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of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(Hansard)**

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Members, Constituencies and Political Affiliation

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LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, May 31, 1996

The House met at 9 a.m.

ORDERS OF THE DAY (Continued)

COMMITTEE OF SUPPLY (Concurrent Sections)

INDUSTRY, TRADE AND TOURISM

Mr. Deputy Chairperson (Ben Sveinson): Order, please. Will the Committee of Supply please come to order.

This morning, this section of the Committee of Supply, meeting in Room 255, will resume consideration of the Estimates of the Department of Industry, Trade and Tourism. When the committee last sat, the member for Crescentwood was making his opening statements, and he had 16 minutes remaining.

Mr. Tim Sale (Crescentwood): Mr. Chairperson, would it be possible for the committee to agree, by leave, to sit through lunch and adjourn early? Approximately 1:30 p.m., I think was the time that the minister and I had talked about as a goal for today. I would ask the Chair that.

Hon. James Downey (Minister of Industry, Trade and Tourism): I would have no trouble with that, Mr. Chairman.

Mr. Deputy Chairperson: I will just suffer right along. It is agreed that we will sit through dinner and adjourn at 1:30 p.m.

Mr. Downey: If not sooner, it is up to the member.

Mr. Sale: Mr. Chairperson, maybe we might also agree that we would take a short break around 11:30 a.m. to allow people to rise and refresh, or earlier if the minister or anybody else wishes.

Mr. Deputy Chairperson: Committee agrees? [agreed]

Mr. Sale: In terms of picking up from where we left off yesterday, we are talking about the realities that face

many families in our society in terms of jobs. I want to contrast the vision that I think is underlying the current government's approach to development with a vision that I think might be a more appropriate and more helpful vision.

Essentially, Mr. Chairperson, our world faces a medium-term crisis in terms of its sustainability. We know that virtually all natural resources are being pushed to their limits, from our oceans' ability to supply food to our rate of use of nonrenewable resources. I think that it is very clear that in the medium and longer term, we have to find a mix of social, economic, environmental and other policies which focus on highly efficient societies that use resources at the maximum possible levels of efficiency, that produce high value-added jobs in order that those societies again may be the most efficient possible, that invest very heavily in human capital, because it is only when you have high investment in human capital that you can have that high value-added society that is focused on stewardship of resources, stewardship of the environment and stewardship of our communities. That kind of society is incompatible with policies that produce poverty.

I would say that Canadian federal governments and, unfortunately, a number of provincial governments, including this one, have advertently or inadvertently developed a policy mix which promotes poverty, which promotes low value-added kinds of jobs, that does not recognize that when a large number of people perceive that they have a very low stake in the economy or in their community, they begin to act in ways that are irresponsible because they basically feel they have nothing left to lose. I would point to the unfortunate riot at Headingley as a symbol, in some ways, of this.

Unfortunately, as we know, the people of the Headingley jail population are overwhelmingly members of a minority group that has suffered immense poverty and still suffers from racism, from unemployment and from a variety of things which minority groups around the world experience. It is not particularly unique to this country or this city or this particular group of people.

They suffer the fate of devalued minorities, and they do that to their cost, but they also do it to our cost.

I am sure the minister is aware that fully 23 percent of our young population that is moving into the workforce is of aboriginal descent, that one out of five new workers in Winnipeg, after the turn of the century, will be at least Metis or status aboriginal people or aboriginal people who have lost their treaty status for one reason or another, yet it is also this group that has suffered increasing levels of poverty in the inner city and, as at least part of a consequence of that poverty, has been the increasing level of juvenile delinquency, of violent behaviour. Now, this is not to excuse or to condone the violence or the behaviour of young people who act out in ways in that are unacceptable to society, but it is to ask the minister to take a broader view of the issue of job creation and unemployment and recognize that if we do not create the antecedent conditions for employment and lifelong success in our society, as opposed to lifelong marginalization, then no number of economic programs to attract capital or supports to industry are going to have the kind of effect that the minister wants to have.

We will see ourselves moving into what the Canadian Centre for Policy Alternatives has very clearly demonstrated as a two-track society, a track in which 20 percent of the population does extremely well and another 20 percent of the population keeps its head above water, but does not particularly prosper, while 60 percent of the population watch their wealth and their share of the incomes, the market incomes of society, shrink.

It is a striking fact of which I am sure the minister is aware that for the bottom 20 percent of our population, that is, the poorest of our population, market income as a proportion of their total income, that is, income earned from employment over the last 10 years, has dropped by almost 50 percent. Their incomes have not dropped because social welfare programs have picked up the slack, our unemployment programs and our social assistance programs and other really important parts of our safety net.

The minister knows, and unfortunately those affected know too, that those are the programs most under assault. The notion that we cannot afford social programs is widespread, and this government has endorsed that notion with its cuts to social assistance. I would particularly

point to the most senseless cut of all, which is the cut to children under one year of age in terms of their food and incidental allowances in the city of Winnipeg rates.

* (0910)

In spite of the fact that the government's own task force report indicated that those rates were still too low, the government has cut them by some \$65 a month. I am sure the minister remembers well, and he may have grandchildren, I am not sure, but if the minister piled up the amount of food that \$65 a month buys for a child, he would see a fairly significant pile of food. That is what we have removed from the tables of lower income children in the city of Winnipeg.

Now, the consequence of that is inescapable, and that is that they go to school hungry, they have poor educational attainment, they have poor workforce attachment, they wind up marginalized in terms of all aspects of their lives and, not surprisingly, they have a sense that their society, in which they are being asked to participate, has precious little to offer them. So they in turn, unfortunately, take out that lack of stake in terms of their behaviours, in some cases; not in all, but in too many cases.

