would ever want to lay eyes on, and they are just recently turned out to pasture from the PMU operations. These are not abused livestock.

Ayerst has a very tight livestock management control. The member probably has an inherent dislike for large industry, but Ayerst has a grip on the throat of its operators. If they are not managing their horse herds appropriately, they do not have a contract, and they are broke. They are out of business. They are finished. There is not a second chance.

So appropriate measures are taken to the point where some of this stock is pampered beyond belief. Others, of course—you do not always have the most quiet and co-operative stock in every situation.

In the processing of the urine, there has been a lot of money and I think research done to show that the urine can be appropriately managed so that it is not an environmental problem when it is disposed of.

There are probably several hundreds of millions of dollars that are being invested right now, and I am going to put on the record a story of a farm family that came to see me about three weeks ago, both in their thirties, who have just invested in a PMU operation and came to see me about a couple of problems. One was related to their financing, but flowing from that, the second problem and the even greater one is that they have invested every penny of their life savings. They have mortgaged

every acre of their land to build a barn that cost them in excess of \$100,000 and stock it with the best stock that they could afford, and they now feel that their quota is likely to be cut back because of the agenda of some people who believe that production of Premarin or any drug from a naturally occurring source, which is in the pregnant mare urine, is an inappropriate production technique for a drug.

Their request to me was, what can you do to assure the public and to give us some comfort that we are not going to be bankrupt by the time we are 38 years old?

They have risked the family farm. They have risked their entire future. These are the peak earning years of their working lives. This is a young woman who spent five years prior to this working in a PMU operation. She certainly has no qualms about the work she is doing. She enjoys working with the livestock and has every bit of intelligence and capability to manage this herd to its optimum. Their horses are pampered, believe me.

Well, the member is a little uneasy and said okay. Now, just hold it a minute. These are the types of situations that arise when I believe there is inappropriate and downright false information put on the record about how Premarin is being produced from this industry. So I would only encourage the member to look at this from a long-range and appropriate viewpoint.

We do not have a situation where we are pillaging and plundering or where we are creating a situation where animal rights people have cause to believe that livestock is being abused. This is such a sensitive operation that any kind of abuse would probably have a direct negative impact, and certainly, if it led to a situation where the herd was not being well managed, Ayerst has the capability of pulling their contract.

So there is a double-barreled shotgun loaded from a financial point of view at the heads of the operators out there right now. They are extremely concerned about the fact that there are professionals in the States who have never been anywhere within a thousand miles of a PMU

operation who believe that these animals are abused, that they are crippled, that their foals are killed at birth.

I do not know whether there is anybody of Belgian descent in this room or not, but horse meat is a highly regarded source of protein in a Belgian community. Does that mean that it is wrong for them to use horse meat where the rest of us use pork and beef? I think not, but that enters into the discussion, as well, because certainly, material that the member's name has been associated with and the animal rights movement indicates that the mares and their foals are separated and that the foals are destroyed. Nothing could be further from the truth.

So I am glad to have the opportunity to put those thoughts on the record, but I really think that more importantly, that the member would be willing to take a step back and reconsider what has been a rather strident position that she has taken in relationship to this industry.

\* (2320)

**Mr. Deputy Chairperson:** Order, please. Just to be on the safe side, the honourable minister did use the word "false" statement. I am not actually sure exactly how he had used it, but just to be on the safe side, it does show up as parliamentary and unparliamentary, but I would appreciate it if the honourable minister would remove those words from the record.

**Mr. Cummings:** Mr. Deputy Chairperson, I think that was about three minutes back, but I will certainly—

**Mr. Deputy Chairperson:** I did not want to stop you at that point. Thank you, Mr. Minister.

**Ms. Cerilli:** Well, the question I asked was not with respect to the animal rights side of the issue or the horse side of the issue. It was with respect to the women's health side of the issue, and we are talking in the frame of sustainability here. With respect to the pamphlet that went out with my name on it, they did not have permission to use my name, and the issues that they raised were not the issues that I was mostly concerned about.

The issues I am concerned about is the carrying capacity of the Assiniboine River to handle the ammonia. [interjection] Well, now the minister is interrupting me, but I will continue on. The concerns I am hearing are that we have known for a long time that ammonia is a threat to that river, that there are a number of accumulative impacts that should be considered here.

The larger issue which I was initially raising though was the whole issue of women being involved in the decision making of this product, and that I think in an environmental assessment, there would have been a chance to have some of these issues aired. I think we need to have the debate with respect to this product, and we can see that there is an overproduction because of an overprescription of the medication.

The line is that menopause is not a disease or an illness, and it concerns me greatly when we tie our economy into industries that could be threatening the health of women. We are looking for a niche market and we found one, but unfortunately, it is in an area, I think, that has not been thoroughly considered in terms of the justice of the way that this was—I think when the minister often uses the term fearmongering and when women are not oftentimes given full information of how some of the side effects of aging can be addressed without using often for undetermined periods of time this kind of a product which has definitely had a link with cancer and does continue to have a lesser link with cancer. Those are the kinds of issues that really bothered me about the way this assessment was handled.

I have questions about why the proponent switched from being Ayerst to the City of Brandon. I have heard some explanation for that, but that is one of the questions I have. I have some concerns about the follow-up hearing that we are awaiting in terms of the environmental assessment on this industry.

The minister and the government can continue to play politics with this issue. I know that the Minister of Agriculture (Mr. Enns) has sent out yet another letter with my name on it, damning me across the province for trying to destroy

agriculture in Manitoba. That is certainly not my intention, but I also think there are legitimate concerns, and it is my role here to raise them.

The issue that a lot of women in the women's health community or women's health educators' organizations are talking about is that they need to have some funding to deal with education for women with respect to the product that is being manufactured in this province, when you consider the huge amount of public funds that was infused into this industry and that a lot of the material that will be produced to market the product will not deal with some of the more gentle alternatives, more preventative kinds of alternatives that women could use to deal with declines in estrogen as they age, and I hope that the minister would be able to deal with his cabinet and caucus colleagues on the politics that is being played.

I have met with the producers from the association, and they agree that the way that the government took this on and started playing politics with it is not the intention that I had. My intention was to get some information out to some organizations that I knew had been concerned about this, particularly environment and health organizations. I was not pleased at all with the approach that the animal rights group took on this. I am not advocating just attacking the industry and shutting it down. I would like to see the proper environmental assessment done so that all of the issues related to this industry are going to be examined and addressed and that we are going to have a fair hearing for all those who have concerns on both sides.

I appreciate the stories that the minister is saying with respect to the families that have invested into the industry. I know there is a concern that if women do start to choose alternative methods for dealing with their menopause, that the industry is going to be compromised, or there will be some setback, but I do not apologize for putting the health of women at the forefront of public policy.

**Mr. Cummings:** I do not at all disagree with the member when she says that women have a right to be involved in the decision of what drugs they may take or how they may want to deal with their health

in certain phases of their life, but they must be able to make that decision with the information fairly in front of them.

There are organizations out there—the animal rights organization with which the member's name was attached has taken upon itself to write to medical professionals across North America indicating that the drug is produced from the urine of mares that are kept under deplorable conditions, that their foals are maltreated and all of those other accusations. So they are not making a decision based on knowledge about what it might do to their bodies, plus or minus; they are only making a decision based on the recommendation of their doctor who says that this drug is being produced as a result of abuse of livestock or animals. That is the part that I find so extremely offensive.

Health and Welfare controls the licensing of drugs, and the same thing in the United States. In fact, there is a very large amount of information that says that an artificially-created drug is not nearly as safe as one that is created from natural sources, which is the one that the member has embroiled herself in the debate around.

The reason that the City of Brandon is the proponent in terms of improving the waste disposal facility is that it is, in fact, their waste disposal facility. They are accepting certain waste from the Ayerst plant, the ammonia content of which was high. Ayerst did not build the sewage treatment system; the City of Brandon did. Ayerst is required to meet certain standards. They remove some of the components and truck it away rather than discharge it into the city sewage system. Some of it is actually lagooned separately, I guess, so there is certainly no sinister plot or no behind-the-scenes action that requires anything other than an open discussion about the development of the lagoon and the sewage treatment facilities.

It is a straightforward industrial development in which the City of Winnipeg is involved all the time. Every time they expand their treatment facilities here, they are not only treating human effluent; they are treating some of the waste that is

being generated by industries. Brandon is no different.

\* (2330)

**Ms. McCormick:** I would like to take us back quickly to a couple of questions on the sewage lagoons. You said that there are 14 of them now which are under scrutiny.

**Mr. Cummings:** Fifteen.

**Ms. McCormick:** Fifteen. These are the human waste lagoons. In '92 the Clean Environment Commission had suggested that the issue of these lagoons should be the subject of a study best guided by an advisory steering body and so on. Is the current scrutiny as rigorous as some kind of a scientific study, or is it just an intradepartmental activity?

**Mr. Cummings:** My immediate reaction is that this will, first of all, be data collection, more intensive monitoring of the discharges, but I guess, to context this, this does flow from the conference that was held here last winter on lagoons and their operational requirements. That was not just a response to the CEC; that was really part of an ongoing process the department has been involved in.

What happened there is that we were able to get at least the first cut of information that was available and some connections in terms of sharing information. That is also following on that, that I understand an offer was made to some of those who have been complaining the province had not responded to the recommendations of the commission.

To become involved in the studies, I am not sure much has evolved from that up to this point; nevertheless, the process is going forward.

**Ms. McCormick:** I think that is sufficient for now. Perhaps we can move on to—

**Mr. Deputy Chairperson:** Item 2.(b) Environmental Management (1) Salaries and Employee Benefits \$2,530,700—pass; (2) Other Expenditures \$2,334,600—pass.

2.(c) Legislation and Intergovernmental Affairs (1) Salaries and Employee Benefits \$167,900.

**Ms. McCormick:** Yes. There are just a couple of things I wanted to ask in this section. You referenced earlier that there was an initiative which would be dealing with swimming pools, but in the context in which you told us about this, you had said it was in response to the death of the person, so I got the interpretation that it was a safety issue as opposed to an issue of water quality in the pools.

Can you explain to me what your intention is?

**Mr. Cummings:** It covers the full spectrum. We do inspect under public health, but I think there is—and I have not just seen the regulations recently, but, when you are inspecting for water quality and health issues, they certainly should be able to inspect and enforce regulations on the other side as well and not have a double inspection.

I will just get a little bit more information from the department. Yes. It is as I explained it, plus, specifically, whirlpools are included now and they were not before.

**Ms. McCormick:** That is very good news. Those were the words I had written down here, "spas and whirlpools," because I have friends who believe that the likelihood of picking up anything mean and nasty in a swimming pool is nothing by comparison to what you could get—so you are going to be dealing with water quality and the presence of mean and nasty things in whirlpool water as well?

**Mr. Cummings:** Yes, and the safety aspects of them at the same time, properly operating equipment, that sort of thing.

**Ms. McCormick:** When can we anticipate these regulations to come forward?

**Mr. Cummings:** The draft is out for consultation, so I think we were anticipating having it done by now, frankly, but it is coming. That could be another six weeks.

**Ms. McCormick:** With respect to the mechanisms or methods of controlling the growth of organisms in whirlpool water, are you looking at alternatives to chemical control? Are you looking at ozonation or other kinds of ways of keeping these problems from occurring?

**Mr. Cummings:** Our collective memories cannot answer the question. We certainly allow ozonation in private pools, but I do not know about public ones. I know it is encouraged in private ones, frankly.

**Ms. McCormick:** I think that is one of the things I would hope to find when the regulation comes forward, because we are trying to discourage the use of chlorinating compounds as there are better alternatives. I think that from a sustainable development perspective it might be a good idea to take another look at that regulation and make sure that it is encouraged.

**Ms. Cerilli:** While we are talking about chlorine, especially related to the issue that we just talked about, is the City of Winnipeg using more chlorine in Winnipeg's drinking water?

**Mr. Cummings:** Chlorination is in direct proportion to the requirements of the water that they are bringing in, and I would have no reason to believe those requirements would have gone up right now. It would be higher during algae bloom than now.

**Mr. Deputy Chairperson,** we are not aware that for any reason they would have increased their application rate of chlorine recently.

**Ms. Cerilli:** Sorry, I missed the last part of that answer.

**Mr. Cummings:** We are not aware that they would have increased their application rates of chlorine recently at all.

**Ms. Cerilli:** So, over the last period of years, the minister is not aware or does not think that—which is it?—the City of Winnipeg is increasing its chlorination of water from Shoal Lake.

**Mr. Cummings:** We do not directly regulate it. It would be regulated under the Department of Health. I guess my statement is not necessarily correct in relationship to the algae bloom, but we still—well, the best we can answer the question is that we do not know, but we do not think there has been any reason for change.

\* (2340)

**Ms. Cerilli:** Will the minister and his staff get back to me with that information, please? Do you

know with respect to the proposal at Deacon for reservoirs, when that is to go through and we would start storing the water for a period of time, a longer period of time, I think, it would be, or flowing the water through the reservoirs, if that would require an increase in chlorine treatment for Winnipeg's drinking water?

**Mr. Cummings:** I would not think that the regime would change much, as the operating proposals that I have seen would indicate that they fill when they can from low-demand periods and would withdraw during high-demand periods. There might be some change there. We can probably, by getting the information about the chlorine use, get some idea of whether that has an impact.

**Ms. Cerilli:** How up to speed is the government's Department of Health and Department of Environment on following new research on the relationship between organochlorines and cancer? I have seen a couple of reports that are looking at links, particularly with breast cancer and other cancers like that, between chlorinated drinking water, especially if it is being chlorinated because of algae blooms and any relationship with cancer.

**Mr. Cummings:** The member asked how up to date are we? We are quite current inasmuch as we are part of the national group that is working on guidelines for Canadian drinking water standards, including chlorination, so we do not necessarily have the expertise resident in the department. We are kept current on the most current national debate.

**Ms. Cerilli:** Is there any kind of national system going on that is doing research on this right now in Canada to look at the various major water supplies in the country?

**Mr. Cummings:** The group that I referred to is monitoring the results of some research that is going on, but they are not specifically directing any themselves.

**Ms. Cerilli:** I wonder if I can ask one more question related to this? Would the minister support the notion that some of the dollars that are spent on cancer treatment should be changed to looking at the causes of cancer related to environmental contamination?

**Mr. Cummings:** I do not think that I am very well equipped to address the manner in which dollars are being directed for research into cancer. Prevention is certainly very much part of the overall scene, but I do not think I am prepared to comment beyond that.

**Ms. Cerilli:** I do not want to ask any more questions in this area. It is getting late. We have 13 minutes to go.

**Mr. Deputy Chairperson:** Item 2.(c) Legislation and Intergovernmental Affairs (1) Salaries and Employee Benefits \$167,900—pass; (2) Other Expenditures \$95,300—pass.

(d) Manitoba Hazardous Waste Management Corporation \$1,700,000.

**Ms. Cerilli:** I want to ask one question. The money that goes to the Hazardous Waste Management Corporation, what justification does the minister have for the way that it is shown in the Department of Environment Estimates? Is it money that is appropriated to the department, and then what is the process for flowing it through to the corporation?

**Mr. Cummings:** A legitimate question, because this thing pops up, you know, one lump every year, but the fact is it is mandated under The Manitoba Hazardous Waste Management Corporation Act that it be reflected.

There is an aspect to this that I do not think members maybe appreciate as much as they might, and that is that the corporation has to reflect its interest costs on the accumulative money that it has spent for development. Therefore, in many respects, the government gets almost all of this money back, or gets it acknowledged back in the form of a future debt that the corporation has. Portions of it also are written off within the Department of Finance. But these dollars really are just accounted for here, so in the overall picture there is no million and a half dollars or \$2 million floating out there unattributed to anyone.

**Mr. Deputy Chairperson:** Shall the item pass? The item is accordingly passed.

2.(e) Joint Environmental Assessment Review \$56,500.

**Ms. Cerilli:** Again, just a similar budget kind of related question. This area has declined dramatically, or this division in the department has declined significantly. I am wondering what would happen if there was a proposal to come forward that was determined—a proposal that currently did exist that was determined to acquire a joint assessment. How would this budget line be dealt with?

**Mr. Cummings:** Generally speaking, you know fairly well down the road or far ahead of the actual fact if there is potential for a joint program. But there is enough money here to start the process. I suppose if we had another Conawapa show up between now and September 1, we would be faced with a demand for supplementary funding, but that is pretty unlikely.

**Ms. Cerilli:** I just was reminded of one of the questions I wanted to ask with Ayerst, and that is, it, in my view, has two triggers under federal legislation. It is on a navigable river, which is under federal jurisdiction, and it has federal money invested. So I would like some clarification about how the process occurred for it to be screened out of the federal loop and what were the justifications for its being screened out.

**Mr. Cummings:** The Navigable Waters Act has more to do with putting a structure in the river. Therefore, that would not have caught it, I guess. In terms of the other side, it seems to me that there is a federal screening process which requires that they are satisfied that a process has been undertaken that answers their questions and they are able to screen it out. It is their decision, not ours, in that respect.

This is long enough back I cannot remember precisely how this one may have been dealt with, but, as I just described, it would be an appropriate process and does happen, where they are satisfied that the questions—this is why you sometimes do not see the federal screen-out completed until our process is done. That probably means that they have determined that there are no impacts that cannot be mitigated through the licensing process.

\* (2350)

**Ms. Cerilli:** Has the federal screening been completed on this project?

**Mr. Cummings:** On Ayerst? A long time ago.

**Ms. Cerilli:** So what was done to satisfy them that their concerns would be dealt with?

**Mr. Cummings:** We are talking three years ago here. I am not sure that I can recall the discussion—[interjection] Well, I am sorry, two, two and a half. I am not sure that I can recall the precise matters. The discharges obviously would be the environmental impact that would have to be dealt with. I cannot think of others. Therefore, the process of the development and improvement of the sewage treatment capacity was likely what answered their questions, and I am going very much by memory here.

**Mr. Deputy Chairperson:** Shall the item pass?

**Ms. Cerilli:** I seem to recall that there was approximately a three-week turnaround on when the proposal went in and when the authorization was approved. Is that correct? Does the minister not think that is a pretty short time given the large amount of public money in the project?

**Mr. Cummings:** I have no idea if that was three weeks or three months. I would have to go back and check, but the member by asking the question in that sense is implying that something was shortened or abridged. I remember that this was a pretty straightforward process, but it did break down for some considerable time in the discussion of details on the exact type of treatment facility that was going to be put in.

I think the member's perception of how the process was handled might have something to do that we have both have forgotten until I have been reminded here that this was a staged licence.

**Ms. Cerilli:** I think it was August 1992 that the proposal came forward. Can the minister clarify what the stages of the licences were?

**Mr. Cummings:** Now the first stage was only to put in necessary equipment in the lagoon and was not an elaborate improvement. The second stage will be the one where there will be a lot more work undertaken.

The staged licence was only in the sense that the first stage was a minimum amount of work in terms of putting equipment in the lagoon itself. The second stage was where there was a much more expansion.

**Ms. Cerilli:** I have no more questions on this area.

**Mr. Deputy Chairperson:** Shall the item pass? The item is accordingly passed.

Item 2.(f) Alcohol Beverage Container Recycling Program \$300,000—shall the item pass? The item is accordingly passed. Oh, I am sorry.

**Mr. Cummings:** Perhaps I can pre-empt the member's question. This line reflects the actual cost of running the collection system that the Manitoba Liquor Commission contracts with MSDR. I guess the small figure reflects that it has not been collecting the volumes that we think they should be.

**Mr. Deputy Chairperson:** Shall the item pass?

**Ms. Cerilli:** Did it increase over last year at all? We had this discussion last year.

**Mr. Cummings:** I cannot say whether they increased or decreased over last year. The fact is they did not use their full allocation last year, so this is considered to be a more accurate reflection of what they will use.

**Mr. Deputy Chairperson:** Shall the item pass? The item is accordingly passed.

Resolution 31.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$12,396,100 for Environment for the fiscal year ending the 31st day of March, 1995.

We will now move on to 3. Clean Environment Commission (a) Salaries and Employee Benefits \$269,600.

**Ms. McCormick:** Mr. Deputy Chairperson, I had a question. I note that the public hearings for the CEC anticipate a review of the Asissippi Park Ski Hill proposal. This has been strangely silent since Louisiana-Pacific knocked it off the pages of the newspaper. Is it still anticipated that this project is going to go ahead?

**Mr. Cummings:** Yes.

**Ms. McCormick:** Have you a sense of the timing for the hearings?

**Mr. Cummings:** Not precisely, although the latest word I have heard is that they are working diligently and would like me to believe that they will have their information forwarded to us in early July.

As soon as they complete a couple of more studies that they were required to do, they should be getting closer to having what we require. The date could be anywhere, but in a very general sense, they anticipate bringing it forward in mid-summer, I guess is the best way to describe it.

**Ms. McCormick:** Given that there was a commitment prior to the federal election of a fairly significant amount of federal money going into this, is it anticipated that there would be a joint federal-provincial review process?

**Mr. Cummings:** No, and Mr. Axworthy early on wrote a letter saying that because there was federal money, that he was anticipating a review, but he did not specify a joint review, nor is one anticipated. There has been indication since then that federal money has been withdrawn, so there may not even be a federal trigger.

\* (0000)

**Mr. Deputy Chairperson:** Order, please. The hour being twelve o'clock, what is the will of committee?

**Mr. Cummings:** Another five minutes and we will be done?

**Mr. Deputy Chairperson:** Okay, we will carry on for a little while.

**Ms. McCormick:** I think I have had answers to all my questions in these areas.

**Mr. Deputy Chairperson:** Shall the item pass? The item is accordingly passed.

Item 3.(b) Other Expenditures \$182,000—pass.

Resolution 31.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$451,600 for Environment for the fiscal year ending the 31st day of March, 1995.

Item 4. International Institute for Sustainable Development \$1,375,000.

**Ms. Cerilli:** This is the year for the institute to have to enter into a new agreement for funding. What is the government recommending for a new agreement for funding the institute?

**Mr. Cummings:** I do not think I am going to say or I could say what the government is recommending. All along, we have recommended that the institute do everything it can to get private-sector funding. They cannot likely expect to have as much support from the public sector as they have had up till now in terms of a percentage—at least in terms of a percentage of their total budget.

My understanding is they are negotiating with the responsible federal authorities. Certainly, one thing I think we did is, with their approval, we have held back on a bit of their cash flow, so they will not be without some resources in the coming year, the balance of the agreement that we have with them. My last conversation with Mr. Hansen indicated that they were having some luck, but I do not have a report from the last board meeting, and I am not sure that it would be all that relevant at this time.

**Ms. Cerilli:** So what the minister is saying is he is not prepared or able to say right now what the government is going to do in terms of financial support for the institute?

**Mr. Cummings:** I am unable to say. I am not saying that we are not supportive of the institute or that we would not be supporting it. I am just unable to say what form that might take or how much.

**Ms. Cerilli:** Are you able to tell us the kind of private financing they have secured, generally?

**Mr. Cummings:** Specifically, no, although I meant it in the sense that they have been able to secure contracts for work they are undertaking jointly and on behalf of some private-sector developments. I am told they have raised about a million dollars this last year in that respect, also that CEDA and Environment Canada are both part of the negotiations for the ongoing funding of the institute.

We are pretty proud of them and some of the achievements that they have started to demonstrate around the world, some accomplishment. I think it

is a matter of all of the parties and the institute being able to come to an understanding as to where they will take the next phase, but certainly, I cannot give you any kind of definite answer at this date.

**Ms. Cerilli:** Does the provincial government promote this in its various meetings with the different provincial governments in Canada? It would be nice if we had other provincial governments taking an interest financially. Is this something that the minister promotes in his role with the other Canadian Ministers of Environment? Are we going to see some other provinces involved in this institution?

**Mr. Cummings:** We promote it all the time. The institute has undertaken to do some work on the national scale with the round table. They were doing some work for the Projet. They were doing some work for a number of international connections, and the only thing is, in its early stages, as we promoted it to other jurisdictions, I think there was some local pride involved that it was here and not in some of the other jurisdictions. There was never any hostility, but there was—I had the opportunity to report regularly at the ministers' meetings on what progress the institute was making, but I do not think I was ever able to leverage any work for them.

**Ms. Cerilli:** I guess over the years I have had a chance to get to know some of the people there, and I think that there are some good people that are on the staff there. There have been some good people on staff there. I still have a concern though that I think a lot of people in Manitoba do—given the amount of money that we have put into this institute—that they are not more present on Manitoba-related issues or talking about the kinds of issues occurring in Manitoba that are having an effect internationally.

Does the minister see that this is going to change so that this organization will have more of a profile amongst Manitobans who are active on environment and development issues and I think gain some more exposure and presence locally? I think a lot of people still do not really have a sense how to use their services or what they will offer or,

you know, they are in some ways critical of them, and I think that there is some work that could be done locally here. Maybe the minister does not see that as a role for this organization.

**Mr. Cummings:** I do not think they can become too local or too provincial in their outlook. They would lose credibility internationally if they were not careful on how they let that role unfold. I know that there are a lot of efforts made by the institute to be well known and to be more visible locally, and they are both provincially, nationally and internationally. I think they have had some successes recently.

I would be certainly aware that the institute would be open to any suggestions or comments in terms of what else they might become involved in. At the national level, Mr. Hansen is now on a national round table, a direct appointment. He serves on a multitude of boards internationally, and they were intended as a vehicle to provide sustainable development analysis and information and co-ordination, and they have gradually built up their repertoire, I guess is the best way to describe it.

**Ms. Cerilli:** Why are they having such a hard time getting financial investment from other provinces or the private sector?

**Mr. Cummings:** I am not sure that they are having such a hard time. I would not want to describe it in that sense. They have got a lot of connections through contractual arrangements where they are working with national and international organizations.

\* (0010)

Why are they not getting more from other provinces? I suppose it has got something to do with the fact that they have not seen where at the same time they are able to get some immediate expertise in areas that are current to them right at this moment. I do not think it is any sign of lack of capacity or respect for their capabilities. Generally speaking, we do not as provinces put money into institutions in other provinces. I would usually look to the federal authorities for that.

**Ms. Cerilli:** One more question. Is there a guarantee for financial support from the federal government around the same level?

**Mr. Cummings:** Not that I am aware of.

**Mr. Deputy Chairperson,** my comment was not correct. Apparently, the federal authorities, while they have not guaranteed, they have certainly indicated quite recently their willingness to be involved and I welcome that.

I do not, by the way, sit on the board, so if I appear to be answering from a little bit of distance, that is one of the reasons. We do have representatives from Manitoba on the board.

**Mr. Deputy Chairperson:** Shall the item pass?

**Ms. McCormick:** It does not relate to this line, but I just wanted to put a last concern in before we finish up. I had indicated that I had another package of stuff from the person concerned about lead in the drinking water in these pumps which appear to be being dumped on the Canadian market.

There is some new information in here which I would like to pass on, including a couple of press clippings and indication that this has been raised in the legislatures in both Ontario and Prince Edward Island, and there is also a newspaper clipping indicating that the Canadian government is aware of the potential dangers posed by the pumps and has notified provincial governments. So I would like to add this information to the collection and have the minister harass the staff, follow up on it.

**Mr. Deputy Chairperson:** Will you table it then?

**Ms. McCormick:** Yes, please. And that is it for me.

**Mr. Cummings:** A question earlier about Pelican Lake Enhancement Program. We did reply on May 5. I think our letters crossed in the mail. The salient points were that, historically, downstream interests have not been adversely affected in the long term by temporary elimination of minimum flows. Presently Lorne and Louise who achieved an elevation of 4.0—I cannot table this; I will copy it to the member.

**Mr. Deputy Chairperson:** Shall the item pass—pass.

Resolution 31.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,375,000 for Environment for the fiscal year ending the 31st day of March, 1995.

At this time we ask the staff to leave as we revert back to item 1.(a) Minister's Salary \$20,600—pass.

Resolution 31.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,498,400 for Environment for the fiscal year ending the 31st day of March, 1995.

This concludes the Department of Environment. Committee rise.

\* (2000)

## INDUSTRY, TRADE AND TOURISM

**Madam Chairperson (Louise Dacquay):** Order, please. Will the Committee of Supply please come to order.

This section of the Committee of Supply is dealing with the Estimates for the Department of Industry, Trade and Tourism. I understand that this section of Committee of Supply has passed all resolutions and items with the exception of item 1.(a) which is the Minister's Salary.

I need clarification before we continue. I am not sure if it is the intent of the committee to ask questions on this topic beyond the actual minister's salary, and if that is the case, then we would need some understanding of same so that I could invite the minister's staff into the Chamber, because normal practice does not allow ministerial staff in the Chamber at the time discussion takes place on item 1.(a).

**Hon. James Downey (Minister of Industry, Trade and Tourism):** Madam Chairperson, it is not my intention to have staff come in as it is not the normal practice during ministerial salaries. So any questions that may go broader than my actual salary or some issue, I am quite prepared to get that information for members if I do not have it available to them here.

**Mr. Gord Mackintosh (St. Johns):** Madam Chairperson, there were two broad areas I wanted to canvass with the minister. The first was

regarding the Immigrant Investor Fund and the second is with regard to the interprovincial trade barriers. So those are two areas. I have no idea as to how much time it will take, and I appreciate that some of the questions may involve searching for detailed answers that the minister may not be able to provide today, but I do not know that. So let us give it a go.

First of all, I want to canvass with the minister whether the minister or his department have concluded with regard to the Immigrant Investor Fund, that they have a responsibility to protect the interests of the investors.

**Mr. Downey:** Madam Chair, even though it is not a provincial program and that it is very much between the investors and the people who are handling the investment basically, there is a provincial responsibility as it comes to the assessment of the projects of which are to be invested in as it relates to the economic activities of the province. It is my understanding the general practice has been that a review has taken place, and the federal government look for that review to take place and then act basically upon that.

However, we believe that it was in the interests of the investors, particularly as it related to the Lakeview properties group, that we put forward to the federal government a communication asking them three points: basically a continued freeze on the fund, but asked for a court-directed solution; the investors have representation on the board; and that a review be done of the investments made on behalf of the investors. Those were the positions we put forward. We have also communicated our concern to the trust company as it relates to our concerns.

So the member in asking his question, do we have a responsibility, basically, as I said, it is a federal program. We are not particularly mandated in any way. It is my understanding, in some of the reviews that have taken place, that it was the former administration that took the jurisdiction of the province away by not having the investment reviewed by the Public Securities Commission.

**Mr. Mackintosh:** It is my understanding that the role of the province, among other things, was to

review and to assure all of the interested parties, including the province of Manitoba, the people of Manitoba, that there were economic benefits to the projects, and that the province's conclusion as to whether or not their economic benefits would certainly have an impact on what happened down the road with the approval process.

I note from the Crewson report of December 30, '92, where they concluded, and this is I think the fundamental aspect of this report. It says: Our review has indicated a general lack of hard economic analysis documentation on specific investment proposals outside of the information provided by the promoters. In addition, we found a general lack of analysis of the economic impact on the respective industry sectors which a proposed investment would have.

So given that that is the essential finding, I think, by the Crewson report on the role of the provincial government, it concluded that the provincial government did not fulfill its function; that is, to review the economic benefits. The province relied on information provided by the promoters. It failed, it appears, to do what it was mandated by law explicitly to do.

My question for the minister is, as a result of that finding and as a result of the fundamental requirement that was imposed on the provincial government, what action is the province going to do beyond suggesting to the federal government that there be three conditions before the money is released? I mean surely there was some contingency plan in mind by the minister in the event that the federal government did release the funding.

**Mr. Downey:** Madam Chair, I want the member to be conscious of the fact that again it is a federal program. Number two, it was this government, I believe the only one in Canada, that called for a review by an auditor, did a complete audit of the activities that were being carried out. It was the party of which he sits, when they were in the government, that passed a regulation that removed the instrument which the province had to do a more thorough approval, that being the Securities Commission, from playing a role in it. I am not

unconscious of the issue which the member has raised. I am not sure, I think it is debatable as to the economic benefits that have been derived from some of the investments that have been made.

I think there was a fair analysis done by the Department of Industry, Trade and Tourism, and at that particular time when it was done and decisions were made, it was expected that economic benefits would flow. I think there have been circumstances which have developed subsequent to that that the Crewson report is reporting on, and again, I had no reason to do anything but say that the Crewson report was put in action because of the concerns that the province had, otherwise we would not have done so.

I think if the member would note as to how we have carried out the protection of the investors and the actions on behalf of the people of Manitoba compared to what happened in any other jurisdiction in Canada, we have taken the most responsible action.

**Mr. Mackintosh:** I refer over the last number of years to inaction by the provincial government where, for example, in one of the funds, monies were apparently appropriated for something other than the project, a situation where the offering memoranda was false, a situation where monies were paid out without any security and where there was a conflict of interest apparently, and there was no action by the province in dealing with those specific problems and threats to both the taxpayers of Manitoba perhaps and certainly to the investors and to the reputation of the province and Canada as a whole.

I would say in response to the minister's argument that this was a federal program, it was, in fact, a federal and provincial program, and that the program would not have gone ahead in Manitoba if not for the role of the Manitoba government. That is the basic fact here.

The Immigrant Investor Program was promulgated and promoted by two levels of government in concert, and the province has a very significant role. It is one that I have some concern as to the risk of liability on the part of the taxpayers of Manitoba as a result of certain problems that

have occurred. I am just wondering if the minister is aware of any claim or pending claim against the Province of Manitoba in respect to the Immigrant Investor Program.

\* (2010)

**Mr. Downey:** No, Madam Chair, I am not aware of any proposed claim, but I think it might be helpful for the member opposite and for the people of Manitoba to understand some of the actions that were taken prior to this government getting into office. I will refer to a news release of June 27, 1986, which I think is important to read into the record, so if the member wants to do his homework and his research, this might be helpful as to who took what action as it relates to the protection of investors and the people of Manitoba.

The headline says: Relax. Securities rules for certain offerings. Then another heading says: Provide for exemptions from commission review. Consumer and Corporate Affairs Minister Al Mackling has announced a new regulation designed to facilitate the raising of capital from certain classes of investors in Manitoba's securities market. Mr. Mackling said the effect of the regulation passed under provisions of The Securities Act will be to allow private placements and limited offerings to these investors to proceed without any prior vetting of the proposed offerings by the Manitoba Securities Commission.

Generally the exemptions from such vetting will apply where the securities issues are dealing with sophisticated or volume purchasers who by reason of their means and previous experience normally do not require the assistance of the Securities Commission or the protection of The Securities Act, the minister explained. Also, they would apply where the purchasers have a pre-existing special relationship with the issuers, such as relatives, close friends, or business associates. The regulation is also being implemented to bring Manitoba in line with securities regulations already in force in Ontario, British Columbia and Alberta.

The new rules, said Mr. Mackling, by reducing regulatory constraints, will make it easier and less costly to raise capital among these classes of

purchasers. They are designed to simplify the legitimate raising of capital in Manitoba's securities market, while at the same time maintaining an acceptable level of investor protection.

The minister said the amended regulation will change the way these securities are handled. The affected investors will now assume the responsibility of checking securities information before purchasing—pretty much leaves that with the investor; takes it away from provincial responsibility—with the investor before purchasing. The Securities Commission will no longer review these securities marketed only to sophisticated investors, thereby reducing the commission's protective role in these cases.

Despite the increased risk resulting from this reduced review role, exemption of these classes of transactions is expected to strengthen the securities industry and the economy of Manitoba, said Mr. Mackling. Special forms to be filed with the Securities Commission have been devised in which parties to securities transactions exempted from review declare their eligibility for exemption and their understanding of the process.

So I think there was action taken by the former administration which I think is important for all members to understand. So the basic answer to the question was, I am not aware of any action being taken against the province at this time.

#### Point of Order

**Mr. Gary Kowalski (The Maples):** If a document is referred to, can I ask that it be tabled so I could see that document.

**Madam Chairperson:** You certainly may. Indeed, that is a point of order, with the willingness of the minister to comply. Is the minister willing to table that document?

**Mr. Downey:** For these Estimates, I would be more than pleased to have a copy of it released. I would like that back, please.

**Madam Chairperson:** I thank the honourable minister, and the honourable member for The Maples will indeed receive a copy of that document.

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**Mr. Mackintosh:** What happens with regard to a Securities Commission application I do not think is relevant. What is relevant here is what was the responsibility of the province under the Immigrant Investor Program as designed by law, and Crewson said there was a general lack of analysis of the economic impact, and that was the role of the province. I mean, the province cannot get around that.

I just wonder if the minister or staff of the department has had contact with the investors, particularly of the Winnipeg Renaissance project, whether the minister has had contact since the federal government announced that the fund freeze will be lifted.

**Mr. Downey:** Madam Chairperson, I am of the understanding that there have been some discussions that have taken place, particularly with legal representation of some of the investors, not all, but some of the investors have been in discussion with the department.

**Mr. Mackintosh:** I am wondering if the minister would advise whether the meeting with investors was with a view to reaching a settlement as to what would happen with the funds and the investment.

**Mr. Downey:** This is subject to further clarification, but my understanding was that the general text of the meetings was to request that continued freeze of the funds be kept in place because of the lack of confidence by the investors to allow them to be released. I believe that was the general text of what was discussed.

**Mr. Mackintosh:** Can the minister advise whether the meetings are still ongoing and whether there will be further meetings in the future to deal with the funds?

**Mr. Downey:** Yes, I can see no reason why meetings would not continue to go on and discussions would continue to take place between the department and representation from the investors. I am sure they will have the ability to continue dialogue and discussion with the provincial representation.

**Mr. Mackintosh:** Has the minister or the department given instructions to counsel of the department to initiate those proceedings and to lead in trying to find a solution to this problem?

**Mr. Downey:** Madam Chairperson, the member is asking for us to—if he is asking us to take some form of legal action, the answer is, no, we have not taken any form of legal action. Is there an intent to try and work with the investors to try to resolve this issue? The answer is yes; there have been discussions and dialogues to see how we can best accomplish security and investment for those investors through some dialogue and considering the protection of their funds and also looking at what are some viable economic activities that fall within the guidelines that would help generate economic activity in the province of Manitoba.

**Mr. Mackintosh:** Just following what the minister said at the end of his comments, is the government looking at some alternative investment for the investors of the Winnipeg Renaissance project?

**Mr. Downey:** Again, Madam Chairperson, that is up to those people who have the funds and who are in control of them to bring forward proposals that could be, in fact, considered.

**Mr. Mackintosh:** I am wondering if the government is looking at the Winnipeg Renaissance project and attempting to—what action it is taking to attempt to prevent that project from proceeding. Has it, in fact, looked to see whether there is economic benefit to Manitobans in light of recent developments, particularly insights into the nature of the investment and perhaps changes in the hospitality industry in Manitoba and in Winnipeg in particular?

**Mr. Downey:** Madam Chairperson, as I understand how it works, if there is a major change in the project, there will have to be an assessment made by the department as to the economic benefits, and as well when a major change takes place as it relates to an investment, the investors have to be in agreement with the change as well.

**Mr. Mackintosh:** Would the minister be taking the position that there is a change, a significant or major change, with regard to the Winnipeg Renaissance project, and is the department

prepared to re-examine the economic impact of that project?

**Mr. Downey:** Madam Chairperson, I think I have laid out for the member what the government's position and the department's position is. An assessment would have to be made as to the economic impact and what it would in fact do; and, secondly, as it relates to an approval of a change in a major project, then the investors would have to be in agreement with that change as well. That is my understanding of the process.

\* (2020)

**Mr. Mackintosh:** The minister uses the word "would" sort of in a hypothetical sense, and I really want to know, with this specific project, whether the staff, the department or the minister is seeking a re-evaluation of the Winnipeg Renaissance project.

**Mr. Downey:** Yes, Madam Chairperson, I have indicated what the process is, and it is my understanding, and I would further check for the member, that that would, in fact, take place and could be taking place in a short period of time. I do not want to leave the impression that it is an automatic approval, but an assessment has to be made for any change in a project, regardless of the project. Whichever one that he would be referring to, there would be an assessment made as to the economic benefit, and because of the major change that is being proposed, the investors would also have to be in compliance with that change.

**Mr. Mackintosh:** I am wondering if the minister or any departmental officials have met with the federal government since the federal government announced that it would be lifting its freeze on the funds for the Renaissance project.

**Mr. Downey:** We have communicated by letter to the federal government. We have had a reply from the federal government. I would have to do a check with my deputy minister as to what discussions have taken place with the federal government. I know there have been some discussions at different periods of time. I think the federal government continues to get the message from us in one way or another of what our position is. What discussions have taken place on a formal basis, I

would have to get that information. I would suspect discussions have taken place, but that is subject to further confirmation.

**Mr. Mackintosh:** The provincial conditions that the minister has outlined appear to be relatively modest, I think, given recommendations set out in the Crewson report, for example. I am surprised that the federal government has not acknowledged that that is the way to go and has nonetheless announced that the freeze would be lifted. I am wondering if the minister is aware of how that decision was made by the federal government in the absence of taking into consideration Manitoba's request.

**Mr. Downey:** I guess, Madam Chairperson, I cannot explain why the federal government did what they did. I am somewhat surprised, to be quite honest, that they did not do more of a review before the decision was made. I referred earlier in Question Period today, and I have a Hansard which refers to comments that Mr. Axworthy had made as it relates to calling for the previous federal government to do a complete investigation of the total Immigrant Investor Program.

Why, once achieving the responsibility of government, that now is not being carried out, I cannot answer for that. Again, I guess our concerns are that with the release of the funds, without the courts having been involved and some answers given, then one could see actions which are not in the best interests of the investors and the integrity of the program.

So again, I cannot answer for the federal minister. I cannot answer for the federal government, but I am somewhat surprised that they would call for it in opposition, and then when achieving government, have more or less proceeded on the same path as what they were critical of when they were in opposition.

**Mr. Mackintosh:** Is the minister aware whether this federal decision rested with one particular official or what level of decision making this was? Were there any federal ministers who were involved in this?

**Mr. Downey:** No, Madam Chairperson, I am just aware that I have received a letter from the federal

minister which communicated the message to me, and as I indicated earlier, I am prepared to make that letter public as it relates to that decision.

**Mr. Mackintosh:** It would be appreciated if the minister would table that letter for the House.

Has the minister or the department or counsel for the department—I understand from the Estimates of the Attorney General that Taylor McCaffrey has been retained by the department to assist in this issue. I am just wondering if there has been any consideration of what role the government of Manitoba has in trying to get the money paid into court itself.

**Mr. Downey:** I am not sure of the question. Maybe the member could repeat it. I guess he is asking, do we have a legal instrument that could force that to happen? [interjection] I do not believe we have any way of legally forcing that to happen. Again, I will check further, but I am led to believe, I have been told that I do not believe we have any legal grounds to force that to happen.

**Mr. Mackintosh:** I understand that there is an ongoing RCMP investigation into the Bison Fund which is a separate fund from the Winnipeg Renaissance fund. Since that investigation began, I understand that there has been an affidavit filed in the Court of Queen's Bench by Mr. Bryan Dudek, who was a principal of Bison Fund or may continue to be a principal of the Bison Fund.

In there, certain allegations are made under oath as to the involvement of Lakeview interests in the Bison Fund, both in promoting it and then in receiving a benefit from the Bison Fund.