The direct result of poverty becomes kinds of behaviours which none of us want. This government's response to that is to pretend to be tough on crime. Of course, it is not particularly tough on crime, as our crime rate, and our violent crime rate in particular, demonstrates, but the response is hang 'em high and hang 'em often. That, unfortunately, is the American right-wing response, which is to focus on the behaviour instead of on the conditions that produce the behaviour.

Again, I would say this is not to condone the behaviour, but it is to say that we do not get anywhere when we simply focus on the symptom, anymore than a person who has a serious illness gets anywhere by simply focusing on the symptom instead of going and getting appropriate remedy for the disease.

I want to just conclude, Mr. Chairperson, by talking a bit about the question of capital investment. The minister has made significant statements about capital investment, and, yet, when a review is made—and I will return to this when we consider the items in the Estimates that deal with this. When we actually review both private and public sector capital investment over the last seven or

eight years, what we find is that occasionally Manitoba is first or second, but on average, it is fifth, sixth, seventh, and there are many periods when it has been ninth, tenth overall. We came off a very good year a couple of years ago, last year, in fact. This year, our capital investment intentions are significantly down, and if one reviews the history of capital investment in the province, it is again not a very encouraging picture.

As in the same sense that I asked the minister to consider the whole picture and the whole statistical profile of capital investment, in the same way I asked him to consider the whole picture of employment and unemployment, I would ask him to look at capital investment and recognize that Manitoba has always been a province in which public and private partnerships have been critical in terms of capital investment; and, when the private sector is making strong investment, it has usually been historically because the public sector has led with clear intentions in terms of the investment that is needed.

I would also point out to the minister that private sector firms increasingly look for excellent infrastructure and for excellent health care and for excellent education for their employees, particularly their senior employees. That may be not something that we want to simply respond to in terms of firms' needs for their senior employees, but it is a fact that, when they look at relocation and when they look at making investment decisions, they look for excellence in infrastructure and in the services that their employees and their senior employees need. So, when Manitoba stops investing in its health care system, as it has done in terms of the capital programs, for example, we set ourselves up for having the kind of second-class system that people would rather not enjoy and, therefore, may choose to go elsewhere. When we stop investing in our public education system, the same result happens.

We do not, in the New Democratic Party, make a distinction between public and private in terms of their value. We see value in both and partnership as the model, and we would invite the minister and the government to come back to the formula that has made for success in the past in Manitoba, and that is a formula of partnership.

With those remarks, Mr. Chairperson, I think it would be appropriate for us to begin to consider the line-by-line issues.

Mr. Deputy Chairperson: I would like to thank the honourable member for Crescentwood, the official opposition critic, for those comments. Under the Manitoba practice, debate of Minister's Salary is traditionally the last item considered for the Estimates of the department. Accordingly, we shall defer consideration of this item and now proceed with consideration of the next line.

Before we do that, we invite the minister's staff to join us at the table, and we ask that the minister introduce his staff present.

Mr. Downey: I have to restrain myself to respond to the member's final comments in a philosophical way, but I do anticipate as the debate goes on in the Estimates I will get a chance to make some comments, and in the interests of dealing with it, I have Steven Kupfer who is the assistant deputy minister within the Department of Industry, Trade and Tourism, Mr. Jack Dalglish who is a managing partner for the Department of Finance, the financial administration branch of the department.

I am pleased to have them with us this morning, and I look forward to the question of the member for Crescentwood.

Mr. Deputy Chairperson: We thank the minister. We will now proceed to line 1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits on page 91, \$625,000.

Mr. Sale: I might just indicate to the minister that it is my intention to focus on a couple of reports. I am sure he expected this, in terms of the organizational review, the new SOA and the overall leadership of the department, and I am referring to the report that—

Mr. Deputy Chairperson: Order, please. Could the honourable member for Crescentwood just say once more what part he was going to go into?

Mr. Sale: I am proposing under this item, which I believe by tradition is a broad item that allows us to move across issues that affect the department as a whole, Mr. Chairperson, I wanted to indicate to the minister, in case he wished to ask other staff to be present, and I was thinking specifically of the deputy minister, that I was intending to spend some time this morning dealing with

the Price Waterhouse report which was, I think, finished in, when was it, December 1995, and the KPMG report from a year earlier that looked at rural economic development, considering I, T and T and rural development. So I wanted to give him an indication of where I was going in this section.

Mr. Downey: Mr. Chairman, I apologize. My deputy minister who was here yesterday was under the weather yesterday and is even more so this morning, so it was impossible for him to join us. However, the individuals who are with me and myself will be able to cover the areas, any areas the member may wish to raise.

Mr. Sale: Mr. Chairperson, I am amenable to holding that until Monday if the minister wishes. If the minister wishes to go forward, I am prepared to go forward.

Mr. Downey: Please proceed.

Mr. Sale: I wonder first if the minister could indicate whether and what changes have occurred in the organizational chart, schedule 2, page 4 of the supplementary material, in terms of individual persons in the various blocks.

Mr. Downey: Mr. Chairman, basically the department structure is at the current time the deputy minister in the position of Mr. Fred Sutherland and the assistant deputy minister, Mr. Steven Kupfer, who is with us today. In the job of heading up the Tourism department will be Loretta Clarke and—[interjection]

Mr. Sale: That is in place? Sorry.