It is my understanding that although the RCMP investigation is looking at the documents of many different parties, Lakeview is not one of them, the number of Lakeview companies involved in the Bison Fund.

I am wondering if the minister has considered this issue and, if not, if he would consider this and make a request of the RCMP that in their review, their investigation of the Bison Fund, that they include in that an investigation of the Lakeview interests.

**Mr. Downey:** Madam Chair, I cannot confirm or deny what the member has put on the record at this particular time but will check and will also take into consideration what he has suggested.

I would be reluctant at this particular time to put any more on the record as it relates to this whole ongoing event, and will take seriously the issues which he has asked and put on the record.

**Mr. Mackintosh:** I just want to review briefly the role of the department in giving approvals, very questionable approvals over the course of the Immigrant Investor Program and, particularly, those approvals that are identified in the Crewson reports as really coming down to a general lack of analysis of the economic impact of the projects.

I am wondering in particular with the Winnipeg Renaissance project if the minister is aware of what study the department conducted as to the viability of the Winnipeg Renaissance project, its impact on the hotel industry and jobs in Winnipeg and Manitoba in general.

**Mr. Downey:** I would have to check with the department to see what specific reviews and/or work was done as it related to that project.

**Mr. Mackintosh:** I think the minister will find that the comments in the Crewson report will be supported in that there was none or very little analysis. My question is, there are officials, obviously, in the department who are responsible for reviewing the economic impact, economic results of the projects, and I use the Winnipeg Renaissance as one example.

I would like to know what assurances the minister can give to this House that there have been changes within the department to ensure that the people who are to be protected by the department will be protected in the future.

**Mr. Downey:** Well, I am not sure what the member is asking me for, if he is asking me to go on a head hunt, to go on a witch hunt, to carry out some kind of retribution, or what is he really asking me to do? I can assure him that I think many lessons have been learned by many people, hopefully at the federal government level, hopefully within some of the actions that have

been carried on and the difficulties that have arisen.

\* (2030)

Again, I want to remind him, it was this government that called for the audit of the program. I am not aware of it happening in any other province. I am not aware of the federal government carrying it on.

Again, I go back to the reference that I made to the government that is now in office. The Liberal government that is now there, when they were opposition, called for a complete inquiry, but now that they are in office have, for some reason, changed their position or their desire to do so. I guess we will leave it up to either the Liberal Party in the House to explain as to why the position has changed at the federal government or maybe we can get some explanation from them.

Again, the member is asking me to carry out some kind of retribution as it relates to work that was done. I would have to do a little bit more work to see whether or not—I do not think there would be any intentional misleading or that kind of activity done within the department. I do not think professional people within the system would intentionally carry out that kind of activity, but I would further inquire as to the specifics of the question.

**Mr. Mackintosh:** I think the minister has rightly interpreted my question. We have a department of the government which, according to Crewson, did not do its essential duty. I am concerned that there was a sloppiness exhibited during the course of this review. I am relying on Crewson in making that observation.

I just want to be assured that there has been a review of the functions and the role of the department in administering the Immigrant Investor Fund to ensure that the problems do not spill over into other programs and program deliveries of the department.

**Mr. Downey:** I think it is somewhat unfair for the member for St. Johns to now come and say that particular work was not done by the Department of Industry, Trade and Tourism.

First of all, Madam Chair, it was a federal government program that did not require provincial investigation or review. Secondly, which is probably more pertinent to this whole debate, a government party of which he now sits, when they were in government, took the authority away from the Securities Commission, which would have been the normal process that it would have had to go through to give some protection to the investors.

So he is now sitting here saying that we should prosecute somebody that works within I, T and T, Industry, Trade and Tourism, for some kind of inaction or some kind of misappropriate or inappropriate work being carried out as it relates to this program. I do not accept that. I think he should look in the mirror. He should phone Al Mackling and say: Al, you wronged again; your mistakes continue to haunt the NDP party in this House.

So I will check. I think a lot of lessons have been learned by the federal people; hopefully, they have been learned. I cannot point out any particular individual who intentionally did not do their work within the Department of Industry, Trade and Tourism.

**Mr. Mackintosh:** If the minister disagrees with Crewson's observations that the provincial government is charged with the responsibility of determining economic benefit and impact for each proposed investment undertaken in Manitoba—that is in quotes—then the minister should put it on the record. But that is both the law, the regulation and the observation of the Crewson report.

I think there is an obligation on the part of the minister and the government in general to ensure that there is a review of the handling of this matter by the department.

I would like to ask the minister, what is his view of what is going to happen next here? Does the minister have a sense as to what will come of the funds? Have there been discussions, for example, today with regard to the monies now held in escrow?

**Mr. Downey:** I believe I have answered that question as it relates to where it is at within the department.

**Mr. Mackintosh:** The Crewson report, its final report, had on page 25 made several recommendations if the Renaissance project was allowed to continue. I am wondering if the minister would undertake to review those recommendations and do whatever is necessary in the event the project is allowed to continue.

**Mr. Downey:** I believe I have answered that in previous questions. The answer still remains the same.

**Mr. Mackintosh:** Has the minister's staff, officials of the department, had discussions with Mr. Levit or principals of the Lakeview companies and representatives of the Winnipeg Renaissance project with regard to what would happen to the funds that are currently held in escrow?

**Mr. Downey:** Yes, there has been communication. I believe that is being dealt with by the deputy minister.

**Mr. Mackintosh:** I am wondering if the objective of the discussions is to ensure either that there be a re-examination of the Winnipeg Renaissance project or that the funds be used for a purpose other than the Winnipeg Renaissance project.

**Mr. Downey:** I do not know how many ways this member wants to ask the question a different way. The answer still remains the same as the first time he asked it.

**Mr. Kowalski:** I would just like to get some more information so I can understand this issue a little bit clearer. I understand in 1991 there was an offer, a memorandum issued that was approved by the province under Immigrant Investors. It was very similar to offering to memorandums put forward by Lakeview in Saskatchewan, New Brunswick and Nova Scotia. My understanding is that, besides the province, the federal government approved that offer in a memorandum, but when it went to the Hong Kong Securities Commission they asked for some changes to the original offering of memorandum. Is that correct?

**Mr. Downey:** I am sorry. I do not have that information. I will certainly get it for the member.

**Mr. Kowalski:** From my understanding, there have been two different opinions sought for

criminal charges, one from the RCMP. Also, from the Attorney General's department, they had their own investigation. Is that correct? There were two different investigations into criminal allegations to this Immigrant Investor Fund, this particular Bison Fund?

**Mr. Downey:** I am sorry. I did not catch the question. Would the member repeat it. I was going through some—

**Mr. Kowalski:** Were there two separate investigations, one by the RCMP and another by staff within the Attorney General's department into criminal wrongdoing in this fund?

\* (2040)

**Mr. Downey:** Madam Chairperson, I think that question would be more appropriately asked of the Attorney General as it relates to any additional work that was being done. I am just aware of the one of the RCMP that was work of the RCMP that was being carried out.

**Mr. Kowalski:** During the time this was happening, was this company, Lakeview, active in other provinces? If they were, do you have any idea on their success rate in other provinces?

**Mr. Downey:** I am not aware of what other activities they were carrying on in other provinces. Again, I can check for the member's benefit.

**Mr. Kowalski:** My understanding is that while this was happening in Manitoba, 12 other hotels, Country Inn hotels were built by the same company that were successful and that in those other provinces, when the concerns were raised about the offering memorandum, some of the guidelines were tightened up.

Was there any consideration given to tightening up the guidelines in this province on this fund, requesting a change in offering to memorandum by the province to Lakeview?

**Mr. Downey:** I would have to again check. I guess the bottom line was that, again making reference to the fact that it was a program that was introduced by the federal government, our involvement was not of a regulatory one. It was one of an assessment of the economic benefit, and that was carried out.

That was the judgment that was made, and basically that was the role which the province had.

So as far as any further requests, I think probably it would be fair to state that concerns had been raised as to the lack of more stringent regulatory activity. Again, it certainly has been in the last period of time, not having the Securities Commission as part of the approval process. I think probably in hindsight, it could have been helpful if it had been maintained.

**Mr. Mackintosh:** Just to point out to the minister that the Securities Commission's role in immigrant investment was changed back in 1986, and there were problems that were obvious, I am sure, to the department or should have been many years ago. The essential concern still remains that the province did have a clear role and according to the Crewson report failed in that essential role.

My concern now, and I hope the minister shares this, is that we must reduce the risk to Manitoba taxpayers, and I think there is some exposure of taxpayers to a risk of liability. I would urge the minister and the government to do everything they can to help ensure that there is a good return on investment to the investors with an economic benefit to all Manitobans.

It is with that in mind that I ask these series of questions tonight. I think that the Immigrant Investor Program and what has happened in Manitoba is a most serious matter, and I do not think the story is over yet. I think the story is yet to be told in total.

Perhaps if the minister can simply respond to my urging that the government take a rigorous role in both protecting the investors and protecting the taxpayers of Manitoba from what I think is an exposure.

**Mr. Downey:** Madam Chairperson, I appreciate what the member is saying. I think it is a situation that has developed. Let us face it, we are interested in having capital invested in the province of Manitoba. I believe it is important for the individuals who are investing that they do so with confidence and trust. That is what anybody wants to do if you are investing.

Regardless of what area of the world you live in, if you make an investment, you want to know that the investment has integrity and that there is, in fact, an ability to have trust in that investment. There is a reputation that goes with that as it relates to what has happened here in Manitoba. We hope we can get through this, resolve it.

I appreciate the questions from the members opposite. I think they are again helpful to put forward the positions of the two parties. It is my intention to make the information available as it relates to what the members have asked for. I will make it appropriately available to them, so they have the documentation as it relates to the actions taken by this government and the responses.

**Mr. Mackintosh:** I just had a number of questions about the minister's initiatives in dealing with interprovincial trade barriers. I understand there have been some meetings lately at a high level. I think the minister was personally in attendance at one or two of these meetings in the last several weeks.

I am just wondering, first of all, what the minister's and the government's position is regarding reducing interprovincial trade barriers.

**Mr. Downey:** Madam Chair, I think it is important that I put a little bit of background on the record for the information of the House and the people of Manitoba.

Under the leadership of our Premier (Mr. Filmon) and the former Minister of Industry, Trade and Tourism, there has been leadership shown and actions taken by this province and by this government to try to take serious actions as it relates to the removal, the discouraging of any new actions that would cause disruption of trade within Canada, within the provincial boundaries and the territories.

The seriousness of it was demonstrated by the fact that my colleague the now-Minister of Finance (Mr. Stefanson), who was the Minister of Industry, Trade and Tourism, was the co-chair of the Trade ministers with the federal government. With the change in cabinet, I assumed the responsibilities of internal trade discussions and as

well have picked up the co-chair's responsibility with Mr. John Manley of the federal government.

Let me, as well, acknowledge the hard work and effort of one Mr. Arthur Mauro, who is no stranger to members in this House and to the majority of people in Manitoba, who has been put in place by the federal government and agreed to by all the provinces and the territories as the chief negotiator to work with the staff of the departments of government chief negotiators. In our case, it was the former Deputy Minister of Industry, Trade and Tourism and staff of the Department of Industry, Trade and Tourism who have been working diligently, travelling thousands of air miles, putting in numerous hours in negotiating and bringing forward a proposal which we as ministers can approve and recommend to the First Ministers of this country for some form of official signage. The date which we were given by the Premiers and by the First Minister of this country was a deadline of June 30 of 1994, that they wanted to see the agreement concluded by that particular time.

**\* (2050)**

I am not going to go through all the details of the negotiations and discussions, but I say at the outset that I think we have progressed more in the last year, year and a half, since this committee has been established than we have seen in many, many years within Canadian history, appreciating the fact that we are dealing in 11 specific sectors, some of which have advanced further than others. Probably the one that has been the most advanced has been the one in the government procurement section where there are some details that are to be finalized, but progress has been shown. Progress has been shown in other areas—labour mobility. I could deal with specific areas.

One of the main objectives, of course, is to try and stop any new barriers from being put up, try to get a process in place or an agreement in place that would start to reduce or to eliminate some of the barriers and do so that each province and territory could live with politically. Well, that is extremely difficult because one does not want to be seen as giving up something to another jurisdiction.

What is difficult, and we have to keep bringing it back to the table, is that we are all doing this in the interest of Canadians, to try and grow and expand our market so that each and every business in each and every province or territory can have a greater amount of business in total, more jobs and more economic benefits, and that has to continually be repeated at the table.

One of the outstanding issues—and I say this quite openly; it has been reported as such—was a lot of provinces having the desire to maintain the ability to have regional economic development, that the trade agreement would not prohibit them from putting in place programs that would and could help them develop an economy in a certain region.

Well, that took a lot of hard work and a lot of effort, and I believe that it will be able to be accomplished. What we do not want is regional economic development programs to have the ability to circumvent a trade agreement. That is not the purpose. In fact, you would virtually gut a trade agreement if you said you had the ability to do certain things and are cut out from the trade agreement, so it is those kinds of issues.

Another issue which had to be worked on, a substantial amount of work, was a dispute-settling mechanism. The general agreement came, and I say with respect to the member for St. Johns (Mr. Mackintosh), we did not want to have to have the courts deal with it. That was pretty easily agreed to by all participants. Keep it out of the courts. So we had to establish a mechanism and a process which, in fact, would be dealt with.

Of course, the first principle is one which we hope that the parties, without going to a dispute-settling panel, could resolve the issue before it ever got to that process.

The other issue which is in agreement is that there is an ability for the private sector to access a dispute-settling mechanism. After all, there are more than just governments trading in Canada. There are private-sector companies in fact doing business across this country. That is what it is all about, to open the doors for the private-sector

companies to do business across this land. That, I believe, has been accomplished.

I think great progress has been made. Again, it is progress, and one has to measure in terms of time as to how much we have really accomplished. But I am satisfied. We have another meeting coming up sometime in the next two weeks which we believe will hopefully conclude what some of the final issues are and hopefully will have the date of June 30 lived up to as we have been asked to do.

I want to again acknowledge the Premier of Manitoba (Mr. Filmon) and the other three western Premiers in their further encouragement and endorsement of the June 30 deadline which they reached at Gimli, again spelling out how serious they are about the June 30 deadline. They want to see that deadline met.

I know, and I say this with respect of our federal minister, Mr. Manley, he is genuinely serious about June 30 as a deadline. Can I say in the greater context, because I think it is a matter of us going to the table not saying, what am I going to lose as a province or a territory, but what am I going to gain for the businesses of my province and for our territories and our country?

I believe, and I say this for this House and for the rest of the people of Canada, that we need to demonstrate at this particular time in our Canadian history when the conditions and the concerns in Quebec are where they are at today, that there is a willingness to have an economic union within Canada, truly an economic union that means something.

I think that is what this internal trade agreement will signal. It should signal to the people of Quebec that the rest of Canada wants to do business. We want to open up. We want to make sure there is fair and equitable trade within our nation, and I think that is the proper signal to send at this particular time.

So I say that very genuinely. I think all ministers, all representatives at the table, have worked hard to the conclusion of this. I cannot go through specific issues in detail, and it is not for me to say this province was offside on this issue, or

this province or territory was offside on this issue. Basically there is nothing agreed to until it is all agreed to. So you gain nothing by pointing fingers.

I think the exercise has certainly been long, it has been grueling, but I think it will be productive. I do say to those members of the team which Arthur Mauro has been chairing, I acknowledge the hard work and effort that they have put forward because it has been extreme determination and, I am sure, very frustrating, and there are times when they wonder if progress has been made.

We have watched what the constitutional debate has done in this country over the past two—not two decades—the last few years when we had the Meech Lake Accord and the discussions that took place there. Then we saw the Charlottetown Accord. This is not of that same magnitude as a constitutional change, but it is a matter of lining up politically and getting support nationally for issues that date back 120-some years in our history, as to what certain rules and regulations restricted or prohibited trade or movement of product in Canada. It is a matter of starting to break them down, break the barriers down, not having new ones put up.

I can make reference to another concern. I just say one of the other issues is extremely important—that is, transparency within trade. It is another important issue so that the people of Canada can judge what one jurisdiction is doing over another or vice versa. Transparency is an extremely important one as well.

I believe we will have the terms of reference of an agreement. We will have a dispute-settling mechanism. Hopefully, we will be able to have it signed as per requested by the First Ministers of Canada.

**Mr. Mackintosh:** Do the ministers expect to have that agreement concluded in all 11 sectors or just on government procurement by the end of June?

**Mr. Downey:** No, it would be unfair to try to lead the members to believe that completion of all sectors would be there. What we would basically have is an overall agreement of which certain specific principles have been agreed to.

Certain chapters like procurement probably will have advanced considerably, and that will be laid out as a package, which probably is concluded. There will be other chapters of which there will be, hopefully, a time frame by which we would expect the conclusion of those things to take place. I just make it on an observation of something like possibly agriculture that there is more work to be done.

Again, general progress has been made in all areas, some advanced greater than others. So we would see some that are pretty much concluded as this agreement is tabled. Other work has to be done on some of the additional sectors.

**Mr. Mackintosh:** I understand, then, from what the minister is saying is that the general principles will be concluded by the end of June and the dispute settlement mechanism. I am just wondering if there are any studies ongoing as to the impact on Manitoba jobs and with regard to each of the 11 sectors. Is that how the government is approaching its position?

**Mr. Downey:** I cannot give any specific numbers, but we believe that it has a tremendous economic opportunity in jobs for the province of Manitoba. It just goes without saying. If you can provide the opportunity to bid on government projects in other jurisdictions for businesses in Manitoba in some of your larger provinces, it creates a greater business opportunity for Manitoba companies.

I have not quantified it. I am sure there can be some numbers that we could put together, but in general terms we have seen—the Canada West Foundation has made some comments. We have had many different organizations that have put their official positions forward stating it as a general economic growth opportunity for all jurisdictions.

\* (2100)

I think it is also important to note, particularly as we are moving into international trade, that when you are dealing in a particular jurisdiction or with another jurisdiction, when you talk about Canada, they think that we are talking about it from sea to sea, that if you were to come to Canada you would be dealt, whether it is an investment or you are

talking about labour, you are talking about standardization, standards and those types of things—when they come and they find out that there is a different set of rules and 10 different jurisdictions provincially and two territorial governments, they cannot understand it.

That is why it is important when we are entering into the global trading pattern that we are that we do get a set of standards that speak to the world as one. Again, that is another reason to do it and will help our economic activity. I cannot help but think with companies that are bidding in particularly a major government project, whether it be in Quebec or Ontario or British Columbia or Alberta, it would be a good opportunity. Again, in doing that, we expect them to bid in activities as it relates to Manitoba.

I think we have demonstrated, Madam Chairperson, particularly as it relates to Saskatchewan—in Saskatchewan some of the companies there have been bidding in Manitoba and been achieving. In fact, their government insurance company has set up business in Manitoba. We have not restricted them from doing so. We would like their natural gas company to make sure that they bring natural gas to the border so that they can sell it in Manitoba under our rural gasification program. So, in total, I would hope that—and I think they are—looking at this as a general win for the economy of Canada of which we are all part of.

**Mr. Mackintosh:** Getting beyond the general statements about whether it is good for Canada or not, I am just wondering if it is based, though, on any study indicating whether or not there is a net benefit for Manitobans. Has there been a study done, sort of a projection? I guess it can only be a projection. That is my concern that I ask the minister to address.

**Mr. Downey:** Madam Chairperson, I cannot give a specific answer as to whether or not there has been a particular study done. I can certainly find out what particular official documentation has been prepared. I guess, just in general terms, it is accepted that, when we have a million people and a lot of companies with the abilities to bid in

provinces like Ontario that have quite a few more people than we have and more government procurement, it would be an automatic economic benefit. To quantify that, I cannot say as I have those numbers, but I will check with the department as to what quantification there is.

**Mr. Mackintosh:** If the minister would do that, and if he could just let me know if there has been such a study.

I am just wondering in terms of hiring practices. I know with the Limestone project, for example, there was a requirement that there be hiring from northern Manitoba, I think, to the extent of 25 percent of the labour force. I am not sure about the figure. I understand there has been some public discussions about the hiring practices for the virology lab that is being constructed in Winnipeg. I am wondering whether this issue was on the table, and what protections would be put in there for Manitoba workers to ensure that we could have such a requirement, as there was for Limestone.

**Mr. Downey:** Well, there we go, Madam Chair. We have the opposition now immediately saying, pointing out concern that we are going to lose something with the opening of trade. I take the other argument is that we will open up opportunities for growth of the Manitoba economy and jobs in other areas, not specifically in those areas. I would think under regional economic development, and I cannot give the specific details to the member that we would be, in fact, covered.

(Mr. Jack Penner, Acting Chairperson, in the Chair)

I would hope—and I would say this to the people of this Chamber, to the people of Canada—that we have a minimum, and I say an absolute minimum, of carve-outs, of trying to protect rather than open up, because I think, yes, there is the concern about whether it is northern job preference or Maritime job preference or western Canada job preference.

We firmly believe that opening up the trade barriers will create opportunities because there will be more jobs, more business and a growth in the economy.

If you continue to look inward and say the glass is half empty, rather than half full, and say we have got to protect those jobs, you can protect the jobs to where you, in fact, keep shrinking your economy and nothing happens.

So I believe the ability will be there to give consideration to some regional activities, but I would hope—I say this genuinely—they are kept to a minimum in the interests of the spirit of Canada.

**Mr. Mackintosh:** Well, it is my understanding that with some northern power projects as little as 8 or 9 percent local hiring was experienced until Limestone came down where there was an affirmative program. Of course, what we are looking at is a tragedy of unemployment in that part of the province, and that is why the minimum requirement was put into place.