Mr. Downey: It is in the process of being put in place, yes. We are in the process now of—[interjection]

Mr. Sale: That would replace Mr. Mesman?

* (0920)

Mr. Downey: That is right, and Mr. Mesman is now taking over the responsibility of a position working with the Pan American Games, dealing with business opportunities and the whole tourism side of it. He will be the province's person who has been appointed to that full-time responsibility. We believe there is a major economic and major thrust for the province and that a

person of his stature and his capabilities should be in that position.

We also have heading up Manitoba Trade, Mr. Rod Sprange, who will be heading up Manitoba Trade Organization, and I am talking about the restructuring, where we are moving to. We also will have a new position for industry development of which that position has been advertised for, both from within and without.

Mr. Sale: Mr. Chairperson, I thank the minister for the information. What puzzles me is why in this document, which was really just circulated, the announcements of the deputy minister in regard to a new structure for the department and new roles for various staff including Ms. Clarke and Mr. Sprange and Mr. Kupfer, ITC in that regard is now an SOA.

This chart really does not reflect in my understanding the most current reality. In fact, the deputy minister made quite a significant announcement of reorganization. I cannot put the exact date on it, but I believe it was in February. Perhaps the minister could correct my memory in terms of the date of the announcement by the deputy of the new positions and the new roles.

Mr. Downey: Mr. Chairman, when the development of the budget took place, the final decision had not been made. We were in a process of first of all reviewing the department, and so the budget basically was struck on the former style, the former make-up of the department. So that may be helpful to the member.

The story following the leak of the Price Waterhouse review, which I think was extremely unfortunate both for the department and for the public impression, basically was one which probably was incorrect to say, to give its best treatment, and as the member has referred to, a lot of the decisions to change, make some changes, had come about somewhat prior to that. But the basic budgeting for what we are dealing with now was based on the structure that we had previously to the Price Waterhouse report and the changes that have been recommended and we are moving towards.

Mr. Sale: Mr. Chairperson, would the minister be prepared to table a new organizational chart with the names that had been filled in and with blanks where of course people have not been secured, if there are places

where people have not been secured, that would more clearly reflect the real world of 1996-97?

I recognize that there is always a difficulty when you make a change in a department and reorganize it because you have to cast your budget in the fall for Treasury Board consideration and approval, and when you make major changes in the winter, it makes it difficult for transition, but it also makes it very difficult to discuss the Estimates of the department which really are meant, and correctly, I think, to be in a new mode. I am not critical of the new changes, but the real world of the Estimates which we are considering now I understand will be under the new model, and so it makes it difficult to have that discussion when the organizational chart and the casting of them does not reflect the new reality.

So is the minister prepared to give us an organizational chart that represents the new world here?

Mr. Downey: Because we are in the process of working with the department and working within government as it relates to what the final draw will be as it relates to all of the details, I do not have a chart that I could table. I have indicated to him basically the structure as it is being developed with the head of Manitoba Trade, with the head of Manitoba Tourism, where the former Tourism director will be, with the Financial Services section, the ADM of which Mr. Kupfer is here today and the position which is currently being advertised for.

So it is on the record, but as far as laying out a structure, how it would look different, it would not be any different than what I have just put on the record.

Mr. Sale: Mr. Chairperson, I do not find that a very helpful answer. If the minister is proceeding to fill positions, then he is working from an organizational chart, I assume, and I am sure he is. I am not being critical of the new approach, but he just referenced Manitoba Trade, for example. I cannot see Manitoba Trade on this chart anywhere. So I do not know where it is intended to report, and it is a terribly important issue. So could the minister be of more assistance than saying we are in process. I know they are in process, but I also know they are filling positions, and having been a bureaucrat in the past I know that generally proceeds from some organizational chart.

Mr. Downey: Mr. Chairman, I respect what the member is asking, and I have said to him the budgets were basically prepared on the basis of what the structure was at the time when we were—in fact, the decision had not been made to restructure at the time of the finalization of the budget. We were in the process, some final decisions were made.

For example, and I will be as helpful as I can because I think it is important for the member to understand. What I see, and I will try and be helpful, what we anticipate and what will happen, as far as I am concerned, is that the head of Manitoba Trade will answer directly to the deputy minister. The head of Manitoba tourism will answer directly to the deputy minister. The head of the industrial sector will answer directly to the deputy minister.

Mr. Sale: So, Mr. Chairperson, the minister seems to be saying that he has flattened the department by removing one layer of the reporting relationship between the heads of the critical sectors and the deputy minister, so that Mr. Kupfer's role will be as was announced in the press releases in terms of special initiatives, special programs, that are of high priority for the government to develop.

The three senior persons, and perhaps the minister can tell me whether they will be ADMs or what they will be, will then be reporting directly to the deputy minister. So we have essentially removed a layer of organization.

Mr. Downey: I would think the opposite, Mr. Chairman, from levelling a department. I would say it has taken away some of the spread-out effect, if I could. We had something like 13 managing partners answering to the deputy minister, which was a fairly flat organization. We have focused it in probably three particular areas with the changes that are taking place, and I would say, you can call it flat or you can call it more pyramidal, however you want to refer to it, I think it will more reflect the priorities through the deputy minister back and forth. But he asks me about the titles, they will be equivalent to ADM positions. They may not be called ADMs. They may be for reasons that the business community say in the international marketplace could relate to, the head of Manitoba Trade may not be called an ADM. I believe that we call him the president of Manitoba Trade.

* (0930)

Mr. Sale: I thank the minister, Mr. Chairperson, for that response. It is helpful to know where it is going. I agree with him that the previous reporting relationship span of control, or whatever you want to call it, was too broad, and, certainly, that was an issue raised in the Price Waterhouse study, that it was difficult for the deputy minister to have an effective supervision and resourcing and support role with that number of people reporting directly, so I think those are helpful changes.

Mr. Chairperson, I want to express a policy concern that I hope the minister will take back to his colleagues in cabinet. We have had a number of different times this year when issues of conflict of interest have arisen. The way our conflict of interest legislation is drafted, it specifically mentions ranks; ADM, for example.

Mr. Downey: It mentions which?

Mr. Sale: It specifically mentions positional ranks within the civil service, deputy minister, assistant deputy minister.

We have had people in positions, such as Mr. Robert Sopuck, for example, who was the executive director or the CEO or some such title of the Sustainable Development section of cabinet, clearly a very important position and one which paid a salary that was at the top of the ADM scale. It was an ADM-like position, but it was not an ADM, so when Mr. Sopuck left to go to Pine Falls, he was not technically covered by the conflict of interest regulations.

I have no problem with titles appropriately reflecting the kind of description you would want the private sector to have for understanding Manitoba Trade, for example. If a CEO is something that it is easier to go overseas and talk about in terms of what is my job as the head of Manitoba Trade, I have no difficulty with that, but that position should clearly be covered under conflict of interest regulations, when the minister states that they would be of an ADM-type rank, but they might not have that title. I just express to the minister our concern that we clarify that when there are those kinds of senior persons, with very important responsibilities, that they be covered by the appropriate legislation and that it not be gotten around by virtue of the fact that the name is not in the current regulations.

I was disappointed when questions about Mr. Sopuck's role were raised, and the defence was, well, he was not senior enough to be covered, and, clearly, he was extremely senior and carried a very important role with government, and his new role involves him directly with government since his title is director of governmental relations for Pine Falls. That clearly puts him in a delicate position, offering advice to his employer in an area about which he has intimate knowledge, but technically he is not covered by the regulations. I believe he should be, so I raise that concern for the minister.

Mr. Downey: Well, Mr. Chairman, I am not taking it as such because we could get into a tussle over this because I would hope the member is not accusing Mr. Sopuck of having a conflict of interest. If he is, then let him clearly put the accusation forward and put it forward through the process that is appropriate.

I am a strong defender of the senior civil service, as I am sure the member would want me to be, and I would have a hard time naming an individual case where a senior person within government has in any way, shape or form abused the position either in future employment which one may take on and/or present employment of any department of our government, and I feel very strongly about that. They are very professional people and have high integrity, so I am challenging him, if he is, in fact, wanting to put that accusation forward, to substantiate it. I would say that it is my belief that anybody that does leave and does so under their own will, they are not in my estimation in any contractual arrangements with government.

Mr. Sopuck was not involved directly with anything that I would be aware of that would be regulatory of nature, that would be dealing with the company which he has gone to work for, so I just put that on the record, that I would stand strongly in support of Mr. Sopuck and what he is doing, and I do not believe there is any reason to bring his name forward in any way other than to wish him well with his new career that he has chosen.

As it relates to a broader policy issue, the member has asked for that to be looked at as it relates to all positions. Again, I would suggest that, to my knowledge, if he has any specific cases other than the one he has referred to, he should raise it with further backup. Again, I have no reason to believe that there has been anything

inappropriate in any way within any department and hold that position. Again, if he wants to raise it with the Premier (Mr. Filmon) for further discussion, that would be his call, but, as I say, I have no reason to at this time suggest that there are any improprieties or could be under the system as it currently is.

Mr. Sale: The minister, I do not think, responded to my concern. I used Mr. Sopuck's case as an illustration of an issue in which somebody held a senior position at a senior salary rank but was not apparently covered by the provisions that affect others with that salary and that rank and that kind of position simply because the name of the position was not assistant deputy minister or deputy minister.

The issue here is the appropriate policy question. If the minister is going to restructure his department, that is fine. All governments restructure departments, but if one of the consequences is that people who formerly would normally be covered by a conflict of interest legislation are not covered simply because the name is wrong in their title, then I think that is inappropriate. I think the minister would think that was inappropriate.

I was simply asking him to carry forward a concern that, as we move into things like SOAs and new structures that may reflect changing times, we also bring up to date our conflict of interest regulations so that the conflict of interest rules which the Premier, and we are talking here to the Deputy Premier, Mr. Chairperson, has defended strongly.

That is fine. Part of the ability to defend them in future will be that they were not gotten around by using different names and skating around on technicalities, something which the public will not, I think, agree with, but the regulations will not cover because they were not adapted to the new world of different titles which I think the minister is quite appropriately doing in terms of his department. I think the changes are fine, but I raise it as a minor issue in terms of the overall scope of the department's Estimates, not as a major issue.

Mr. Downey: I appreciate it. I think I understand where the member is coming from. It would not be the intention of the government to make a name change or change of an individual's title for the purposes of circumventing in any way the conflict of interest; and, if it means changes

to that policy, I would be prepared to be part of a review of that and make sure that does not take place. Again, just referring to the case which was raised, it was a matter that he had a senior officer position and not classified as an executive position.

Mr. Sale: Could we look at page 10 of the Price Waterhouse report and page 4 of the highlights of the KPMG report? The broad issue here is one that I am very sensitive to because of my role as critic in Industry, Trade and Tourism. I find it a fascinating area, and in many ways I am grateful to the minister for providing the various information and at various times he has kindly assisted my understanding of the breadth of the area.