I am just wondering how regional economic development programs and local hiring preferences in areas where there is severe unemployment will be accommodated within the principles that hope to be reached by the end of the month.

**Mr. Downey:** Again, Mr. Acting Chairperson, it is matter of making sure that is done specifically for regional economic development and not to circumvent a trade deal. That is the first thing that has to be clearly understood: that it is not the intention to circumvent a trade deal, but to help a region that is economically or depressed because of the lack of jobs; secondly, that it has to be transparent. What they are doing has to be clearly held up to the light of day and people can see what is taking place, and a judgment call made as to whether or not it is for that purpose, or it is, in some way, to circumvent an internal trade agreement.

So we are trying to build in the kind of necessary checks and balances that would have a trade arrangement and would still give some abilities for some regions to assist their economic activities.

I just want to deal with this in a little broader context for a minute because, you know, we hang on to this. We hang on to this ability to do this.

The member says, well, we have a lot of unemployment in our northern communities, and we have. That follows the Limestone project, on which there was a northern hiring preference, but what was taking place, I think on reflection, a lot of people were brought in, even though there were special northern hiring practices. A lot of jobs were protected by the unions. It was difficult for a lot of northerners and a lot of aboriginal people to get employment because of some of the hiring practices, not dealing with anything other than the kinds of restrictions that were built in by some of the controls which the unions had there.

So we have to look at it all, and I say this, I think that broadening the economy, expanding the economy and growing the economy will create more jobs for our northerners, create more jobs for our native communities. What will that do? That will generate money for governments to put into education, which again is the backbone for advanced work activity for all Canadians. That is the kind of thing that we have to do within this country.

**Mr. Mackintosh:** I am wondering if the minister can assure the House and assure Manitobans that, in the event of another major development project in northern Manitoba, such a requirement, as example, a 25 percent preference for northern people, would be maintained under this agreement.

\* (2110)

**Mr. Downey:** Again, Madam Chairperson, we are not going to the table.

**The Acting Chairperson (Mr. Penner):** Do I need a haircut?

**Mr. Downey:** Mr. Acting Chairperson, tradition and habit get to be fairly hard to break in this Chamber. You will note that, and I have to refer that to the member opposite.

Again, I say I would hope that it could be kept to a minimum. I am not saying that we would absolutely give up the ability to try to influence the hiring for our northern communities and our northern people who are unemployed. But I do not want to say, Mr. Acting Chairperson, that we would absolutely say that was going to happen, because I guess the same thing would take place if

a project in northern Ontario were to take place. Does he want us to be denied the jobs that would be developed there for the people of our northern parts of the communities of Manitoba that could move across to a project in northern Ontario or in northern Quebec? I ask him those questions. Does he want us to be denied the opportunities for our people to move into those jobs?

The same in northern Saskatchewan or in northern Alberta or northern B.C., because what is sauce for the goose is sauce for the gander. If we are expecting to protect those kinds of things, those kinds of regulations or job numbers, then you can expect that the other governments, the other provinces and territories, are sitting here reading what I am saying. I am going to say, Manitoba wants special preference for northern hiring.

They come to the table, and they say, if Manitoba wants it, so do we. So what have we accomplished? We have gone around and around, and we are right back to where we started from, so I am not going to stand here and say that I will guarantee. I would say, though, under regional economic development, I believe that we will be able to, for the purposes of regional economic development, be able to use that clause, but I am telling you that I think we have to be very careful on emphasizing that as a deal breaker. I can appreciate the politics that are in it.

Let us face it, if Saskatchewan says, Manitobans cannot bid in our province but Saskatchewan can bid in Manitoba, what have we accomplished? I am saying, let us take the debate into the other context. Let us say, you can bid in our province, and we will make sure that there is some political understanding, that, yes, we want local people to be hired, yes, we want northern preference for our aboriginal peoples. They want it, we want it, but let us leave some flexibility to it. Let us not be absolute in what we are trying to accomplish. If we are so absolute and make it as a deal-breaking clause in a Free Trade Agreement in Canada, then we might as well have saved all our time and effort that has gone into it in the last year and a half to two years.

I believe I know the political argument the member is making. I am prepared to make that argument as well but to a point, not to a point of where we would have the deal collapse. I believe regional Economic Development will allow that to happen, but it has to be done in a reasonable and transparent way.

**Mr. Mackintosh:** I am wondering if the minister is in a position to share with the House the developing agreement. Can he provide the draft that is currently being circulated, in particular the section regarding regional Economic Development?

**Mr. Downey:** Mr. Acting Chair, I am not sure at what stage that is at, as I had to leave the last meeting in New Brunswick a little bit early. I am not sure what the final decision was as it relates to the circulating of the draft. If it is the policy, and I will check with the co-chair, if it has been the policy of the ministers, federal government to circulate that information, I would be more than pleased to do so, but I will not break protocol with the other governments and the federal government at this point.

If it is available and has been circulated, I will make sure the member gets a copy of it.

**Mr. Mackintosh:** I thank the minister for the undertaking. I am wondering if the minister can describe what the dispute resolution mechanism is shaping up to be. What are the major issues there? Can you share that with the House?

**Mr. Downey:** No, Mr. Acting Chair. I think, as any negotiating process would take place, there is the example of the North American Free Trade Agreement, and the Free Trade Agreement with the U.S., there is a dispute-settling mechanism there. As I have indicated, one general agreement was not to have it go to the courts. There is a first attempt to make sure that the parties who are currently involved, the provinces or the parties, resolve it. Then there is the establishment of a panel, and then there is access to the panel by the private sector as well, so those are basic general terms. I do not think there is any major outstanding part of that portion of the agreement at this time.

**Mr. Mackintosh:** I suppose that one has restrictive practices, not just because of restrictions in the usual sense of the word. For example, contracts will go to a local company, but as well, one can get benefits with affirmative practices like, for example, providing grants and subsidies to corporations, for example, to invest in one province as compared to another. I know, and I think this is fairly recent, where provinces get into sort of bidding wars with companies trying to get the economic benefit of that.

I am just wondering if that issue is on the table as well and if the minister is pursuing some kind of a level playing field with those kinds of practices.

**Mr. Downey:** Yes, that is another chapter. It is known as the investment chapter, of which the Premier and this government feel very strongly about it, that there should be a code of practice, that the actions taken or the work done by a province in trying to attract a business, that the offer or the proposal be totally transparent. Those are two of the areas particularly.

I guess I could elaborate a little bit more, but it is a general feeling I think as Canadians that it is not appropriate that one jurisdiction should be using taxpayers' money to go out and outbid another jurisdiction because—let me put how Ontario feels about this, for example. In some cases, they have provided the transfer payments, the ability for the federal government to put transfer payments in the hands of some provincial governments which turn around and use some of those funds to in fact encourage a business to come out of Ontario to that jurisdiction.

Looking at it through Ontario's eyes, you can understand how they would feel as it relates to that particular situation. So I do not think anybody feels the taxpayers' money should be used in a bidding war to acquire a business, but on the other hand it is a fact of life, it is a matter of trying to put in place a code of practice, it is a matter of putting in transparency, and that is what we are striving for but we feel strongly about it.

**Mr. Mackintosh:** I am just wondering how strongly the government feels about it. Is the government prepared to make that issue a deal

breaker, for example, using the words of the minister?

**Mr. Downey:** Mr. Acting Chairperson, nothing is agreed to until everything is agreed to. I think enough progress has been made in this area, as I think generally in all terms, in all areas, that progress has been made. We still have at least one more meeting in which I will get a better understanding of the outstanding issues. I think there are very few. Hopefully that one more meeting will suffice, and then hopefully we can gather together in a joyous occasion of signing or initialling an agreement that has been concluded. So I am still working, and the government of Manitoba is still working, with the idea and the optimism of a conclusion of an acceptable deal.

\* (2120)

Again, there will be critics who say it should have gone a lot further in certain areas. There will be critics who say it has gone too far or has not gone far enough. Look, in this world, we live in the world of what is doable, and we are pushing hard to try to do that. Again, as we are dealing in 10 provinces, two territories and a federal government, it is a matter of making sure that a lot of staff and a lot of politicians can feel comfortable with what they are proceeding with. If it is not accomplishable, then we will have to stand up at the end of June and say we have not succeeded.

I do not think anyone wants that. I said earlier, and I will say it again because I feel very strongly, I believe the country of Canada needs it. I believe we have to signal to the people of Quebec we want an economic union. We have sat down and signed an economic union with Canada, and we are all partners in this. We want to work to the elimination of trade barriers and expand and grow our job opportunities. That is what it is all about: a strong economy means a strong country, jobs for the people of this country, and that pays for the social needs of our country. That is, I think, extremely important. That is the kind of message that we should go forward with.

**Mr. Mackintosh:** Just in coming to the conclusion of this discussion, I certainly have some concern about the apparent absence of an impact analysis

on Manitoba jobs. I look forward to the minister's response as to whether there has been such an analysis, whether done by government or by any other agency, because I think we have to be careful that we are not basing a new trade regime on vague concepts or ideological persuasion, but based on an analysis of what the actual impact will be on people who live in Manitoba.

I have one further question and it is tied into this actually and talks again really to the issue of affirmative practices. I had an issue raised by a constituent about what action the Manitoba government was taking to encourage the buying of Manitoba products. Does the government have a "Buy Manitoba" program either in place or plan to encourage consumers to buy products that are made or grown in Manitoba?

**Mr. Downey:** Mr. Acting Chairperson, again, if the member is referring to specific government purchases, it is done on a tender basis that we make sure we get the best deal for the province of Manitoba, again, keeping in mind the economic benefits for the province. But, again, we are controlled by a tendering process which puts the purchasing of the province—and of course the Minister of Government Services (Mr. Ducharme) could better answer this, but basically, when we purchase for the province of Manitoba, it is done on a tender basis of which we would like to see all Manitobans get the job first.

Again, in the spirit of where we are going to a trade agreement, we are offering up. There will be certain thresholds of which below that we will be able to buy internally, but above that, we will certainly be open to competition from outside, and I believe that is what we should do.

Yes, we are anxious for people to "Buy Manitoba," so anxious that we have encouragement to try and find import replacement for a product that is now being brought in. We are encouraging that kind of activity to take place, that businesses start here to replace products brought in so that we get the jobs and the economic generation in the province of Manitoba. So that is part of our strategy and our policy as well.

I again remind the member who comes back and takes the attitude, the approach that by entering into a trade agreement with the other provinces of Canada for some reason we may be in a losing position.

Mr. Acting Chairperson, if that is the case and the attitude of the people of Canada then this country does not have a chance. I am sorry, if that is the kind of narrow approach that everybody were to take as a legislator or a government representative, that we all come to the table as a lose position in trade within Canada, what do we have for a country?

Is he saying that we can live with the market of a million people and the ability to produce unlimited agricultural products, to manufacturing?—we have got some of the best manufacturers. We have got Canada's largest furniture producing company right here in the province of Manitoba that depends heavily on exports to the rest of Canada, into the United States. We have got one of the best farm machinery manufacturing businesses, several companies that depend not on selling to a million Manitobans or 15,000 farmers in Manitoba, who depend on selling it nationally and internationally.

We have some of the most qualified people, and we will put their skills, Mr. Acting Chairperson, up against anybody in this country and in the world. We are not afraid to be traders as a province. It is not a matter of Manitoba losing on any trade agreement within Canada. It is win, win, win in spades. We have economic activities, we have electricity, we have all the resources. We have to process them here and sell the work, sell the jobs and finished product. That is what we are driving for.

I do not want to stand here or sit here and hear the member for St. Johns (Mr. Mackintosh) say that we cannot compete, that we should draw a border around us, that we are only going to market to a million people, if we open up a Free Trade Agreement that we are going to lose.

I would hope the New Democratic Party and, of course, the Liberals as well, if they would stand up and put their position forward, stand up and support Manitoba and support this government on

opening up the economy, create the wealth, create the jobs for the people of Manitoba so that we can educate our children, so we can provide health care, so we can put the Family Services program in place. We want a market to the world, Mr. Acting Chairperson, and we want Canada to be part of that world. We do not take a negative approach. We take a very positive, proactive approach to trade, and I would hope the member for St. Johns would stand in his place and support the Estimates of the Department of Industry, Trade and Tourism.

**Mr. Mackintosh:** That was a good speech. I always enjoyed the member's speeches from wherever I sat in this House.

I want the minister to understand clearly that I think that in order to adequately assess the impact of this initiative, it is important that we have information, and that we have an assessment as to how it will impact on Manitoba jobs. That is the essential question that I had tonight.

One further question, getting back to the issue of "Buy Manitoba," I am just wondering if the government has any program or is contemplating any program, though, to encourage consumers to purchase Manitoba products as compared to, for example, products made elsewhere. I am talking about consumers buying in a supermarket or in another store.

**Mr. Downey:** Mr. Acting Chairperson, I am extremely pleased with the question of which I am about to give the answer, and it may take a considerable amount of time. He says, what have we got for a program? Well, does he want me to start with the budget of seven years or six years or five or four?

We have not increased any major taxes in this province. In fact, the sales tax was 7 percent when we came into office and it is still 7 percent, after his government put it up from 5 percent to 7 percent. In fact, we have lowered the personal income tax from 54 percent to 52 percent in the first budget of this government. We have seen hydro rates in this province not increase one bit last year, and 1.5 percent this year, 1.5 percent the next year, very minimal. In fact, when one considers inflation, the increase is below the rate of inflation.

The programs we have put in place in this budget to encourage them to upgrade their housing with the supplement for home renovations, the reduction on sales tax on new houses, the support that this government has given to the farm community under the GRIP and the NISA programs and the crop insurance programs, 300-and-some million dollars this year, yes, we have confidence in the people of Manitoba. We have confidence in the employees of this province. We have confidence in the government going forward with the continuation of sound economic policies that will encourage people to do business.

Look at the telemarketing business, Mr. Acting Chairperson, and the call-centre activities. Close to a thousand jobs. Close to a thousand jobs in that industry since we came into office.

Look at what has happened when you refer to Ayerst Organics in Brandon. Look at Monsanto in Morden. Look at Palliser Furniture in Winnipeg. Look at Willmar Windows in Winnipeg. Look at all the economic activity that has taken place in the mining sector.

Why does he think we will have three gold mines now going in Manitoba within the next year? We just saw an article in the Free Press yesterday of Lynngold, and they have new life breathed into them. Look at what is happening at the work in Bissett. Look at what is happening at Snow Lake. Look at the potential mining activities that are taking place for a potential new nickel deposit. That is because we have put policies in place. We have put incentives in place to encourage that kind of activity to take place.

So does the member ask me—he says, do we have any programs to encourage to "Buy Manitoba"? Yes, we have, to stay in Manitoba, to develop in Manitoba, to create jobs in Manitoba. I can tell you, Mr. Acting Chairperson, I appreciated the question from the member. We will continue to be very proud boosters of the province of Manitoba, and I can assure him in the next many months when we have to present to the people of Manitoba what our plans are, we have laid the foundation. We do have a vision for the future of this province. We do see a prosperous opportunity

for our young people for jobs in the professions, in any walk of life. We have confidence in the province and in the people of this province, and we will continue to work to advance that. I thank the members for the support of my Estimates.

\* (2130)

**Mr. Mackintosh:** Very soon I look forward to debating with the member the impact of his government's policies on consumer confidence in Manitoba and what a devastation that has caused in this province.

My question specifically is—I know that there are several marketing boards, for example, that have developed programs to encourage consumers to buy, for example, Manitoba Pork. But raising awareness about Manitoba products, that is my specific question. Is there any program, contemplated or in place, to that effect?

**Mr. Downey:** Yes, Mr. Acting Chairperson, there is a budget within the Department of Industry, Trade and Tourism, as there is within the Department of Agriculture, as there is within the Department of Rural Development, to promote Manitoba activity, to promote products that are produced in Manitoba. We have budgets that are for that. We have trade shows. We have certain promotional activities to support a broad range of activities.

I just, in concluding, think it is important to point out as well that we have participated—and I want to refer to one industry that I think has tremendous growth potential, and I have challenged the industry. We recently opened the tourist information centre at The Forks, which is a tremendous addition to The Forks complex. I compliment those people who had a vision, who saw The Forks as an opportunity to enhance Manitoba as a tourism place. The former federal government participated in the development of that whole area as a national park site.

A place for people is what it is, really a place for people. When you go down on a week night when it is so nice in June, or you go down on a Sunday afternoon, or whenever you go, you see people mingling and friendly and buying and just

enjoying the rivers and one of the nice spots in Manitoba.

I believe that we now have the infrastructure in Manitoba—and I will put this on the record because I think it is important to do so. We have a tourism industry right now that has about 22,000 people working in it. We have a billion-dollar industry in tourism. We have the infrastructure. As I said, we have The Forks. We have places like Clear Lake. We have Churchill, which is a tremendous tourism site. We have tremendous places in the South, in the North and the East and the West. We have the people who have the capabilities. I believe with that infrastructure, within the year 2000 we can double the tourism industry in this province.

The world is prepared to travel. We have to get out and market ourselves, and to do that—and I will tell the member, in a forum this fall, we will be gathering the tourism industry and the small-business sector, because they complement one another and there are a lot of small-business people, in a forum to put the challenge and to say, we want to partner with you to do this. We want to accomplish this goal.

I believe it can be done. I believe that we have the ability to do that, whether it is dealing with the attractions in your constituency, Mr. Acting Chairperson, whether it is dealing with the attractions in my colleagues' in the urban setting or wherever. I am sure the members opposite would not disagree when we talk about the North, and we talk about what there is in Churchill or Flin Flon. The fishing camps, the opportunity to enjoy a clean environment, clean air and a safe place to bring a family for a holiday, that is what Manitoba is all about. We have it all right here. We have to get out and market it.

It is not just a place to holiday in the summertime. We can have tremendous winter cross-country skiing, many kinds of snowmobiling activities. There are just a tremendous amount of activities, and again it is a safe, clean environment to do it in.

So I say, Mr. Acting Chairperson, I would hope members opposite would come forward in support

of my Estimates and the monies that are being spent to promote the growth for this province, because if we do not expand the trade opportunities that we have in Canada and grow, if we do not expand those opportunities and demonstrate to the world we are prepared to do business in an open, honest way, then we do not have a lot to offer the people of this province. So we do have a vision. We do have hope, and we do have opportunity for jobs for the people of this province.

I say this for our young people: There will be opportunities and they will be developed in the environment we have created by this government right here in the province of Manitoba. Thank you, Mr. Acting Chairperson.

**The Acting Chairperson (Mr. Penner):** Industry, Trade and Tourism Item 1.(a) Minister's Salary \$20,600—pass.

That concludes the Estimates of the Department of Industry, Trade and Tourism.

While we wait for the Minister of Energy and Mines (Mr. Orchard), we will recess for five minutes.

*The committee recessed at 9:37 p.m.*

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#### After Recess

*The committee resumed at 9:43 p.m.*

### ENERGY AND MINES

**Madam Chairperson (Louise Dacquay):** Order, please. Will the Committee of Supply please come to order.

This section of the Committee of Supply is dealing with the Estimates for the Department of Energy and Mines. Does the honourable Minister of Energy and Mines have an opening statement?

**Hon. Donald Orchard (Minister of Energy and Mines):** Madam Chairperson, I am pleased to present the 1994-95 Expenditure Estimates for the Department of Energy and Mines. The role and mission of the Department of Energy and Mines is to foster the sustainable development of our energy and mineral resources in an environmentally responsible manner and to promote job generation.

The mineral and energy industries have been facing global competition as well as global opportunities for investment in both exploration and production, and this Department of Energy and Mines is one of the wealth-creating departments within government which has, as a founding objective, increasing our investment in mineral and petroleum production, with the resulting increase in economic activity, wealth creation, new jobs and tax revenues.

The industry, both in the mineral side and the petroleum side, as I referenced earlier, is a globally competitive industry, and to make Manitoba a better home for investment opportunities requires a competitive environment to achieve those positive investment decisions. It is acknowledged that Manitoba has the geology coupled with infrastructure to make profitable exploitation of our mineral resources a reality in this province, but what was needed to be focused on by the department in this government was the policy and taxation regimes which would indeed assure that those kinds of investments would happen, given the favourable nature of our geology in the province. I will deal with some of those initiatives shortly.

We have, as a department, promoted Manitoba as a province which is open for business, and the department has undertaken that mandate in many forms and many ways, the first and foremost of which is, of course, the reorganization of the department. The ministry is downsized. The deputy minister has reporting directly to him six directors in the areas of Admin and Finance, Energy Management, Marketing, Petroleum, Mines and Geological Services.

As a downsized ministry it is indeed a very effective one. I think I can offer as one of the most logical witnesses to that the success of our minerals and petroleum convention that we hold each fall. Last year, after several years of increasing registration, the mineral and petroleum convention had over 500 registrants last year, which is a pretty solid indication of the theme that we have been promoting as government and within

the ministry that Manitoba is the place to be for mining.

We have recently developed a new role and mission statement for the department. It is contained on page 3 of the supplement. I would ask my honourable friends to consider the points in the role and mission statement because I think they are fairly ambitious but yet highly achievable within the context of development in the province.

Over the past six years the government has been working very actively with industry. We have had substantial ongoing working relationships with our major mining companies: Hudson Bay Mining and Smelting, Inco in Thompson, TANCO, Tantalum Mining Company in eastern Manitoba.

As well, we have had a very active and good working relationship with the Manitoba Mining Association, with the Prospectors and Developers Association, and with individual companies, large and small, involved directly in the mining industry in Manitoba.

That consultation and close working relationship with the industry and the players in the industry have led to a number of programs which have been introduced over the last several years, all of which have been designed to foster exploration and development in our minerals and petroleum industry in the province of Manitoba.