But one of the consequences for the critic is that many of the things that I am concerned about and touch on bear on other critics' areas of responsibility. So we are concerned about economic development over all of Manitoba, which necessarily brings us into discussion with Rural Development. We are concerned with overall economic development, so that involves Finance in terms of taxation policy.

It involves all sorts of different departments of government, so the minister is always in a position of brokering the role of economic development among the various ministries that have a concern here. I am not surprised, and I do not imagine that he or his staff is surprised, to find that both Price Waterhouse and KPMG have said that one of the problems that has resulted from that is that some people do not really know which department they ought to be dealing with, and in some cases the staff is not really clear about that either.

At least in the Price Waterhouse report, this is seen as a very, very serious issue that has impacted on morale and effectiveness of the minister's department. The Price Waterhouse study seems to indicate that what happened over a period of years, perhaps three or four years, particularly when Mr. Bessey was carrying his role in government as a senior policy and decision guider in government, is that there evolved a pattern of champions or almost freelancers who would champion a program or project or an area in a very competitive way. Some departments that either did not have a particular internal champion or perhaps did not have the ear of management at the political or at the senior bureaucrat level, those

departments languished. They fell outside the loop; they did not get communicated with on key issues.

* (0940)

I do not find that surprising. It is too bad when that happens because it does really affect morale. I have been in situations where that happens, and it is very, very hard on people. What I would really appreciate the minister indicating is, what steps are being taken to deal with the points raised under the section of strategic context, page 10 in particular? The discussion of the issues goes on for some four or five pages in the Price Waterhouse report.

It really focuses on the question of how you guide economic policy and economic development when you have to have many different ministries involved in it. How do you do that in a way that preserves morale, develops champions, rewards performance, but provides, from the public's point of view, key focal points so that the public is not confused and there does not appear to be competition, duplication, overlap, et cetera?

I know that is a very broad question, Mr. Chairperson, but I am sure the minister knew it was going to be asked and that he has a response.

Mr. Downey: I do appreciate the question because I think that is what we can accomplish through the committee and also through some of the debate and dialogue. I say this, the member has had some experience in working within government, so he can sure appreciate some of the frustrations that develop as governments interface with the public.

I think the first thing that the member would appreciate, and that is the role, to some degree, of government departments and the economy of what is happening and the changes that are taking place, whether caused by federal government decision to remove the Crow rate to the agriculture community, with some of the investment decisions that are made within the garment sector, with some of the expansions that are taking place, and in manufacturing. Generally, we are in a changing, a very rapidly changing, role as a province. There are a lot of things happening out there which I would have to say at the outset are very positive. The member in the earlier part wants to question the numbers. I think, again, what we saw in today's press from the Investment

Dealers Association of Canada is generally a pretty positive mood that is out there. That is something that I am not going to dwell on, but I again make reference to those kinds of reports that are coming out.

There have been different times in the province when we have been certainly struggling to maintain some businesses that we have had here, have been part of announcements or have seen announcements. We have seen the packing house, for example, sizing down in Manitoba, and now we are seeing the reversal. So the roles of different departments and governments have changed. Rural Development, for example, has traditionally been what would be considered more of a service department directly involved with the development of assessments and dealing more with the regulatory side of municipal affairs under our government. I compliment the Premier, and I was part of it as Minister of Rural Development, in the changing role that Rural Development has played in economic activities that are taking place throughout the province.

How does that fit in with a department that has traditionally had the role of more the economic development side of I, T and T? Well, I use one word that is extremely important to everyone whatever you are doing in society whether it is within government, business or social activities, and that is the word called communication, that people have to clearly fully be informed and brought up to speed as to what is going on across the sector. It is not a matter of whether any one person or any one organization gets credit. The important thing is are things happening and are they happening of a positive nature.

I also have to tell the member that I think we are in process of seeing some positive change come about and he may say—and I do appreciate his positive support for the changes that we are proposing within the department, because what we are doing is trying to reflect better the role that we think I, T and T can play as a co-ordinator working with EDB which is, of course, another decision-making committee of cabinet with a structured staff working with it, that it does, in fact, co-ordinate the activities of government along with I, T and T.

The point I will conclude on is that we are seeing some tremendous changes. It is a matter of making sure that all people within departments of I, T and T, Agriculture,

Rural Development, every department that has a developmental role, that we are all part of that developmental team. I am not making excuses. What I am just saying is that it is a matter of making sure that we do not have a stovepipe management system that is so spread out that you have a whole lot of small smokestacks out there within the department and it not fully being part of a corporate decision making and/or a corporate supportive role.

I think we have made tremendous progress, and I compliment the department, and I say this to him and to the public through this committee. I think what we have been able to do in this last few months is to—as it was reported, the morale was maybe not as good as it should have been. Certainly, I do not like to see people when they come to work not feel good about their job and about the way things are going. I think in the last three months we have seen a tremendous turnaround within the department and a tremendously positive view being brought to the table. They are all involved in bringing forward their own thoughts, their own concerns and part of the building of a team that will be able to work very effectively across government.

The member is quite correct. He has questions that deal with economic affairs that deal with the Department of Finance and with all those areas. I think that is the kind of the way in which governments are now having to respond in a broad way, and people have so focused a mind on them that they think that one particular project is theirs or their sole responsibility. It is not going to work. They will be extremely disappointed. They are facilitators and they will have to work as a team to accomplish the goals that we are all trying to get to.

Mr. Sale: Mr. Chairperson, I would like to ask the minister a couple of specific questions in regard to his previous answer.