I will list seven of the most prominent changes that we have introduced in the last several budgets. The Mining Tax Exploration Incentive program is one designed to assist the major producers in Manitoba to undertake ever-increasing levels of exploration. In the mining industry, exploration is the only vehicle by which you can maintain mineable reserves to maintain your level of activity, your employment and the viability of the communities like Flin Flon, like Thompson.

We witnessed in the past, and no doubt will witness in the future, communities that have seen their viability significantly decreased as their ore bodies have been depleted, Lynn Lake being an example, Snow Lake currently undergoing some difficulties as well.

We introduced several years ago the new mine tax holiday, which was an incentive program designed to revamp and reinstitute mining in defunct areas and also to assist in bringing new mines on stream in Manitoba. The basic provision is a shelter from the provincial mining tax until the capital investment in that new mine had been achieved. That is a very significant incentive and has led to some significant activity, particularly in the gold side.

We introduced the Mineral Exploration Incentive Program, better known as MEIP. It is a \$12.5 million program, \$10 million of which is focused on the minerals industry, \$2.5 million on the petroleum industry, wherein we provide a dollar of assistance to lever \$4 or better of exploration. That has been instrumental in renewing a significant amount of exploration activity by the junior exploration companies in the province of Manitoba.

\* (2150)

At the same time, we have been sensitive to the role of the prospector, the individual prospector in our mineral industry in Manitoba, and have brought in, in the last year and a half, the Prospectors Assistance Program, which allows up to \$7,500 per prospector of assistance on projects that have good viability.

The budget that was passed in this last month had two very significant initiatives, taxwise, for mining investment in Manitoba. We doubled our processing allowance from 10 percent to 20 percent. At the same time, we put in place a 7 percent investment tax credit towards new mining and processing investment in the province of Manitoba.

The net effect of those two tax initiatives was to place Manitoba from the highest taxed province in Canada with a marginal rate of 37.3 percent and lowering it to an effective rate of 31.4 percent, which is only slightly above the province of Québec and two of the territories, which are lower than our new effective tax rate. We think that recognition and tax rate will greatly assist in advancing several projects that I want to talk about later on.

As well, in the budget that we recently passed, we removed the sales tax on electricity used in mining and metallurgical process and manufacturing. That is phased over two years, June 1, 1995 being the final removal. It will shelter from provincial sales tax 80 percent of the electricity bill of, for instance, an Inco and a Hudson Bay Mining and Smelting.

We have already seen some positive results from that, because Hudson Bay Mining and Smelting in Flin Flon is, in their words, dusting off their zinc tankhouse project, which is a very significant capital investment. Inco is aggressively pursuing custom smelting of nickel feedstocks. Canadian Oxy in Brandon has been operating at 80 percent capacity and, with the sales tax relief, moved to full capacity and are considering the prospects of improvements to their plant in Brandon. All of these initiatives, should they be finalized, will lead to some fairly significant capital investments and/or increased employment or both. We already see that approach has merit.

I want to deal with some specific projects in my opening remarks that are being quite vigorously pursued by the Marketing branch of the department and the department as a whole.

Our potash project is very much under discussion with our French partners. It would seem as if the world potash market, although it has gone through some significant difficult times, looks like it has a window of opportunity circa year 2000, 2001, because of a combination of the projected increase and demand, particularly in the Asian Rim countries, China in particular, as well as a number of mines throughout the world reaching the end of their viable economic reserves. We are optimistic that some of the finalizing work being undertaken now will lead to a commitment within the next 18 months, hopefully, of a potash project in Russell.

In terms of gold, we have had some significant good news in the gold area. Lynn Lake, which had gone through a very devastating shutdown over the past several years, is now somewhat more encouraged because Conwest has assumed ownership of the Cazador operation. As we speak,

88 people are involved in the gold mining and processing operation in Lynn Lake, and it has breathed new life into that community. I have to say that some of the exploration incentive grants contributed to that, as well as the conferral of a new mine tax holiday status for the Lynn Lake gold project.

Snow Lake has had very active investigation by High River Gold of the old NorAcne property and received a very significant boost several months ago with TVX, the former gold arm of Inco, coming in as a full partner in the Snow Lake project with every intention to produce gold in 1995 in Snow Lake. With the decline of the base metal mining in Snow Lake, again, that is a breath of fresh air for that community and one in which they hold a great deal of hope.

Similarly in Bissett, Rea Gold has been dewatering the mine and is conducting underground drilling at depth. They have currently 35 people working in Bissett. Those 35 people are in the majority hired locally, and that has been a significant shot in the arm. Their schedule is to produce in 1995 as well.

Pioneer Metals with their Puffy Lake mine at Sherridon are also looking at revamping their gold operation in Sherridon. These are good news areas in the province in the mining industry. The base metal industry has not enjoyed the same kind of price support on the world market. Gold has gone through quite a dramatic rise over the last 12-18 months. The same cannot be said for copper, zinc and nickel. Despite that, exploration is at significant all-time highs. To give you an example of the exploration expenditures in 1993, expenditures rose to \$31.5 million and that was about a 14 percent increase over 1991.

All indicators are showing that 1994 will be a very promising year with what we believe will be an increase over the \$31.5 million expended in 1993. We received that optimism on the basis of the number of claims staked. In 1993-94, there were over 2,000 claims staked in the province of Manitoba and that was a 67 percent increase in the number of claims staked over the previous year. The area claimed in 1993-94 was almost 1.2

million acres, and that was a 100 percent increase in the area claimed, staked for claims over the previous year. Our optimism stems from the fact that already in 1994, in this current year, we have had over 6,000 claims registered as compared to 2,000 last year. Those claims involved some 3.8 million acres, which is a very, very significant increase, almost triple the acres.

Now that, I have to tell my honourable friends, is primarily stimulated by the significant diamond staking that occurred in the southeast corner of the province earlier this year, but it is because of those significant increases in the number of claims and areas staked that we believe 1994 will be a significantly larger year for exploration.

Hudson Bay Mining and Smelting is very active in the Snow Lake area as well as in the environs of Flin Flon, looking for a feedstock for their copper zinc mills. Inco has been extremely active over the last several years in terms of developing new resources underground close to Thompson and with some very significant optimism about exploration around Thompson. Falconbridge has been exploring the southern extension of the Thompson nickel belt and at Williams Lake has found a very promising deposit, and if that one bears up to be of a continued quality but more importantly of size, some are saying that it could be another second Thompson. I know my honourable friends in the opposition that probably had the presentation made to them by the Falconbridge people because they are, quite frankly, very excited about the prospects.

\* (2200)

They are not the only ones that are exploring the southern extension of Thompson nickel belt. Cominco and other companies are also drilling and exploring. As we speak, the titanium vanadium iron deposit at Pipestone Lake is being further explored by Gossan Resources who are in the joint venture with Cross Lake Band. We have some renewed activity in kaolin clay in the Interlake. Our chromite deposit at Bird Lake is under metallurgical investigation because there is an opportunity in Manitoba to get into the master alloy production.

Diamond exploration extends from the very southeast corner of the province up to north of Flin Flon on a diagonal, with a significant amount of activity and exploration on diamonds. Most recently, we found what we believe is a very significant metallurgical quality quartz deposit, which is a precursor to commercialization of the Dow Corning Silicon metal process.

In the petroleum area, we had the largest sale, semi-annual sale in oil leases since 1985, when the oil price was \$34 a barrel and with current prices around the \$18-\$19, or \$18-\$19 as the sale was conducted. We are very optimistic that will lead to a resurgence in activity in our oil patch.

Crown lease sales for 1993 were seven times the 1992 value. The total achievement of revenue from Crown lease in 1993 was just under a million dollars.

Our first sale already in 1994 achieved revenues of \$831,000. So we are expecting a record-breaking year, because the area sold in this first sale this year was the largest since sales were introduced in 1979.

Activity in 1993 was significantly up. There was \$58 million spent in oil exploration and development in 1992. That increased to \$73 million in 1993.

In 1993 we saw 87 wells drilled in our oil patch compared to 28 in 1992. In 1993 we saw the advent of the horizontal well completion in Manitoba with 13 horizontal wells drilled in five different oil fields and all of them producing, which is quite a remarkable accomplishment.

That has all been aided and assisted by our new MOGWIS system, the Manitoba Oil and Gas Well Information System, which is our computerized availability of information to petroleum companies so that they have good information on the geology of Manitoba on which to base bids and to express interests at our lease sales on properties in Manitoba.

July 1 will see the proclamation of the oil and gas act and its regulations. That act was passed a year ago and we have spent the past year developing, in full consultation with the industry,

the regulations that will be accompanying the act. Simplicity of operation, administrative efficiency and ability to play by almost the same rules as Alberta are the significant hallmarks of the act and regulations and we think will be of significant advantage in bringing more of the oil interests from the Alberta oil patch into Manitoba.

We have the energy act before the House for passage this session. In the Energy Branch we have work on ground source geothermal as one of their projects, one of their many projects. The Energy Branch is also looking forward to providing assistance to Manitobans in terms of energy retrofits and energy conservation that would qualify for the recently announced budgetary measure of the Home Renovations project where Manitobans can qualify for a thousand dollars of assistance on \$5,000 worth of renovations to their homes. The Energy Branch is willing to work with homeowners and others to provide retrofit and energy conservation renovations so that Manitobans can be double winners, have more efficient homes and qualify for support under the Home Renovation Program.

The Mines Branch has had a very successful year, as I said earlier on, in terms of approving—

**An Honourable Member:** One of the finer branches.

**Mr. Orchard:** One of the finer branches of the department in terms of approving a number of new exploration permits. The quarry rehabilitation program has turned out to be quite a remarkable success. I was at a recent meeting of the CIM, Manitoba Branch, at which an individual who was involved in the aggregate business indicated that Manitoba's quarry rehabilitation levy and program is ahead of every other province in terms of its effectiveness and the smoothness with which it works. The levy has been in place for a year and a half to two years now, and we have already completed the rehabilitation of some 75 old gravel quarries. It is the best program in Canada, and there is a very, very strong commitment by this government to an environmentally friendly response to rehabilitation of old eyesores in the forms of depleted gravel pits.

Geological Services will build on last year's successes. Last year, we released through Geological Services, in co-operation with the federal geological surveys, the first ever CD-ROM disc containing many of the geotechnical data bases needed by industry in the Flin Flon-Snow Lake region. That is the first of its kind in Canada and has led to significant interest in exploration in that copper-zinc belt around the Flin Flon greenstone belt.

In addition, last year a project of examination of glacial tills in late 1993 identified some of the indicator minerals that are present with kimberlite pipes and diamonds. The release of that report late last year, of course, led to Rhonda Mining's staking of some 6,000 claims and almost 4 million acres in the province of Manitoba because the glacial till survey showed that indeed, if they can find them, there is a good opportunity of some diamond presence in Manitoba in the southeast corner.

The third project that the Geological Services are working on this year is one that I think is quite exciting. Many of us may not be aware, but Lake Winnipeg is the 12th largest body of fresh water in the world, but yet we have really had few studies conducted to determine its origins and the longer-term processes that impact on its shorelines and its sediment and its fauna. This summer, the Geological Services branch and the geological survey of Canada are joining forces to conduct an extensive survey of lake bottom sediments in both the north and south basins of Lake Winnipeg.

Canadian Coast Guard vessel Namao is to be equipped with state of the art seismic, acoustic, magnetic and electromagnetic instrumentation and core samplers that will obtain completely new geotechnical information on the age, nature, thickness and distribution of the lake bottom sediments. This information has prime value to a wide range of other concerns, including fisheries, Manitoba Hydro, water resources and environment and will receive co-operative funding through several outside agencies including the ministry. That is a pretty exciting project, and when you consider that it is the 12th largest freshwater body

in the world, I think the information gained will be quite significant.

The Marketing branch has been involved in a number of projects from titanium-vanadium to master alloys to kaolin to our chromite deposit, and are working very aggressively with a number of potential investors in our mineral resources of the province.

I would like to conclude by saying that I am genuinely enthusiastic about the work of this department, and I am very optimistic about the potential that I see for Manitoba in terms of developing resources that will create wealth for Manitobans.

Since coming to the Department of Energy and Mines last fall, I have been impressed with the diligence of the members of the staff, their knowledge and the dedication they bring to their jobs. They are fine representatives of Manitoba, its geology, its policy, its taxation, and are great ambassadors to the investment community on behalf of the citizens of Manitoba. I want to thank them for their continued support and diligence in making mining happen in Manitoba. Thank you, Madam Chair.

**Madam Chairperson:** Does the honourable member for Thompson, the critic for the official opposition, wish to make an opening statement?

**Mr. Steve Ashton (Thompson):** I missed the first portion of the minister's opening statement, but I do believe I heard most of it. I would just like to add some comments before getting into some questions.

\* (2210)

First of all, I think the mission statement outlined in the Supplementary Estimates is a fairly good summary in terms of the role of this department traditionally and certainly, as outlined by the minister, the current role of the department, and certainly the minister's perception of it.

While I do not anticipate I will have as many hours to ask questions as I used to as Health critic when the minister was in the Department of Health, I certainly look forward to asking some questions as well about this important area.

I think just a number of opening comments that I would like to make before asking him some specific questions. One is just in terms of the current situation in the energy sector and in the mining sector.

First of all, in the energy sector, I think it is important to note that, if one was to look at the current economic statistics for Manitoba, the highest area actually of growth this year has been in the public utility sector, in this case because of a Northern States Power sale coming on stream, which, of course, has been triggered by the completion of the Limestone dam.

It is something I am very proud of, Madam Chairperson, having been part of the government that put that project in place, as certainly the minister is quite aware, thanks to the tremendous efforts of Manitoba Hydro and a dedicated workforce. In fact, Limestone was built significantly under cost, under the original budgeted cost, and is now providing a significant profit to Manitoba Hydro on a yearly basis.

I realize the minister in his previous role as an opposition critic was not quite as complimentary at that time in terms of the role of Manitoba Hydro and the Limestone dam. Not quite, and I say this for the Liberal member, as critical as the Liberal Leader who said that Limestone was Lemonstone and would cost \$5 billion. It actually cost \$1.6 billion. I think, if I remember correctly, the Minister of Energy and Mines at that time was more concerned about southerners not getting jobs on the dam, along with a number of other colleagues.

But I am sure in retrospect, now that he is the minister, he recognizes the fact that was a significant development for Manitoba. In fact, I know he recognizes that because the facts speak for themselves in terms of the Limestone dam.

I raise this in the context too of the next step in terms of energy, and I will be asking some questions more in detail in Manitoba Hydro in regard to the future of hydroelectric power, but also in this particular department because while this government has eliminated the Manitoba Energy Authority, in fact, now has placed the

responsibility for many of the former roles of the Manitoba Energy Authority within the department, there are a number of issues that certainly are ahead in terms of the future of hydroelectric development and also the future of the NSP power sale itself.

It is a 10-year agreement, Madam Chairperson. In fact, I am sure the minister is aware that there is a lot of discussion going on currently in the State of Minnesota. There was recently quite a controversy in regard to disposal of nuclear waste. I think obviously there is an opportunity for us as a province to be making the point. In this particular case we have the dam. It is built. We have a 10-year agreement. Certainly, we should be positioning ourselves in terms of an extension of that agreement with NSP in Minnesota, which serves that area of the U.S.

I also would like to ask some questions in terms of future directions the minister sees in terms of other aspects of energy. I note with interest, for example, the recent infrastructure agreement which is bringing natural gas to a number of rural communities. I am also going to be asking questions in terms of whether the government is looking at other initiatives.

The minister mentioned the Home Renovation initiative—but also the degree to which the government will be looking at encouraging energy conservation and retrofit of houses as a way not only of saving Manitobans money and, in the case of many communities, enhancing rural and economic development in rural areas and northern areas as well as here in the city of Winnipeg, but also obviously creating jobs in and of themselves in terms of doing the work that is part about the major retrofit.

I know that is a significant concern certainly in many northern communities. It is compounded, of course, by the fact that residents outside of the city of Winnipeg actually pay more for hydro than residents of the city, but of course, they face much more harsh weather conditions in terms of the North. It is a particular concern that I know the minister is, I am sure, aware of. So I will be asking some questions in terms of energy in that sense and

also what the department sees in terms of future price trends in terms of natural gas, hydro and other electric sources as well.

Up until now we have certainly been fortunate in Manitoba to have access to, if not the lowest at all times, pretty well close to the lowest—in fact, I think, arguably, the lowest, even today—hydro rates in the country; and of course, the blend of other energy sources is of significant concern. So I will be raising some concerns in the energy area, some questions in terms of the role the minister sees the department playing and the trend in the next period of time.

In terms of the mining sector, I just want to indicate that there is rather a mixed situation currently in the mining sector. I think the minister covered that in his opening statement. It depends really on whether you are dealing with precious metals, dealing with base metals, whether you are dealing with potash, whether you are dealing with diamonds. There are differing situations in each particular case.

Overall, we have been hit with a number of mine closures the last number of years. The minister has indicated that because of a number of factors, most notably the increase in the price of gold, there is some prospect of the reopening of a number of mines in a number of areas that previously were affected by closure, particularly Snow Lake and Lynn Lake.

I just want to indicate, Madam Chairperson, that the major producers, in this case Inco and HBM&S, are in a position where because of competitive markets, they are both in the process of significant downsizing. I think that when the minister talks about various tax changes that have been brought in, certainly I will be asking questions in terms of what discussions have also taken place in terms of employment because, as the mission statement of the department states in and of itself, increased employment is one of the roles this department sees itself playing, certainly should be.

What has happened of course, as the minister may or may or not be aware, but in the case of major producers, there have been significant

reductions in employment. Inco just recently reduced another 200 positions. Following a further reduction just over a year ago, HBM&S has had a significant reduction in terms of its workforce, and I can indicate, and I have taken the opportunity, by the way, as mining critic to meet with a number of mining companies, that this is likely to continue.

There has been some significant improvement recently, particularly in the nickel price, but there is ongoing uncertainty in regard to nickel now in terms of the situation in Russia. Certainly that is one of the reasons why there was such a dramatic drop in the nickel price, and that is placing a lot of uncertainty on the market as well.

That also will impact very much on the Williams Lake I was going to say mine, but it is quite a way from being a mine. In fact, I know Falconbridge officials, I believe, were a little bit surprised to see it, I believe it was in the throne speech or the budget, I cannot remember which document, but I think they were probably as surprised as I was because I have taken the opportunity to meet with the company officials. It is certainly very encouraging, but it is dependent on the next step in terms of exploration and the expected realized price of nickel. There is a lot of uncertainty before we will see the Williams Lake development put in place. In fact, if everything goes well, it could be in place within a number of years, but it is not an imminent mining development. It is certainly very encouraging, and Falconbridge has shown a significant commitment in terms of the exploration that has taken place to this point.

Now, as I said, in terms of base metals, there has been some improvement, but the prospects are still uncertain. The minister talked about potash. The minister's own document talks, I think, fairly clearly about the economic circumstances with potash, and of course some of us remember, I believe the minister may have made some of these comments as well in a previous political life prior to 1981, but there just seems to be something about elections that sort of increase if not the reality of mining projects, particularly potash projects, certainly increases the amount of political discussion. I know the minister would probably

say, well, that might also be said of oil, and no doubt I think prior to the 1981 election, it seemed to be potash versus oil in terms of the NDP and the Conservatives at that time. So the minister seems to be wishing to recreate history here, talking about potash mines.

In talking to people in the industry and people with knowledge of the industry, I think the minister's more guarded assessment today of potash is probably a more accurate reflection. I think this is a legitimate position for the province to be in. We should be positioned that if there is a window of opportunity, if there is significant change in the market, certainly we have got the resource, and it is dependent on price and availability of markets. So the fact—and in fact, in this document, it outlines the resources that are ongoing and maintaining commitment towards promoting potash and possibly eventually establishing one. That is the appropriate thing, but I would not suggest, Madam Chairperson, that people expect to see a potash mine within the immediate future, not to say that it could not be possible within a certain period of time, as the minister has outlined in his statement.

\* (2220)

Similarly, in terms of what is happening, I mention, in terms of precious metals, there are some encouraging developments price wise that are significantly impacting, and in talking once again to company officials and talking to residents of communities that are affected, particularly Inland Lake and Snow Lake, those are more immediate and more encouraging prospects, in fact were, to a large extent, very predictable. One of the frustrations of many of the Lynn Lake residents, with the closure of the community a number of years ago, was that it was always felt that once the price improved, there would be a great deal of improvement in the prospects for the community of Lynn Lake.

In fact, the concern that I would have, and I would be asking questions, some of the specific projects and the type of mining development we are likely to see, because one of the concerns that has been expressed, I know, is that in the future we

are increasingly going to be seeing fly-in and fly-out contract mining rather than community-based mining. I realize that may be the case regardless of what happens in terms of new development such as Williams Lake, but when there is a townsite where there is a community still in existence, such as Lynn Lake or Snow Lake, obviously, it is a concern in the community to ensure there is a maximum benefit of the employment, and it is not strictly, as I said, a fly-in and fly-out phenomenon.

I want to indicate that in terms of the general situation with the department, obviously, it in and of itself has been faced with a downsizing over the last number of years in terms of the resources available to it. So I will be asking questions in terms of the resources that are put in place to deal with the very significant mandate, Madam Chairperson, of this department.

I would just finally say that in many ways I feel that energy and mining is a very significant part of the Manitoba economy, certainly in terms of employment, and certainly it is very significant for northern and, to a lesser extent, rural Manitoba, but it is part, I think, of ensuring that this province is not just the city of Winnipeg and its surrounding areas. I do not mean that as any offence to any city of Winnipeg members, but there is a tendency sometimes for people to view the economy of the province as being based strictly in the city of Winnipeg. I know this is not a statement that I am making against the Liberal mining critic. I am not necessarily making a statement against anyone in this House, and I am not talking about the SHI in Selkirk either because that is beyond Energy and Mines, but there is tendency, Madam Chairperson, I think, for people to forget that energy produces a significant return to the province. I mentioned before the Limestone development in and of itself, the NSP power sale, and the fact that those developments have taken place. Particularly the recent developments in northern Manitoba have resulted in us having the luxury of one of the lowest hydro rates in not only in North America, but the world.