Who is now heading up the Economic Development Board of cabinet? What is the interface, what are the mechanisms—not just the reporting relationship—for developing that kind of co-operative relationship which is referred to in the second paragraph under 3.1, for example, a history of operational co-operation with another department has turned into tension and conflict because of the growing uncertainty and insecurity

inherent in two conflicting departments, each demanding that their employees “take the lead” in a particular area.

My assumption, perhaps incorrectly, is that the other department is Rural Development in this case, and I understand the competitive instinct, but it is not an instinct that serves the province particularly well in this regard. So how is this new attempt at co-ordination and a co-operative culture and all those other goods things being actually organized at a senior government level, at cabinet level?

Mr. Downey: Mr. Chairman, the answer to the first question is Stu Duncan. Stu is the head of the Economic Development Board Secretariat. How structurally is it that we are working, seeing more positive things develop, I think the reference if I could, if I can analyze as close as I can, was probably made more to say a specific area that may have been an agricultural food processing initiative which at one point may have seen either as an Agriculture or as an Industry, Trade and Tourism or as Rural Development.

* (0950)

How we have been able to structurally make some tremendous improvements which—and again, thank goodness, we are seeing these kinds of things take place—was the McCain development at Portage la Prairie where structurally there was the team of EDB people involved, Agriculture, Natural Resources because of the water implications, Rural Development, and there was a team of senior people who were specifically charged with making sure that all parts of that were covered. Environment, as well, was part of that management team. So I would put it as more of a specific project team approach for some of the larger projects.

In the general areas, for example, whether it is dealing with Agriculture policies in the hog industry, in the recommendations that have been brought forward and the regulatory changes, that is pretty much an agricultural policy area, but again it all comes together to make sure that when Schneider's makes the decision that government is there in an overall way to be supportive to help the development of that project.

Mr. Sale: Is there now going to be, or is there already a formal structure at the senior staff level to co-ordinate

economic development, or is it still—I should not say still because I am not wanting to make it a judgmental statement but is it a project-driven structure in which for Can Agra, for example, it would be a team, and when the industrial park is underway then that team is gone?

My sense, from having worked at a senior level and of having taught a bit in this area and consulted in this area fairly extensively, is that if there is not a senior bureaucratic structure that is mandated, that is, that it is part of Mr. Sutherland's job description to ensure that this co-ordination takes place, and perhaps even ideally some of his compensation might be tied to that—a very private sector model you will notice, Mr. Minister—then I have the sense that what happens is that when push comes to shove, deputies will support their ministers. That is primarily what they are paid to do.

The minister referred correctly to the old stovepipe problem. Some consultants have talked about the steel wall syndrome which I guess is just a thicker stovepipe in which departments do not ever talk to each other unless they are directed to do so, and then they only do so at a very senior level. They do not work with each other very effectively because all the rewards, all the regulatory structures, all reward internal department loyalty in government, and we are only beginning to think about how to change that.

What I would like the minister to address is whether there is anything formal or structural that has been put in place or is going to be put in place that would formally address the issues of interdepartmental collaboration that is more than just ad hoc, because my sense is that that is one of the roots of the problem is that we have ad hoc'd our way, sometimes successfully, sometimes unsuccessfully.

Mr. Downey: I would say there is a structure there, and it flows from the Premier (Mr. Filmon) through the Economic Development Board of cabinet through to the Economic Development Board which is the co-ordinating unit. Stu Duncan is the equivalent of the deputy minister position, of which that is the responsibility. That is the most structured part of it from there, and the member says, is it project driven? When there is a project identified or someone identifies themselves with a particular project, then the appropriate team of people, of which EDB are part, that team comes into play.

The overall general activities of, how should we put it, general prospecting for business or business development in Manitoba is not as structured, although, with our reorganization of our department, what we are working to do is to make sure that there is a full cross-understanding of what is going on from one department to the other, if it is Manitoba Trade that has identified a major investment opportunity coming out of, whether it be Asia, whether it be coming out of the United States, that Manitoba Trade are tied through the executive structure of the department to fully communicate that opportunity, and the Department of Industry, Trade and Tourism, for example, would be carrying the main responsibility for that initiative. However, once it got to the stage, for example, of further decisions to be made in Manitoba, whether it be working on site location, environmental concerns, the whole business, then the team of other departments are brought into play—so structured to a point, structured both at the overall government level through EDB.

Then, of course, it flows to the different departments as it breaks down to either prospecting and identifying of activities so that there is an understanding that what is going on on the overall economic development front within the department, and a lot more effort being worked at to co-ordinate within government.

I can say, as well, that our government, the changes that were made some time ago in our whole budget process and putting together the different ministerial teams, the deputy minister teams to help in the budgeting process to make sure that we take a more corporate view, I think, has been extremely helpful in the overall exercise of bringing government together so that you do not have 18 departments of government each standing alone with the view that their whole defence is their department, and they cannot see that another department of government is overall doing part of the agenda work that they should be doing, as well.

You get as many areas of co-operation as needed. For example, Family Services comes into play when it comes to the whole area of trying to make sure we have people who are currently on some form of assistance, that we can, in fact, tie them in to a job activity. Again, so it is a matter of trying to maximize the cross-activities of government so that everyone is part of the team, and I think, under the Premier's (Mr. Filmon) direction and

under EDB and the ministries and our caucus colleagues as part of it, that we have a system that is, maybe not perfect, but it is working considerably better than it has done in previous years that I have observed. I am confident that as we grow and build our economy, each department, whether it is Health, whatever it is, will be part of the overall growth factor.

Mr. Sale: Mr. Chairperson, the conversation is interesting, but I do not hear any specifics here. Is there a structure that is staffed at Economic Development Board that includes, for example, a regular meeting of the involved deputy ministers with minutes, with direction out to the various departments, with some sort of formal communication that attempts to overcome the barriers?

For example, in this report, there are very, very serious communication problems in the department as late as the fall of 1995 when this study was underway and was being written. I quote from page 13: In short, the effects on morale of poor communication and consultation have been negative throughout the organization.

Now the structure the minister just spoke of and the changes the minister just spoke of took place several years ago, and he is talking about a corporate culture that the Premier (Mr. Filmon) has been promoting for some time, and that he is confident in. Well, a pretty good consulting firm talked to a lot of his staff, and his staff told him it is not working, that the department was demoralized and lacking in overall clarity of its mandate and focus, and many other very critical comments.

I do not want to dwell on the negatives in the department, particularly. What I want to find out is what is being done to address these issues, and so far the minister has given some interesting generalities, but no specific information about what you are doing to overcome the internal barriers that are noted, for example, on page 10: People in I, T and T feel that, rather than deal with fundamental internal barriers, important and high-profile activities have been moved outside. The effect of this widespread perception—not a few people, widespread perception—has clearly been very damaging to morale.

So if the minister could be more concrete, specific as to what is being done to address what I think are very, very

serious and important issues, then we could move on to some other items.

* (1000)

Mr. Downey: Yes, Mr. Chairman, within the re-org of our department, basically what we are doing is developing, and I have said the four areas basically that we have talked about. Tourism will be part of the overall executive activities as it relates to decision making, as part of the industrial side will be part of that senior executive, rather than having one deputy minister and 13 managing partners, which, it is clearly indicated in the report, was probably—I am not sure of the wording of it—but a little more cumbersome. It was more difficult to have 13 people come to an executive meeting; as the member knows, it is easier to assemble the deputy minister and the ADM equivalents to be part of it. It flows from that.

So I would say, yes, there is more of a cluster approach, and it is structured, and will be structured, under the new departmental activities. Industry will be in one section, meeting with Tourism at the same time at executive level, and there will be executive meetings held on a regular basis, and, yes, at the EDB level, there is—it is a structured meeting—a secretariat in which decisions are made and decisions flow from that structure to different departments to mandate whether it is Rural Development to take a lead role or whether it is I, T and T to take a lead role. Those are the kinds of decisions that flow from that structured process.

Mr. Sale: Mr. Chairperson, the minister has responded in part, and helpfully. I understand that the developments are still underway and that we will hear more about it as time passes. But he has responded primarily in terms of the changes that have been made to the structure internally.

I am still not clear whether there are any structures at the senior level of government, other than the existing ones which have existed for some years now, of the Economic Development Board, with Mr. Duncan now in the senior position there, that would tend to overcome the interdepartmental rivalries, the lack of communication, competition for resources and for pre-eminence, and all of those other things that happen in any bureaucracy.

It seems to me that both the KPMG report and the Price Waterhouse report indicate a need for serious attention to the co-ordination of economic development thrusts at an interdepartmental level. I still have not heard any changes in any mechanisms that would promote that, and I wonder if the minister could focus on that in a response.

Mr. Downey: Mr. Chairman, again, I go back to our Economic Development Board that I referred to, and from that flows different activities as it relates to decision making. We also have what one could refer to as a water management strategy committee of senior managers, because without the resources being organized and managed across the board from Agriculture, water resources, I, T and T, so there are a lot of, I would not necessarily say formal structures, but there are a lot of informal organizational activities which are developing as we see some of these things be identified—and I think that we are well down the way to correcting some of the problems that were identified in the reports the member has referred to.

(Mr. Kevin Lamoureux, Acting Chairperson, in the Chair)

The member, I know, has and will be free to talk to members who work for the Department of Industry, Trade and Tourism, where I think there can be identified some positive results that are now flowing. Overall in government, if he is saying to me, are there cabinet committees that are structured specifically for this, the answer is EDB is the cabinet structure. If he is saying, are there some informal activities that are trying to deal with this, the answer is yes, and I use one as an example, the water management strategy committee of senior officials within government, that they work on projects like the increased demands that irrigation is placing on us, that flow from the McCain decision, the environmental decisions that have to be part of any of those activities.

The answer is a structured yes; formally structured by Order-in-Council or by direct paperwork, probably no.

Mr. Sale: Two points. Would the minister first of all be prepared to indicate whether he has a formal plan to review the very important issues that are raised in the Price Waterhouse report, say, one year out from the date of the report, December '96 that would be, using an

appropriate external group to assess impartially and confidentially whether the issues that have been identified are seeing some progress? They may not all be resolved, but are we making progress? That is one question. Let me leave it at that, for the minister's response.

Mr. Downey: If the member is asking if I am prepared to have a measure of the success following the work that is being done and the report that has come out, I have no difficulty with that. I think it is a positive suggestion.

Mr. Sale: I will hope the minister then will report in our next series of Estimates. I am sure he will still be the minister, and I may still be the critic. Who knows?

Mr. Downey: Well, I hope that is not reversed, that you are the minister and I am the critic.

Mr. Sale: It is a consummation devoutly to be wished, but unlikely to be realized in the short term, though it may well be in the longer term.

I think it is very important that the department send a very clear signal that it has listened once and has heard clearly what people are concerned about and that it is prepared to act and then to listen again very clearly and find out what progress is being made, and I appreciate the minister's indication that he will do that in a structured way, so that these very important issues can be tracked.