In terms of mines as well, obviously mining is a significant source of revenue. It is currently not a major source of revenue in terms of royalties because of the low prices. Although at other times, and I note 1988-89 for example there was a period of time in which Manitoba had a windfall in terms of profits, and I think one of the important things we have to do in terms of the next number of years is there is really a number of elements I believe to a sustainable mining development policy. One is to ensure there be some sort of review of what does happen in those years in which there is a windfall, a revenue, because what tends to happen is it tends to go into general revenues.

There is a small Mining Reserve Fund, but I think the dislocation has occurred in many mining communities in recent years is indicative of the fact that consideration should be given to keeping more of that revenue in some sort of a fund which can be used for specific mining development and also for alternate economic opportunities, because many mining communities have diversified. Thompson is a good example. Thompson is producing at or around the same amount of nickel it produced 20 years ago with probably just barely over half the workforce. In fact, when I first worked at Inco in 1972, when I graduated from high school, there were probably pretty close to double the number of hourly rated employees at Inco.

So the reality is that is going to continue to some degree. I believe Inco is still looking at further workforce reductions in the range of 200, 250. I know from talking to HBM&S that is very much in their plans as well. We should do obviously what we can to try and maintain employment, but increasingly, I think you are going to see efforts by mining companies to survive in a very competitive environment. They are going to lead to reduced employment or pressures to reduce employment and that is the challenge that mining communities have to deal with. So I think there has to be, first of all, some recognition of that in terms of government's own role as well.

The second thing I think as well is there has to be a real partnership developed here, and I think there

have been some encouraging signs. I point to the fact that the companies involved, the mining resource companies and the unions and people in communities have increasingly in the last number of years been involved in some sort of a dialogue, some ongoing consultation, and some rather innovative things have been developed. I take it some of the work, the team concepts that have been developed by HBM&S, for example in the Snow Lake area, and also Inco has I think very significantly tried to, in co-operation with the steel workers, try and develop an approach to having a combined approach on as many issues as possible.

There will still be differences. There will be collective bargaining differences. There will be issues of salaries and wages, benefits, et cetera, but if we are to maintain mining, we are going to need that approach, and also from governments as well, Madam Chairperson. I believe that some of the budget measures which were announced by the minister were intended in that way. I am not sure if they are necessarily going to have the impact the minister envisions they are, but I believe they are intended that way. I will say that certainly in the upcoming number of—and the minister I am sure will get into that in terms of his comments, but I am not sure if they are always going to have the impact that the minister feels they are going to have, particularly if the minister is not involved with appropriate targeting.

But beyond any of the specific budget measures or specific mining policies, the fact is, to my mind, we are faced with significant competition in the mining sector, particularly from Third World countries and from Russia. The challenges are different in each particular case. We have a lot of advantages too, by the way, and I think the fact that Falconbridge is pursuing the Williams Lake exploration is significant in that aspect because, while we do have higher costs in some ways, we also have infrastructure, we also have a trained work force and we have a much better ability for delivery to market. So we are in a position where we have advantages; it is not strictly a case of being at disadvantage. In fact, many of the mine sites in Third World countries are in very inaccessible and remote locations.

In the case of Russia, we are dealing with a different competitive aspect. Essentially what we are dealing with in the case of Russia is all the minerals that were previously produced for the arms industry are currently being dumped on the market. There is some question about the degree to which that can be sustained and also the degree to which the Russians in particular have the technology to really compete with a field that has been changing dramatically in recent years, but once again, there are obviously going to be fairly significant competitive pressures.

I really believe that in the long run it is in the best interests of all Manitobans, those in mining communities in particular and also the rest of the province, if we do work to maintain a vibrant mining industry. Mining does bring a significant return to the province, not just in terms of royalties, that is one aspect of it, but also in terms of sales taxes, income taxes and other taxes and revenues that are generated by the people who work in the industry.

So the bottom line is, I think that is the route to go, and whatever the government is doing in that area, I will certainly be supportive of. Where obviously I disagree on behalf of our caucus, I will be stating that out, but I do think that we could all learn. I say this to begin with because I believe we could all learn from what has essentially been happening in the industry the last 10 or 15 years. That is, there are still differences and there will always be differences, whether it be labour-management or within the communities themselves or differences over tax rates or budgetary measures affecting mining.

I think there has been a growing recognition that we have to all be at least on the same wavelength, if not in total agreement, on the general trends in terms of where the mining industry is going to be going, because it would be very easy, Madam Chairperson, for us to wake up in 10 or 20 years and find that we have nothing more than some of the existing mining communities in operation at reduced levels and wonder what happened in the interim. Mining is too important to this province to

let that happen, and I think we should all recognize that.

\* (2230)

With those comments, I look forward to asking questions.

**Madam Chairperson:** Does the honourable member for The Maples, the critic for the second opposition party, wish to make an opening statement.

**Mr. Gary Kowalski (The Maples):** My comments will be very short. I will reiterate some of the things I said at the beginning of the Justice Estimates. I am looking forward to this process to learn more about the department, to meet some of the staff from the department. As one of the most junior members in this Assembly and part of such a small caucus, we do not always have the resources and the background I would like, and I do not have the amount of preparation I would have liked to prepare for these Estimates as I have numerous critic roles.

I look forward to learning much from this process. I do have some background in mining, the fact that my father was a gold miner, and I mined in Thompson for Inco in 1969, so I beat the member for Thompson (Mr. Ashton) by three years. I have got seniority as far as a miner on him, and I cling to any seniority I can get around here.

The questions I will be asking will be to learn more so I can fulfill my role as a critic, and I believe my role as a critic calls upon me both to compliment and to criticize the government policies that I disagree with. I will not hesitate to compliment the government for actions that myself and our caucus agree with, and I will not hesitate to criticize those that we think are wrong. So I look forward to the process and with that I will conclude my remarks.

**Madam Chairperson:** I would remind the members that we will defer any discussion on item 1.(a) until all the other Estimates have been passed. The Estimates are on page 49 of the Estimates manual. Would the minister's staff please enter the Chamber.

**Mr. Orchard:** Madam Chairperson, I might take the opportunity to introduce my staff to my opposition critics. Garry Barnes in the dark suit, Acting Deputy Minister; next to him Craig Halwachs, Acting Director of Administration and Finance; clockwise in the dark suit, Ed Huebert, Director of Marketing; in the green suit, Clare Moster, Director of Energy Management.

I have three more staff in the gallery. In the Petroleum division, Bob Debreuil; Art Ball, our Director of Mines; and in Geological Services, Jim Bamburak filling in for Director David McRitchie.

**Madam Chairperson:** Item 1.(b) Executive Support.

**Mr. Ashton:** Just briefly, I notice that because of the fact this department now has a single minister rather than a minister dividing time between this department and another department, there is an increase in terms of staff positions. Is that basically the level of special assistant and executive assistant, or are there any other staff positions involved?

**Mr. Orchard:** Madam Chairperson, the changes represent half to full time on the minister and the deputy minister because they were both shared, both minister and deputy minister were shared with Northern Affairs previously. There was one executive assistant, whereas there is now an executive assistant and special assistant, and we have an administrative secretary, in addition. That was a position paid for by Northern Affairs under the previous consolidation. All in all, I think that there is an even offset between increases here and reductions in Northern Affairs, so that it is a wash, in effect.

**Mr. Kowalski:** I am not too sure if this is the right area to ask this question, but I understand Manitoba has the third-highest base metal smelting and refining capacity among Canadian provinces, and yet, our universities do not provide mining and engineering courses. Is there anything in the department to try to initiate or to get the universities to look at such a program, with mining being such an important industry in our province?

**Mr. Orchard:** Madam Chairperson, a good question. The universities in Ontario, Quebec,

New Brunswick and British Columbia have a greater presence in terms of the faculties of geology, particularly with metallurgy, than we do in Manitoba. We have never had that presence.

It is one of those areas where, regrettably, I guess with the development of the minerals industries, they happened in other provinces first and they developed their strengths in those very specialized departments. In this area, like in most other areas, the universities had developed parallel educational capacities. I know that is the case in medicine, through experience in my previous portfolio. But on this one, we rely on, for instance, close affiliation with Laurentian University. The Marketing division has established as much affiliation with our educational communities in Manitoba, but where that resource is simply not able to meet our needs, we have working arrangements with other universities, Laurentian being the one that I am most familiar with.

I have had some preliminary discussions with some industry, as well as academic people to see whether there is a ready solution. The opinion is that we would probably be as well served in terms of building our expertise through the other universities. I do not find that particularly pleasing, but I also understand fully the constraints the universities, for instance, have in terms of developing a new program and the investment required.

We have some interesting research products that are currently ongoing, and I guess the most innovative one, of course, is the Dow Corning demonstration plant at East Selkirk. That by itself is world-class technology, and I think the largest closed-arc furnace in North America, is it not, is a demonstration, the only one doing that kind of quartz research. So even though we do not have the strength on the university side, we have been able to affiliate with proponents to bring some of that research into the province.

**Mr. Ashton:** I am wondering what the preference is to proceed, because obviously we could deal with the questions under one item or we could pass through to Energy and Mines separately.

**Madam Chairperson:** What is the will of the committee?

**Mr. Orchard:** Madam Chair, I am at the will of the committee.

**Mr. Ashton:** I would suggest we pass through the administrative items with any questions and then get into Energy and Mines perhaps a little bit later, just to make it a little bit easier to deal with it.

**Madam Chairperson:** Item 1.(b) Executive Support (1) Salaries and Employee Benefits \$332,300—pass; (2) Other Expenditures \$75,300—pass.

1.(c) Financial and Administrative Services (1) Salaries and Employee Benefits \$621,200—pass; (2) Other Expenditures \$173,900—pass.

2. Energy and Mineral Resources (a) Division Administration (1) Salaries and Employee Benefits, zero; (2) Other Expenditures, zero.

2.(b) Energy Management (1) Salaries and Employee Benefits.

**Mr. Ashton:** Yes, I would like to ask a number of questions on the energy side currently. I would just like to ask the minister, we are currently dealing with a bill that essentially terminates what is left in terms of legislative authority of the Manitoba Energy Authority and vests the role of the previous energy authority in the department and Manitoba Hydro particularly in terms of out-of-province sales, the previous mandate in terms of MEA. I am just wondering in terms of what activities the department is currently undertaking following the previous legislative move which shifted it over and the current legislative move that will finalize that this session, what currently the department is involved in in terms of pursuing energy sales out of province.

\* (2240)

**Mr. Orchard:** Madam Chairperson, there is no customer-specific pursuit of extraprovincial sales ongoing at the moment. What we are quite frankly attempting to do, although we are not discouraging profitable export opportunities should they be available, but we are attempting to use the very significant cost advantage of electricity in

Manitoba to attempt to bring some of the value-added processing to the province.

I am in regular discussion with Manitoba Hydro in terms of their co-operation and their support of a team approach to bringing the Manitoba advantage to potential investors, and Hydro is working closely with our Marketing division and other areas of the ministry in terms of providing information and on how they would enter into an energy agreement with a potential commercial silicone metal manufacturer, for instance, or other significant electrical consumers. That is an area that I think has some advantage (a) in price and price achieved on the electricity; and (b) with the advantage that should we be successful, you have the balancing investment in production facility and the accompanying employment in the province of Manitoba.

I have always been an advocate of attempting to utilize that electric resource for creation of wealth in the province of Manitoba, and we are certainly seeing if we can achieve that through some new initiatives and, of course, that with the essence of the most recent budgetary initiatives as well as others in preceding budgets.

**Mr. Ashton:** Yes, the reason I am asking that question is because certainly the NSP power sale is going to have a significant impact over the next decade, but it is tied in on a 10-year basis. The lifetime of the Limestone dam is anywhere upwards of 50, 60, 70 years, and I mentioned in terms of the dam that is even in Minnesota, which is currently going through discussions related to disposal.

In fact, they recently passed a bill to provide for disposal of the nuclear waste. I believe that was in March or April, and it would appear to me that the extension of the NSP power sale would give them significant abilities to deal with any problems they might have on the nuclear site because of the fact it is a significant part of their delivery of electricity in that state.

So I am wondering if there are any ongoing contacts through the department over and above anything that is taking place with Manitoba Hydro. I will be raising this in the Hydro committee as

well, but I am just wondering if the department itself is playing any role similar to the previous role of the MEA.

**Mr. Orchard:** Those discussions are ongoing through Manitoba Hydro, and the department at present does not have a role. I recognize that potential with Northern States Power and the difficulties they are going through in terms of nuclear waste storage. That issue, if it is unresolved, can have some rather significant and, in the time line of bringing new generating capacity on line, some fairly immediately problems for Northern States Power.

We are watching that very closely because, as it stands right now, we probably have some immediate capacity, but I simply reiterate for my honourable friend that one of the areas that we are trying to achieve some load growth in the area is in that kind of utilization within Manitoba. We are pursuing several projects concurrently in the hopes that one, two, or three of them may well come to fruition over the next several years and consume that excess capacity of power within the province of Manitoba.

Of course, we can get into this issue with the Manitoba Hydro report next week, but if we were to contract any significant size of firm energy sales, we would probably have to start rethinking about additional capacity on the Nelson River as well.

**Mr. Ashton:** Certainly, I will be raising questions in terms of current sequences, load growth and possible sales, et cetera. I want to indicate too that I certainly am supportive of any efforts in terms of having value-added to our electrical generating capability.

It is not that the export sales do not provide that indirectly. Obviously, the money that is the profit from a properly negotiated sale, such as the NSP power sale, does bring money back to the province, which once again becomes invested in some way, shape or form in this province. It is in that category as well, but I certainly appreciate the comments from the minister in terms of the fact that the department is pursuing that. Certainly, it has been an ongoing effort in Manitoba. Certainly,

in the last 25-30 years, recognizing that as the years go by many of the decisions that were made previously in terms of hydro power have left us with a real legacy in terms of low hydro rates.

I wanted to ask some questions on the energy side also, in terms of conservation. When the Home Renovation Program was introduced in the Legislature, certainly it has some appealing features in terms of generating some employment in the home construction field. There is a high rate of unemployment right now. Currently, in terms of home construction, I could testify that in my own area there are people who have been on UIC for the first time in 25-26 years because there is no Hydro construction, which pulls a number of people in that direction. In terms of the home renovations, et cetera, that has been down.

A company, such as Inco, has been cutting back in terms of contract hiring so there has been a fair amount of pressure certainly that was targeted to an area that is in need of some boost in terms of employment.

I am wondering, the minister made reference to looking at, in terms of energy conservation, whether the minister was involved in discussion of the development of this program, because one of the first things that did strike me about the program was that it was fairly nontargeted. There are some restrictions about what can be spent, but one can just as easily build a new bathroom with the basic fixtures as one can put in a retrofit in terms of energy for the homes. I am wondering if there was any discussion on that and how the minister plans on dealing with a program that is fairly general in its scope and only indirectly would involve energy conservation.

**Mr. Orchard:** Madam Chairperson, as I referenced in my opening remarks, the Energy Management division of the ministry has very significant information resources available to Manitobans to make available for projects on retrofit for energy efficiency, insulation, windows, et cetera. Should that advice lead to energy-efficiency upgrades to homeowners, that capital investment up to \$5,000 would certainly qualify for the \$1,000 rebate.

You know we are hoping that Manitobans, in deciding how they are going to access the Manitoba Home Renovation Program, would consider building standards to the R 2000 program which the ministry has been advocating for a number of years. Also, as well as directly for Manitoba Hydro, we are certainly supportive and providing information on Hydro's Power Smart initiatives which can provide further information on energy savings.

\* (2250)

We have been holding throughout the province home energy saver workshops. One of the workshops is on retrofits of existing homes, and then of course in 1993, new homes in terms of their energy-saving construction technique. So we have got the expertise to provide the information.

I guess I would just say to my honourable friend that we did not target a particular area. We eliminated certain areas where they would not be what you might call basic renovations, so that we did not get into the Saskatchewan hot tub program and rec room program. We have no desire to have this program utilized in that fashion. We did not think that would be an appropriate use of taxpayer money.

In terms of the other renovations that one as a homeowner may wish to undertake, the Energy Management division of the department is certainly available to provide information and guidance to the best of their ability and time to potential home renovators who might access the program.

**Mr. Ashton:** I would certainly recommend the department pursue development policies and programs in terms of energy retrofits because it is all part, to my mind, of the whole equation in terms of the load growth. One can develop it from the hydro sales. One can also develop the ability to provide energy with a load growth through conservation, as well.

There are significant problems in many areas of the province of older homes which do not meet current energy standards. The problem is people are on relatively low incomes, not always necessarily a low income in the sense of qualifying

for RRAP or targeted programs, certainly not always in the position to be able to access the \$1,000 through expenditure of \$5,000.

In many cases, people face upwards of \$400, \$500 hydro bills in northern Manitoba and similarly high amounts elsewhere in the province. In fact, I can table my own hydro bill in Thompson and with a 30-year-old house prove the point. I spent \$360 at the peak this year and with a significant amount of insulation. So you are dealing with, certainly in homes such as the house I have, which is 30 years old, and similar houses, the need for significant retrofitting to be able to bring up the insulation standard in the home to a level at which you can access savings in terms of hydro. I am wondering if the department has undertaken any studies in terms of the possibility of that.

I notice, for example, I believe the carpenters' union was very active making a proposal of that kind and suggested it would have employment opportunities, suggested that it would have a lot of advantages in terms of conservation and also would be economical to the homeowner and could perhaps be financed on a bigger scale to the type of programs we saw before, where you had low-interest loans and charged people on their hydro statements.

Certainly, in many cases, the problem is not the economic viability of the retrofit. It is a simple question of financing and having the financing amortized over a sufficient period so that people can legitimately undertake it. I mean, it is no use having two- or three-year financing available if the project pays itself back in 10 years and you are dealing with people who do not have the ability to up front the cost. That is often what happens.

So has the department undertaken any study of this kind of project?

**Mr. Orchard:** Madam Chairperson, no, we have not undertaken such study in recent times, but of course, many of the things that my honourable friend mentions are components of Power Smart to one degree or another, with the exception possibly of the long-term loan capability to avoid the heavy up-front load of a renovation for energy savings.

My honourable friend mentions \$360 a month, and in many ways, Manitoba's lowest-cost electricity to residential consumers, the lowest cost in Canada, probably removed some of the incentive to aggressively pursue retrofitting, because in other jurisdictions you simply would not heat with electricity without making sure the cost of doing an energy-efficiency retrofit would be paid off in a much faster style.

One of the things that I have always been a believer of is that you cannot force feed economics on conservation. Each person has to understand the economics around their energy bill and how they might undertake methods of reducing it. They will make their own equation based on their financial capacity, their ability to borrow, the interest rates, the energy rates, and make their own decisions.

I think in the past, if I can be so unkind as to suggest, when governments have tried to force feed that through grant systems or low-interest loan systems, there has been a significant benefit to the suppliers of service and sometimes those have factored out the true benefit to the individual. Sheltering people from economic decisions sometimes does not lead to the best ones.

In terms of the Manitoba Hydro Power Smart, it is providing a lot of good information in the monthly bills and indeed through direct contact, so that people can make those kinds of intelligent energy choices. By intelligent choices, I mean ones that make economic sense as well.

**Mr. Ashton:** Madam Chairperson, I am rather surprised by the minister's comments, because certainly his comments could be applied and then some to the current government program, which gives a grant of \$1,000 when people have expended \$5,000. What I am suggesting that we look at is a way of bridging the gap because the problem for many of the people I am talking about is not a question of do they have the \$5,000 to access the \$1,000. They do not have the \$5,000.

Many people do not have access to financing, period. When they do have access to financing, it is often on a very short-term basis. When you finance a hydro dam, you are dealing with an amortization over 50, 60, 70 years in terms of the

life of the dam. You are dealing with a completely different set of financing. What I am suggesting is that the government look not at a government giveaway in that sense but some way of providing financing and providing some ways that people can access it.

For example, many low- and middle-income people cannot access RRAP programs, et cetera. Those programs are essentially for critical home repairs. They are not for energy conservation per se. And I mention about my own hydro bill. I mean, I can pinpoint in northern communities in particular, where the weather conditions are obviously harsher, where people have \$450 and \$500 hydro bills. They do not have access to natural gas. We do not have access in even many communities in rural or northern Manitoba to natural gas currently although some are being hooked up to gas.

\* (2300)

The only other options are in terms of wood, obviously, and many people do use wood stoves or hydro. In the case of many people, hydro is the only realistic option. Notwithstanding that particular discussion, I would certainly once again raise that as a suggestion to the department that the department look—I would like to ask on a related matter what the current studies are showing in terms of price trends with Manitoba Hydro which, presumably, should be able to keep hydro rates at or below the rate of inflation given the revenues falling in from NSP related to the Limestone dam and natural gas.

The reason I am asking that is in the context of the recent gasification initiative that received funding from the infrastructure program, and I know one of the concerns that has come up is in terms of long-term price trends in terms of natural gas. I am wondering what the department's current estimates are on the current price level of hydro versus natural gas and the trends over the next five- or 10-year period.

**Mr. Orchard:** Madam Chairperson, I appreciate my honourable friend's concern over those who may not be able to access RRAP and cannot necessarily, on sufficient terms, borrow \$5,000 to

do energy retrofits on homes. I would suggest that that opportunity has been greatly enhanced with the prospect of having a 20 percent rebate on that \$5,000 of renovations, and I guess it becomes a case of all of us as individuals taking a look at where we can fit our priorities when there is that kind of incentive in place.

In terms of natural gas, it is a difficult area to do price projections on. There has been a modest increase in gas pricing over the last 12 months, but natural gas, in terms of space heat, where it is available, is the most economic space heat fuel in Manitoba, that is, given current technology of high efficiency gas furnaces versus electricity or heating fuel or propane. Probably in parts of northern Manitoba the most economic energy source is wood. I burn it at home.

**Mr. Ashton:** Yes, I recognize that natural gas is currently cheaper—it is certainly obvious to people who do not have access to it—when comparisons are made. But the question I am asking is what projections there are, because presumably there must be some perceived continuing price difference between natural gas and hydro for the government to have participated, along with other levels of government, in the provision of infrastructure funding. I am raising this because the concern has been raised in terms of the long-term projections of natural gas prices. People in communities that are being hooked up, I know, are certainly enthusiastic in the short run and are asking questions in terms of the long-run prospects.

Obviously it is a big decision to be made by communities. In terms of the changeover, there are always costs involved and so on. I am asking more the long-term trend, recognizing that currently natural gas is cheaper.

**Mr. Orchard:** Depending on the price assumptions you make for hydro, if you assume Hydro's projections on their price increase are accurate, they are indicating relatively flat rates for the next 10 years. Some are saying natural gas will increase by a rate of inflation. Some are saying 7 percent, 10 percent; some are saying 12 percent a year, and depending on your projections, your

crossover can be as close as ten years out to 20 years out, but it all depends on the accuracy of the projected price increase on gas.

I do not have any sense. I have met with the gas producers over the last number of months, and they are giving indications of continuing successful production, new production that is maintaining their ability to supply it. Their problem is not dissimilar to the hydroelectric industry in that they have their peak demands, and they cannot physically produce and transport to their peak demands. Hence, what they are looking for and they have been developing in quite significant ways is the off-season cavern storage so that they have, for instance, I guess it is in Michigan, pretty significant cavern storage that they load up in the summertime in off-peak and have readily available draw-down supplies in the peak, but—and again, I can only share this with my honourable friend from what they are telling me. They are willing to sign up any and all customers because they see gas supplies being very, very strong over the next couple of decades because of current drilling activity in the traditional basins of Alberta and in parts of Saskatchewan and into the Peace River country of British Columbia.

I do not know. I mean, I have heard that before as well. When I moved back to Manitoba in 1973 from Alberta I put electric heat in my 70-year-old house because it was 1 cent a kilowatt hour. That was in 1973. Well, by the time that hydro rate burst went through it was up to 3.5 cents and I started burning wood. At the same time, you might recall, we were going to run out of oil and gas in eight years, and so far if you take a look at our petroleum convention, all members should have had the opportunity to see that petroleum slide presentation of one of the firefighters who was over in Kuwait, a Canadian company that successfully put out more oil wells. There were wells there that had been producing for 25 years that had a nine-inch flow stem, nine-inch diameter flow stem, that were shooting oil from ground pressure, 200, 300, 400 feet into the air. That is the kinds of reserves they are sitting on.

I cannot give my honourable friend an accurate projection in terms of what is going to be the best

way to go, energy source, natural gas versus electricity as we look down the road. One thing I can tell my honourable friend that is always a good investment is energy-efficient construction methods and retrofitting so that no matter what your energy source is you use it very efficiently. I think that is your best investment, and you had better pretty well have to make your best judgment basis, a number of sought-out expert opinions as to whether natural gas is going to increase at the rate of inflation or 5 percent or 7 or 10 percent and then build your projections into that for your own particular investment.

It is not only people in rural Manitoba who have to make that choice. New homes in Winnipeg or in communities currently served by natural gas have to make those kinds of choices too. The choice is not as, I will admit is not as high a price because there is not a hook-up fee generally in some of the urban areas that already have, but the hook-up fee in the relative scheme of things is not that large.

I just simply indicate to my friend to answer his question, we have scenarios depending on the price relationships chosen from 10 to, I suppose, 20 to 25 years before the crossover occurs, and that is given assumptions from both hydro and from natural gas.

**Mr. Ashton:** Well, I certainly hope that is the case for the communities that are affected because once again, in this particular case, the government is not allowing the marketplace to decide that the government is actively becoming involved in terms of gasification, and once again it is a fact that communities have to consider. Obviously, the government could have become involved in terms of, say, reductions in hydro rates to a similar amount, shifting the market in that sense, but because of the current price advantage obviously has decided to move on the gas side.

I am not being critical. I am just questioning the assumptions and the predictions because once again it is a concern. It is also something other communities are looking at, as well. I mean, for example, if you were to take the next number of communities that are not hooked up, the degree to which it is worth lobbying, putting in the effort,

recognizing it may take a number of years to get it, certainly it is very easy on the surface.

As someone who resides in a community that does not have access to natural gas, I know there is a price differential currently. We have only propane, and propane has suffered significantly in terms of hookups for home heating, and also commercial use, because of the fact that it has increased fairly significantly over a period of time. It has actually stabilized the last number of years, but most people switched over to hydro about five or six or seven years ago because propane is not as cost-effective as is natural gas.

\* (2310)

I have a number of other questions but I can raise those probably just as equally well in terms of Manitoba Hydro, so I do not have any further questions on energy if the Liberal critic wishes to ask any questions.

**Mr. Orchard:** Can I just offer my honourable friend a caution. We did not go into the rural gasification program simply to have people switch over for residential heating. That is an important component, but there was also the necessity of having natural gas as a heat energy feedstock for industrial development that communities without gas simply—like in the Swan Valley. They are considering projects from ethanol through to, of course, Louisiana-Pacific, which is a modest gas consumer, to alfalfa dehyd, all of which require natural gas as a heat source which electricity probably can never compete with.

Never is a long time, but certainly in terms of industrial heat, natural gas is—you could not create a rate that would give you a competitive advantage. You would have Inco wanting the same rate and we could not afford to give it to them.

**Mr. Ashton:** I realize the prime push is in terms of commercial. However, the residential hookup from other members of the community is also a factor in the gasification process. So those are the people really who are going to be asking that question similar to what the minister obviously did in 1973, and I guess they are hoping that they do not make the same decision the minister made.

Actually, a lot of people did. I mean, it looked like a good idea at the time, and the benefit from hydro rates really has come in latter years when other energy sources have gone up significantly over time while Manitoba Hydro now, because of the fact that you know we are into some fairly low-cost energy-producing dams has been fairly significant. So I recognize what the minister is saying. It is more in the commercial sense it is driving, but also the residential users have to make that decision too.

**Madam Chairperson:** 2.(b) Energy Management (1) Salaries and Employee Benefits \$858,600—pass; (2) Other Expenditures \$250,800—pass.

2.(c) Marketing (1) Salaries and Employee Benefits \$796,500.

**Mr. Ashton:** I will just ask some questions under this item in terms of—I realize this section deals with both the mineral and petroleum source. I am just trying to get some sense of how this section of the department has evolved in terms of its role, in terms of marketing our potential, in what activities this section of the department is involved in.

Obviously the minister has outlined some of the ongoing exploration activities and pending ventures, et cetera, but I am just wondering what this section of the department is doing in terms of items outside of the ongoing activities.

**Mr. Orchard:** Madam Chairperson, I just had to check to see how full an answer I could give my honourable friend, and there are some commercial confidentialities that I cannot share, but just for instance, today we met with senior people who are interested in the Pipestone Lake deposit.

I think it is fair to say that the Marketing branch started work with Laurentian University on the Pipestone Lake ore body and have been very, very active in developing international contacts on the titanium side. They have also been active in pursuing master alloy production, because if one thinks about it, there are three components that are necessary to make a project: the resource, No. 1; the technology, No. 2; and the energy source, No. 3. Anything that requires an electric process, Manitoba has a fairly significant advantage. When I referenced earlier on that we are wanting to try

and develop some of those home-grown consumers of electricity, that, I would have to say, is one of the major initiatives that the Marketing branch is undertaking right now.

They have been working with, for instance, a kaolin deposit in the Interlake, kaolin being a clay product in the paper process, as one area, and it looks as if we have certainly got a quality deposit of sufficient size and now if we can marry that with a development investor we have market for sure at Pine Falls, for instance, and an opportunity for markets into the northeast Ontario paper producers.

So the Marketing division has been working on those project specifics as well as are generally our side of the department that is at the various trade shows to promote the Manitoba advantage in a number of areas. So if my honourable friend wanted more detail about different projects I would give him, but in the interest of brevity I will maybe just let him ask a few more questions.

**Mr. Ashton:** Yes, there is quite a bit of interest surrounding the situation at Cross Lake, and that received a fair amount of publicity. I know I have been in discussions, as well as Oscar Lathlin, the member for The Pas, who is also the member representing Cross Lake, and a number of other caucus members as well, and once again there is a tendency to perhaps do it soon, that there is going to be a mine built tomorrow from some of the publicity. I think that is unfortunate because it is certainly encouraging, but it is not at that state yet.

I am wondering if the minister could indicate what the latest information he has is in terms of the status of that particular possible mine venture.

**Mr. Orchard:** Madam Chair, the interest in that Pipestone Lake deposit—Cross Lake Gossan Resources is the joint venture partner with the Cross Lake Band—really came to the fore because of the mineral and petroleum convention last fall where Professor Dressler from Laurentian University shared some of the metallurgical results of examining the ore. Subsequent to that there has been a fairly significant interest from some of the major titanium producers. There is a handful of them in the world. They are very large companies

that are in the titanium business, but as a pigment, titanium oxide as a pigment.

The Gossan Resources joint venture has been drilling the deposit, and they have identified 26 holes and they have identified between 10 and 12 million tonnes of proven reserve. They recently received approval for a MEIP grant, the Mineral Exploration Incentive Program grant, and they are going to do another 85 holes, I think it is, to further delineate the deposit and prove it up. If they have the same success ratio in the next 85 as they had on their first 26 the potential there is for a 25-year-life mine. Providing the quality of the ore remains consistent with a high degree of separability on the vanadium portion from the iron portion from the titanium, it is an optimistic project.

I appreciate what my honourable friend says because when that hit—and the same thing happened with potash. I mean, I have never said, we are going to have a potash mine operating in Russell next year. If they broke ground next year it would not be in production for another five years, and that is the sort of lead-time window that looks like they are going to have to try and hit if the market turns around in 2000, 2001 in the potash business, as many are saying.

\* (2320)

The lead time on this titanium project is probably four, five or six years, similar to the Falconbridge, Williams Lake deposit on nickel. That market is a very strong one in terms of demand for titanium pigment. The vanadium side of it looks like it has a ready niche in the world market. In terms of the pig iron, the balance of the ore, it looks like it could be a very suitable replacement for the current scrap metal market in Manitoba.

So it looks like a nice combination project. If everything keeps going with the same kind of optimistic results, maybe we will get on with development of that over the next couple of years.

**Mr. Ashton:** Madam Chairperson, I appreciate the information because the minister has outlined a very similar scenario to what the Cross Lake First Nation is looking at.

There are a lot of advantages, too, in that area. There is a road connection, sort of. It is not in the best of conditions, but it could be easily upgraded and would have to be, I am sure, for a commercial venture. You have a community with increasingly improved infrastructure and a lot of people in the Wabowden, Cross Lake, Nor House area who have experience in mining. Many of the people who worked underground over the years were from those communities. Wabowden had its own mine for a number of years.

Many of the residents of Wabowden are actually Cross Lake Band members. In fact, the member for The Maples (Mr. Kowalski) may have worked with a number. I certainly did at Inco.

There is a lot of excitement in the community, but there is a realistic excitement. The interesting thing was they got a lot of inquiries from people from the Cross Lake Band who had not been in the community for quite some time from all over, different places, who were expecting to drive back and get employment. So I appreciate the realistic but still optimistic scenario put forward by the minister because I think that is very much the case.

The minister made reference in his opening comments. I do not know if this is the appropriate line to deal with it or not. I just want to deal with some of the pending mining ventures. He mentioned Williams Lake. I think we have discussed that already.

He made some reference to the current situation in terms of Lynn Lake. I am wondering if the minister could indicate what the current status is in terms of Lynn Lake and the time frame we would be looking at for production if everything works out well and if the current price of gold maintains itself.

**Mr. Orchard:** Madam Chairperson, Lynn Lake has gone through several corporate restructurings. Granduc was the operator as of several months ago, Conwest is now the principal owner-operator. Their benchmark apparently is in that \$400-an-ounce market for gold. The current open pit with the reserves they see that they have proven is three to five years of operating life at current prices. They have optioned Farley Lake, and it looks as if

that—they are in the proposal stage to do a major bulk sampling of Farley Lake's deposit, and they anticipate that could give them another three to six years. So those two deposits alone look like some security, providing gold prices stay close to where they are.

There is exploration ongoing in that whole Lynn Lake area to try to prove up additional reserves as well. We have some MEIP. Do we have any MEIP proponents in the Lynn—for gold specifically? Yes, that was to get the mine going. They used a MEIP grant originally.

So it looks as if Lynn Lake with 80, I think it is 88 people, full and part time, currently working at the mine, it looks as if there is some reasonable hope for a few years of good operation with the known resources to date, and with the opportunity of exploration uncovering new resource or new ore bodies to feed that plant, I am fairly optimistic on to the year 2000 and beyond.

**Mr. Ashton:** Madam Chairperson, it is certainly, from people I have talked to with knowledge of the geology of the area, that it certainly has good prospects. I want to shift to Snow Lake because Snow Lake was always the area that everybody felt—well, not everybody, but certainly the conventional wisdom was that Snow Lake was depleted obviously in terms of base metals, also that there were not the prospects in terms of other metals. I am just wondering what the latest information is in terms of Snow Lake, in terms of the activity that is ongoing in that area, in terms of time frame. I realize the minister gave a brief description in his opening comments, and I appreciate the information, but if he could give some indication of the time frame and the factors that are currently being considered in terms of production decisions.

**Mr. Orchard:** High River Gold, who were the proponents, had every confidence that they had sufficient quality resource in the Snow Lake environs and on some of the NorAcne properties to start production. Maybe I am being too simplistic, but at the mining convention last fall, High River Gold optioned one of the Dunlop properties adjacent to the NorAcne properties, and that

provided them with sufficient resource that I think it is fair to say got TVX involved.

TVX is a very successful world player in the gold market. It is the old Inco gold arm. Them coming into Canada, the TVX presence at Snow Lake was their first Canadian investment of recent months. It was one of optimism in two ways, firstly by the fact that they come in to the Snow Lake play, I think, give it a significant credibility because TVX has a good reputation as picking winning projects. Secondly, it demonstrated that the province was providing the right kind of environment, or else they would not be looking at it. But the biggest advantage to Snow Lake is the advancement of the project. They hope to be in production in 1995, which is really crowding the revamping of that mine, and they are able to do it, as I understand, by two separate events.

They have acquired a used mill from the United States that they intend to reassemble on site, and they have acquired a used headframe and hoist. Apparently, I am told that the order of a new hoist is—[interjection] Yes, a used headframe that they are bringing in, and otherwise they would not be able to be operating. From the time you order you are at least 18 months before you receive a headframe, I am told. So the acquisition of a—like, I mean, this is a good used headframe that can do the job quite adequately.

By the acquisition of both of those pieces of equipment, they are able to advance production at Snow Lake far sooner than any other development plans that High River had. Let us face it, what they are looking at, they are trying to get as much production at high gold prices just in case the market does not remain firm for long periods of time, so they want to get into production very, very quickly. That is about the current status. They hope to be in production by the end of '95, but there is significant activity leading up to that with a fair bit of construction and employment.

**Mr. Ashton:** I thank the minister for that update, and certainly the ability to get to market quickly is going to be a key factor in terms of precious metals because of the potential volatility in prices. I did not realize the underlying factors, but from my

sources that was certainly one of the factors people talk about at Snow Lake was the fact that they are talking about a fairly quick turnaround in terms of getting the operation up and running.

\* (2330)

I mention about Williams Lake. There is only one question I want to ask on that, not so much the dynamics of that because the minister has dealt with that and I have certainly met with Falconbridge, and I know the Liberal critic has as well, but certainly one of the issues in that area is the fact that there is a proposed national park, a national park site, and I do not want to get into the whole debate of the national park site. I mean it is a bigger debate, it is fairly complex and whatnot, but I am just wondering if the department is in any way involved with those discussions at this point in time or would anticipate being involved in those discussions in any time in the near future, because the position of Falconbridge certainly is that they have no opposition to a national park in the area, but I do not want it to encroach on the Thompson nickel belt.

Obviously, there are a lot of environmentalists who would like to see as wide a national park as possible. In fact there are proposals that, as I understand it, take in much of the shore of Lake Winnipeg up to Williams Lake and right down to Hecla Island. Hecla Island is sort of an alternate site that is being talked about. Is the department involved with those discussions at all?

**Mr. Orchard:** Yes, we have been involved and my honourable friend probably is aware that there were three potential areas for the lowland park. There was Hecla, there was an intermediate area, say, south of Long Point and then there was the Williams Lake area.

With the discussions, in terms of establishment of a national park, Falconbridge indicated that they would be greatly concerned about the northerly location, so we tend to agree that we can have both the mineral potential of the Thompson nickel belt plus a lowlands park.

The Department of Natural Resources has removed that northern Williams Lake area, which is underlain by the Thompson nickel belt from

consideration for the natural park. We are focusing our consideration on the two southern areas, Long Point south and Hecla, so the objective being that we think we can have both mining investment, as well as a lowlands park. We were involved in discussions with Natural Resources and the federal government to arrive at that decision.

**Mr. Ashton:** I have one further area I would like to discuss in terms of mining, and it is in terms of current employment. I indicated before there has been some significant downsizing in the industry with major producers, in terms of HBM&S and Inco. Certainly we are all hoping that with the upturn in precious metal prices, et cetera, we are hoping to see some re-establishment of employment at areas which currently have been closed down.

I am wondering if the minister can indicate what has been happening in recent years in terms of the trends, in terms of employment, also what projections the department has, based on its comprehensive discussions with employers in terms of employment in the next period of time, because I said I know some of the major producers are looking at further downsizing. That may be impacted on by improved market conditions. There may be some new mines opened up. There may be in communities that previously had opening mines, but I am just wondering if the minister has any information in terms of what has been happening in terms of the trends, in terms of employment.

**Mr. Orchard:** Well, regrettably the major producers, Inco and Hud Bay, have been downsizing their operations in quite a significant fashion over the last decade, in part, because technology is changing the workplace significantly in mining, as it is in a lot of other workplaces. I think there is referenced earlier by my honourable friend in his opening remarks that the competition internationally has been quite brutal on the base metal industry and what was a reasonable operating status even three or four years ago is no longer a reasonable operating status today. It has led a number of the majors to downsize quite significantly.

The Inco operation—Inco decided, I think it is about two and a half years ago, to downsize across the corporation. The last phase of that downsizing, as I understand it—I think they are finished at least for the immediate short-term future—was a thousand downsize, 600 of which were from Sudbury, and I think that there were 200 out of the Thompson operation and 200 out of Canada. They were able to achieve their 200 in Thompson through early retirements. I do not believe there were any layoffs as a result of that downsizing in Thompson, the most recent downsizing.

As my honourable friend indicated earlier on, they are maintaining their production with roughly half the total complement on staff. I know they have downsized throughout the entire operation, underground as well as smelter and surface and in the administrative offices. I could not help but remark, because we feel pretty tough when the number of jobs is cut in half at Thompson, because they are at about 55 percent I think of what they were at their peak in say the '70s.

There was an article recently in the Report on Business, where for instance in Sudbury, the Inco operation fell from peak employment in 1978 of 21,000 down to 6,700 with this latest downsizing. I mean, that is almost unbelievable to think about one-third that we have gone through significant downsizing in Manitoba.

I want to tell my honourable friend that I do not think we are going to see a return to the employment levels that we saw as little as 10 years ago in the mining industry. We have recognized that as government, and that is why we put some of the taxation policies in place over the last several years, the Mineral Exploration Incentive Program, not me, but the Incentive Program for the majors to make sure they do their exploration in Manitoba.

The relief of sales tax is going to make, in our humble opinion, and I think it is borne out with some of the feedback we have gotten from both Inco and Hudson Bay and TANCO—the taxation relief that we have undertaken is going to make them probably the lowest-cost producer in their respective corporative umbrellas. If markets improve, that should mean production will flow

naturally to the low-cost producer, both in a price-improving situation as well as a price-negative situation.

We have recognized that to maintain our employment levels and our activity, that we better get our impact through taxation on those major producers as right as we can make it. If, for instance, Inco was able to utilize the lowered cost of electricity through relief of sales tax to the advantage of doing custom smelting, that can immediately spin into some replacement jobs, some new and additional jobs, because they do have the capacity to undertake that in Thompson.

For instance, take LynnGold, as I understand it LynnGold operated with 220 people and they are now operating with some 88. I think that is probably the kind of trend you are going to see and that is why we consider it quite important to get such deposits as the Pipestone Lake titanium deposit, hopefully Williams Lake, hopefully potash, hopefully maybe some new gold enterprises go in, kaolin in the Interlake, so that we add new activities, because the production from our existing majors is probably going to increase with a stable workforce and not necessarily an increasing workforce.

**Mr. Ashton:** Certainly that is the case. In fact, if the minister does have any figures on it, rather than take up the time of Estimates with any detailed questions, I would appreciate some general analysis over the past 10-15 years in terms of employment. Certainly, technology is a significant part of that.

When I last worked at Inco, I worked underground. I would not recognize the place today. I have worked for a short period of time basically in pillar mining which does not exist anymore, and the mining that the Liberal critic saw did not exist when I was underground. That is how much of a change there is, this vertical retreat mining.

\* (2340)

Also what has happened, too, is the blend of mining has also been a factor. Thompson, for example, has had the Thompson open pit development which has been one of the reasons

why Inco has been the low-cost producer arguably within the company and also internationally as well. I am not sure if I would be as optimistic as the minister in terms of saying that we would now be in the low-cost category with some of the changes brought in this budget. A lot of it depends on the next source of mineral.

If it is open pit, it is relatively cheap, but once you go back to underground mining, even though there are significant reserves, even though Birchtree is operating in the case of Thompson, that can shift to a higher blend of cost and that can impact on the plant, although the big advantage that Thompson has had over Sudbury has certainly been a relatively new plant and also a relatively young labour force. I know that is one of the reasons there was such a great effort made by people not to end up with layoffs, because I know many people took early retirement specifically so that the younger employees would be in place because they are important to the company, important to the community and certainly they are going to be the future of mining.

In fact, the last question I want to ask—because in terms of time I just want to move briefly into other areas, and I know the Liberal critic will probably have some questions as well—is just in terms of the labour force itself. That is one of the reasons I want the historical figures in terms of numbers of employees, but if there is also any analysis of the type of employees, because it follows in a way from the Liberal critic's question, the member for The Maples talked about training, et cetera.

Essentially, what is happening is there is a huge increase in the use of technology in the mining industry. That is one of the reasons why employment is down on the other side, but it is requiring a different type of skill. In fact, many people who were hired for mining companies, until the recent downsizing of the major mines, often have significantly higher education and a greater technical background.

I am wondering what discussions have taken place between this department, the Department of Labour in terms of apprenticeship and training and

whatever other departments of government might be involved, actually in terms of the Department of Education, because I think one of the concerns that does exist—and companies have been pretty active themselves in terms of voicing this, as well—is the ability of our education system to keep up with the changing needs. In the case of Thompson, for example, that includes not only the technical side but also in terms of trades. Many of the tradespeople who basically came to Thompson in the 1960s and 1970s, many of whom I worked with when I worked at Inco, are now retiring and making way for a younger workforce.

I am wondering what kind of planning there is in terms of the labour force needs in the mining sector and what role the departments played in ensuring that we do have that labour force in place, because to my mind one of the key ingredients—I mentioned this earlier.

One of the advantages we have in Canada, relative to most other areas, is a trained and educated workforce. That is becoming increasingly a relative advantage, given the greater degree of technological development. I would strongly urge the department to be moving in this area and actively pushing for a response, certainly from KCC, the northern community college, and other educational institutions and also dealing specifically with companies, with the unions as well, because they have a really direct interest in this, ensuring we have the best-trained possible workforce that we can. I am wondering what the department is doing in that area right now.

**Mr. Orchard:** We have been working with both Labour and Education. Workforce 2000 has been one of the areas. I do not think we have worked, for instance, directly with Inco in terms of Workforce 2000. I think they have probably dealt directly with the department on Workforce 2000 and other training initiatives.

One of the things I have to tell my honourable friend is lacking is that the mining industry is one of the best kept secrets in Manitoba. It, in some ways, builds on the question of the member for The Maples (Mr. Kowalski) earlier on in terms of the university training programs.

I do not say this to be critical, but I do not think there is a great deal of consideration by young people that mining is necessarily a career. It has sort of got the old pickax and blasting-cap image, you know, where you go underground and work in the dust and slug it out. There is a lot of that that goes on, but by golly there is a tremendous amount of technology.

At the recent convention in Toronto they were demonstrating the operation of a scoop tram from the floor of the convention in Toronto, underground in Sudbury. The technology is genuinely there, and my kid could do more with a scoop tram and a joy stick than I could run the thing direct. I mean, that is where the industry is heading.

The point I am making is that in terms of a career option, I think it is fair to say very few people consider it unless they are from a mining community as the member for Thompson (Mr. Ashton) is. That in part is a function of our education system because we do not provide the curriculum materials for teachers to use in the classroom.

One of the more pleasant events I was involved with as minister shortly after assuming the portfolio was the release of our curriculum for Grade 6 science. It is just a dandy curriculum that is starting to lead the way across Canada. Other provinces are wanting to pick it up.

I think in terms of taking a look at a long-term career, that will help to have that curriculum in the education system. But what I find, and I may be wrong on this, and I will try to get further information for my honourable friend, but the major companies in particular offer a fair bit of skills upgrade internally in their operations so that as the workplace changes they tend to do internal training initiatives to make sure that their current workforce is able to adapt and change. I will try to provide other information to my honourable friend at the next opportunity.

**Mr. Ashton:** I certainly welcome the curriculum by the way, and I think that it is an important thing that young people have some idea of the diversity of economic activities in this province. I know,

once again, I often get accused of saying negative things about Winnipeg. I am not saying about everybody in the city of Winnipeg, but I think there is sort of a Winnipegcentric, if I can use that term, curriculum view of the world. If there is some mention of what happens outside of the Perimeter in terms of economic activities, it is usually sort of an outdated version of farming, and it does not include the many other activities that are a part of the fabric of rural northern Manitoba.

I think that is part of it, although there are some logical reasons why there have been other problems as well in terms of just the instability in terms of employment. Companies, such as Inco, have not been hiring actually for the past two and a half years.

But part of it is also on the educational side of it. The University of Waterloo, for example, has been active for many years in terms of its co-op program. It has placed many people in the mining industry as a result. Quite frankly, I know there are some developments in this area. There are a number of proposed Red River programs, but for the life of me I do not know why we have not done that.

I look at, say, for example, the specialization that has taken place at Lakehead University in terms of forestry. I know that because I went to Lakehead University. They are the leading institution in terms of forestry. It makes sense; that is a major part of their economy.

I am a believer in the need for a northern university, a northern polytechnic. I think that is one of the areas it could specialize in is in terms of academic research and in terms of skills training. I think the member for The Maples (Mr. Kowalski) raised a very good question because education is part of that economic asset.

So I would certainly encourage the department to be proactive in that sense. The minister is correct that many of the companies are dealing with the needs internally, but the question I think has to be asked with that is that strictly because they can access that expertise more directly, or is it in many cases because the institutions that we have

in place do not always meet those needs? I am not saying that they are not in some cases.

\* (2350)

There is an apprenticeship agreement with KCC, but quite frankly over the years, talking to people in positions who are dealing in terms of training, there has not been the confidence with particularly Manitoba's community college system in meeting those needs. I think we have missed an opportunity.

I think the minister is correct in the historical analysis with the member for The Maples (Mr. Kowalski). We are not the only province with mining. We account for a significant portion, but we are still not a major player. On the other hand, there are certain aspects that we could certainly find a niche in, in terms of that, and if we had the forum I think it would be.

It would also increase the profile of the mining sector, because it really is a paradox in the sense that sometimes educational institutions can attract the profile per se, and the recognition that is a significant part of the economy of that area, forestry at Lakehead being an example. I mentioned the co-op programs, those are the kind of vehicles that are needed.

Another thing that has happened which has not helped is, because of economic pressures, Inco does not hire summer students, for example. HBM&S has been cutting back in terms of summer students. That was a traditional way in which many people, including myself, not only supported ourselves through university, but had access to other types of careers. Many people who I know work at Inco currently, many second-generation Thompsonites, many people who work at HBM&S are people who worked during the summer, completed an education and went on to finish a degree or a technical training and came back and worked for the company. I am hoping that will be returned with an improving economic circumstance as part of the ongoing recruiting pattern.

So I certainly welcome the minister's comments, and I agree with him totally that we need to increase the profile of virtually any economic

activity outside of the city of Winnipeg. I really believe that if you were to view it from the vision of Winnipeg, I think most people would be shocked to find there are upwards of 400,000 people living outside of the Perimeter Highway, most of whom are engaged in gainful activity and many of whom are paying a significant amount of taxes towards the province, probably in some cases, arguably even paying more in terms of taxes than they receive in benefits. That is an ongoing northern concern.

I am not Winnipeg-criticizing again but—

**Mr. Kowalski:** Yes, you are.

**Mr. Ashton:** Well, the member for The Maples (Mr. Kowalski) says, yes, I am. Okay, maybe there is a Perimeteritis, Madam Chairperson, I will say—

**Mr. Orchard:** Only in the Liberal Party.

**Mr. Ashton:** That is only in the Liberal Party, says the minister. I am not going to get into the SHI Selkirk part again—

**An Honourable Member:** Twice you have mentioned it though.

**Mr. Ashton:** It is twice I have mentioned it, but that was only because I was forced into it this time.

The bottom line is I think it is important that everyone in this province recognize that we are a province of great diversity and actually we are probably one of the most balanced provinces in the country in terms of urban, in terms of resource sectors, in terms of agriculture. We have got one of the best balances economically, and I think it is important when we make decisions that we start from that knowledge base. Maybe it should start at Grade 6. I think it is an excellent idea. My daughter is in Grade 6, by the way, and I think that is the point at which many people form an idea of what is around them and that is one of the more positive initiatives I have seen in recent years in terms of the economy.

**Mr. Orchard:** Madam Chairperson, I erred. It was Grade 7 curriculum, but it is in the science group. But you know, my honourable friend stimulates some interesting thought because the whole process of the changeover in governance of the

community colleges was to give them the kind of curriculum flexibility and direction flexibility within constraints to develop new and employer-sensitive training opportunities. If there is that opportunity in a renewed mining industry, then the community colleges ought well to take a look at development, appropriate curriculum development in that regard. I appreciate my honourable friend's comments.

**Mr. Kowalski:** I have some mining questions, but I think I could ask them under 2.(e). So I think we could let this one pass.

**Madam Chairperson:** Item 2.(c) Marketing (2) Other Expenditures \$311,500—pass.

Item 2.(d) Petroleum.

**Mr. Ashton:** Just one brief question, and I do not mean to ignore this sector in any way, shape or form, but we are fairly short of time, but just in terms of petroleum, the minister tabled the information about the increase in exploration activity. What is the current analysis in terms of the price at which petroleum can be produced economically in these new areas where exploration is taking place? I am just trying to get some sense of, with current prices vis-à-vis break-evens for producers in the southwest area or what the economic projection is over the next year or two, not just in terms of exploration, but in terms of immediate production.

**Mr. Orchard:** In most of our pools now, \$20 to \$25 Canadian is the range, when we were looking at, what was it, around \$14 U.S. back January. It was starting to get a little dicey as to whether the exploration program—now, that has since strengthened somewhat, and the sale on May 4 was pretty indicative that the oil patch was willing to bet on maybe increasing prices because they certainly put a fair degree of money up.

It varies, as my honourable friend can understand. The production costs vary significantly from one pool to the next and even from one well to the next, but there is some pretty interesting economics in the Manitoba oil patch because it is—I would not like to say that it is a sure thing, but it is a fairly predictable geology in some of the known oil pools. Our Manitoba oil

patch is getting completed wells on line at about half the price they were 10, 15 years ago, if you can believe that, and that is really helping in terms of the production economics for companies like Chevron.

Since February, the price has picked up about \$8 a barrel Canadian and that—it looks like we are going to have a reasonable summer. Drilling, completed wells to date are just slightly ahead of last year at this time. We are ahead of last year at this time, and that was a significantly better year—I think 87 completed wells versus 28 the year before. So we are hoping for maybe that or around 100 this year.

**Madam Chairperson:** Item 2.(d) Petroleum (1) Salaries and Employee Benefits \$847,500—pass; (2) Other Expenditures \$202,300—pass.

Item 2.(e) Mines.

**Mr. Kowalski:** My question has to do with potash mining. Maybe I do not have sufficient background to understand this but Saskatchewan, I understand, has untapped reserves that go far beyond anything that Manitoba has and developmental costs for any potash mining will have to form part of the price structure. Will Manitoba potash mines be able to compete with the price that comes from Saskatchewan potash mines where they already have the capital cost covered in a lot of their mining development?

**Mr. Orchard:** The Manitoba deposit has some advantages over a lot of the Saskatchewan deposit. First of all, it is closer to the surface, and economics of underground mining are related to how close you are to the surface. Our deposit appears to be maybe a higher grade deposit by 1 percent to 1.5 percent, 2 percent, somewhere in there, a little bit higher grade. Naturally the significant advantage of being in Manitoba versus Saskatchewan, in terms of all aspects of doing business, and I mean that seriously, from electricity costs to workers compensation to labour force to any number of initiatives—

\* (0000)

The proponents, our partners EMC, could be partnering in Saskatchewan, I presume, but they

are in Manitoba because they see some advantage to being here.

**Madam Chairperson:** Order, please. The hour being past 10 p.m., committee rise. Call in the Speaker.

\* \* \*

**Madam Chairperson:** Order, please. By unanimous consent, this committee has agreed to continue beyond our regular time to complete the Estimates for the Department of Energy and Mines.

**Mr. Kowalski:** I was just going to go back to about the training programs, what we were talking about, just to put on the record that sometimes, maybe if we did have the training centre, the research centre in Manitoba, it is sort of like build it and they will come, the idea that we develop the expertise in Manitoba first. We may not get an immediate impact from it, but there can be benefits in the future from it.

I see the other side of the coin too. I worked with people on the police force who were in mining, who were geological technicians and even an engineer who came to the police force, because there is not a lot of hiring going on out there for the people who are trained. So there are two sides to that coin, but possibly it is something that should keep being re-examined and considered in the future.

**Madam Chairperson:** Item 2.(e) Mines (1) Salaries and Employee Benefits \$1,678,500—pass; (2) Other Expenditures \$589,100—pass.

2.(f) Geological Services (1) Salaries and Employee Benefits \$1,571,200—pass; (2) Other Expenditures \$554,000—pass.

2.(g) Canada-Manitoba Mineral Development Agreement (1) Salaries and Employee Benefits \$480,900—pass; (2) Other Expenditures \$279,700—pass.

Resolution 23.2 RESOLVED that there be granted to Her Majesty a sum not exceeding \$8,420,600 for Energy and Mines, Energy and Mineral Resources, for the fiscal year ending the 31st day of March, 1995.

Item 3. Mineral Industry Support Programs (a) Mineral Exploration Incentive Program (1) Salaries and Employee Benefits \$69,900—pass; (2) Other Expenditures \$48,700—pass; (3) Grants \$2,000,000—pass.

(b) Acid Rain Abatement Program - Flin Flon \$3,841,000—pass.

### 3.(c) Manitoba Potash Project.

**Mr. Kowalski:** I am not just asking a question just so you cannot complete it, but the public debt of \$181.6, what is that money borrowed for the project or what is that public debt?

**Mr. Orchard:** Madam Chair, that would be interest on the expenditures over the past, what, dozen years, 10 years or so, in terms of development of the Potash Project in Russell and south of Russell.

It involves the cumulative expenditures of now two governments, the previous administration—well, three governments actually, I guess, rolled in here and that is the analyzed interest on costs invested by the province to date.

**Madam Chairperson:** 3.(c) Manitoba Potash Project \$193,100—pass.

Resolution 23.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$6,152,700 for Energy and Mines, Mineral Industry Support Programs, for the fiscal year ending the 31st day of March, 1995.

At this time, I would ask that the minister's staff to please leave the Chamber.

### 1.(a) Minister's Salary.

**Mr. Ashton:** I just want to indicate, in the interest of time, there were a number of items we did not discuss in any detail, but there was some discussion earlier and there will certainly be ongoing discussion in terms of MMR, in terms of Manitoba Hydro and some of the other issues that will come up.

I just want to very briefly say that this was certainly a different experience this time asking the minister questions than it was in the Department of Health, a lot shorter. I think my questions were probably a bit shorter. His answers were certainly

a lot shorter, and I think we both—well, all three of us were able to perhaps concentrate on a great deal of detail.

I am not saying fact, I am saying detail, whereas in the Department of Health we concentrated on a lot of fact, detail and also a fair amount of debate. If I remember correctly, and I do not think that has been different for the subsequent critics, but I just want to indicate I very much hope that will be the spirit in terms of just discussing these type of issues.

There will be differences. I mean there have been differences specifically on the energy side for many years. There have been a lot of debates in this Legislature. Certainly, we look forward with anticipation, discussions, Manitoba Hydro getting some more detail in terms of those issues. Not always are they partisan issues in terms of differences, but there have been some significant debates in this Legislature on the energy side. I suspect there will be differences in the future as well.

\* (0010)

On the mining side there have been differences as well, probably less so than on the energy side. Certainly it has been less in debate, and while we certainly may continue to have some disagreements in terms of mining policy, Madam Chairperson, I do think if anything, this committee hearing has been useful in indicating that I think there is a general interest on all three parties here, to be fair, in ensuring the survival of the mining industry.

While the minister and I may have sparred on many occasions in the past on issues, occasionally we actually agree on something, and I would say, the general interest the minister has shown in the Department of Energy and Mines, I would certainly give him credit in that sense. I know he is dealing with an industry that does have some base in his own area, or at least some potential on the potash side, although it is not normally considered a major industry or potential industry. I know he is dealing with areas which are outside of perhaps that sphere in a geographic sense, although

obviously the minister has been involved in province-wide issues for many years.

Certainly I welcome that, and as I said, I am not saying I will always agree with the minister. I may disagree. In fact, I would probably predict that we will continue to have some disagreements, but I think we all have a genuine interest in this Legislature in the continuing survival of the mining industry and hopefully coming out a bit of the recessionary plateau we have been in and the drop in terms of mineral production and in terms of employment.

I think that is very much going to result from the kind of changing attitudes that have taken place. I think this is really critical to the future. I think in the past 10, 15 years a lot has changed. Yes, it is technology. Yes, it is employment and underlying economic dynamics, but also I think it is an underlying attitude that starts in the mining communities themselves with a fairly co-operative outlook and a recognition that we are competing with a lot of different countries, a lot of different regions even within Canada, other different provinces.

Part of the way of competing is by working together and having a fairly co-operative approach, certainly in terms of marketing the industry and making the industry productive. So I really feel this is one time, despite some of the political disagreements we might have on individual issues, there is a fairly shared interest in this whole sector.

I very much welcome that both as a critic and, more particularly, as someone that lives in a mining community, represents a mining community and is proud of that fact and hopes to see that community in existence for many years and hopes to see the mining industry in existence for many years, as I hope for many sister communities in northern Manitoba and other regions of the province that rely on mining.

So I thank the minister again for—by the way, I thank the minister also for his forthright answers. I do not mean this facetiously, but I think the information that was put forward on the record is very useful and I thank the minister for those answers.

**Mr. Kowalski:** Having gone through this department's Estimates for the first time, I found it very useful. It was a good learning experience. The statement that the minister made that keeps ringing in my years, that mining is the best kept secret in Manitoba, contrary to what the member for Thompson says, being a person from the city, I am not that parochial and people from the city should have a better understanding of the importance of the mining industry to the province as a whole and to the city of Winnipeg.

So this has been a good experience, and I thank the minister for his answers.

**Mr. Orchard:** Well, Madam Chairperson, I would be remiss if I did not thank both my critics. You know, time constraint is always at everybody's throats in some of the smaller departments because, as I well know with all too much personal experience, Health and Education and some of the other ones take the lion's share of Estimates time. In some ways that may well be regrettable because how else can Manitobans gain knowledge of that best kept secret in Manitoba, the mining industry, other than through the kind of debate we have engaged in here tonight.

There are some very incredible opportunities that are there in Manitoba for Manitobans, and if we in this Assembly put our minds around it to—we do not have to agree on every single facet of how we approach these issues, but if we approach them from the basis that development of our resources can lead to some pretty significant job opportunities and careers for Manitobans then I think that is the duty all of us come here elected to pursue.

I find the mining industry a fascinating industry. I mean they talk in terms of million-dollar investments on a very ready basis. It just boggles the mind that the annualized capital investment to keep a major mining operation like Inco in Thompson or Hudson Bay in the Flin Flon region going is in the tens of millions, but yet very little of that is evident to you if you look at the town of Flin Flon or the town of Thompson because it is all happening underground with major tens of millions of investments every year. That is why it

is the best kept secret because it is out of sight and out of mind, but there is a changing attitude there, and I would be remiss if I did not acknowledge that.

For instance, just recently I participated with Hudson Bay Mining and Smelting officials and union officials in the official opening of a mine that they took out of production some, I guess, seven or eight years ago south and east of Flin Flon. That mine is coming back into production because the two unions and management struck an arrangement where they did much more open acknowledgment of job sharing and responsibility within the workplace, and it was with the opportunities created with that kind of co-operation that that mine is going to go back into production. It will probably give four to five years of employment to 56 people, which is not insignificant. I think that the success of that is going to dictate very significantly how the mining community in Manitoba approaches future developments, and it is quite encouraging. I think everybody is pretty excited about it.

This department is a good department. It has got very, very professional people that were here tonight as part of the Estimates process that have gained a great deal of respect in both the petroleum and the mining industries. This department is very client friendly, and I think that is a credit to the individuals who are there.

I simply hope that when we next consider the Estimates of Energy and Mines we will have an opportunity to discuss the current new investment and new opportunities whether they be the Cross Lake titanium deposit or Williams Lake with Falconbridge or kaolin in the Interlake or potash in Russell because those opportunities are there, and I think they will be economic realities in the province of Manitoba at the turn of the century.

So I want to thank my two critics for their suggestions tonight and their comments in consideration of the departmental Estimates.

**Madam Chairperson:** Item 1.(a) Minister's Salary \$20,600—pass.

**Resolution 23.1: RESOLVED** that there be granted to Her Majesty a sum not exceeding \$1,223,300 for Energy and Mines, Administration and Finance, for the fiscal year ending the 31st day of March, 1995.

This concludes the Estimates for the Department of Energy and Mines. The hour being past 10 p.m., committee rise.

Call in the Speaker.

#### IN SESSION

**Madam Deputy Speaker (Louise Dacquay):** The hour being past 10 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Tuesday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 13, 1994

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