(Mr. Deputy Chairperson in the Chair)

The second comment I wanted to make is that I had asked the minister to seriously consider the need for a management structure that parallels the EDB structure. I think there is a lot of evidence from industry, certainly, I think, some evidence from literature, that if you do not parallel the political level with some serious management resources, then the competition and fracturing which this report speaks to will likely continue to emerge at least from time to time if not more generally.

* (1010)

In other words, I think you need a senior management, whether it is called a secretariat or whether it is called whatever, an implementation group, but it needs to have some structure and some resources so that the management of initiatives is seen to be an important issue that

has resources attached to it and that we do not continue what I think has been the pattern that led to this, which is the ad hoc'ing of each issue that comes along because, when it can be ad hoc'ed, then people who are either good champions of something or have political, small-political smarts as to how to gather resources, do so, and you wind up with then the resentment and confusion that I think this report points to.

I think one of the reasons we have got this is because, as we pointed out when we started this part of our discussion at 9:20, I, T and T by its nature is inter-departmental. It cannot be anything else in the kind of modern world we are in, so it needs to have, I think, some interdepartmental structures reflecting that reality that are more than just the political structures.

I do not intend to go on any further with that, but I just ask the minister if he has considered that and whether he would consider a further need for senior management structures that pull departments together apart from the senior political structures which are there.

Mr. Downey: Mr. Chairman, I would suggest that it is taking place today. The member is suggesting a more structured process. That is one that could be considered.

Mr. Sale: On page 13 of the report, Mr. Chairperson, there are some very serious human resource issues pointed in the second paragraph. What is the department doing, what has the department done to deal with the fact that it appears at least that as late as last fall there were people doing jobs that did not match their job descriptions and there were personnel practices which I am sure the minister would agree would be extremely destructive of morale?

I cannot imagine anything more destructive of my morale if I were in a senior or medium level position, and I suddenly found myself one morning at a new desk with nobody there to tell me why and a new job description that nobody told me about. I think I might be more than a little dismayed by that, and I would like to know very, very specifically what the department has done to deal with the issues raised in that second paragraph.

Mr. Downey: Basically, Mr. Chairman, we have internal committees that have been established that are working on those issues, one with human resources, a

committee within the department that is working to bring forward some of the concerns of individuals that have been talked about to try to from within solve without having to use a lot of outside resources, but if outside resources are required, the Civil Service Commission and support through that agency have worked.

The industrial development committee is working to make sure that we have got a co-ordinated approach and that people feel, again, as we talked about, part of the team in industrial development.

The third one is the communications group that is working to make sure that we do have a very full and effective communications system not only within the department so that as news develops and as activities of a nature that should be reported to the public can be done so in a way which comes from across the board. So we are in the process with the establishment of those three committees, and I think, again, I can report that they are working very positively.

I think, Mr. Chairman, if I could say, we have seen considerable positive developments take place. The department, as was reported, I am not disagreeing with the report, there was seen a need to make some change and do some things. The main thing that I saw from that was that the department themselves wanted to be part of developing those changes. But you cannot go in and say, this is the way it will be. They are professional people, they have dedicated their time and their effort to working for government and they should be part of helping give direction to the department, and that is how we are doing it.

Mr. Sale: At whose initiative was the Price Waterhouse report commissioned?

Mr. Downey: That would be the minister.

Mr. Sale: Was it around the occasion of the hiring of a new deputy that these issues became suddenly clear to the minister? When did the minister become aware of the need to have an organizational review?

Mr. Downey: I cannot give a specific time, Mr. Chairman. I guess I should not say it was only the minister; it was in discussion with senior people within the department. I cannot put a specific time. Again, we

saw some developments taking place on the economic front. We were hearing some comments coming from the private sector that maybe we were not either equipped or as capably interfacing with them as we should be to maximize both the resources of the department and the opportunities that were out there. So I cannot give a specific time. The member knows when it was initiated, so that is when the decision was made.

Mr. Sale: I appreciate the question he cannot give me a specific date, but this minister has been minister of this department for some time, and he obviously became aware sometime in 1995 perhaps that feedback was coming that said there were some problems out there and they were serious enough that you should spend \$70,000 and then another \$10,000 on some further follow-up work which I suspect is money well spent. I have no criticism of spending that.

My concern is that the minister has to accept responsibility for presiding over a situation that created a great deal of the problems that we are seeing here, and he answers that we have got committees working and committees under way. I am glad that he is prepared to give me assurance that he is going to have a formal, structured progress report. I am wondering whether he could indicate a little more specifically than he has so far what are the process measures or the benchmarks that have been put in place that will allow him and his department to be aware of whether these serious issues are being dealt with.

The context of my question is that he mentioned the internal working groups were beginning to work. My understanding is, they were appointed in January and that they were staffed or were given resources sometime in that period of time. That is five months ago now. I would think when you look at the private sector's work in dealing with this, one would expect some progress of substantial nature by now. I would like to know how the minister is actually tracking in a concrete way dealing with these very serious issues that have been raised.

Mr. Downey: It was a poor choice of words, Mr. Chairman, on my part to say that we were just proceeding with them. They have been working for some time. There are measures. There is a reporting system, the deputy minister to myself as to the progress. I do expect to see progress and as I see that progress I am prepared to

report it. I am also taking some judgment from the general reports that I get from the public which the department is dealing with as to the effectiveness.

Let us be straightforward, Mr. Chairman, customer satisfaction is a big part of what our department is. Everybody, every secretary, man or woman, every person who interfaces with the public should be of a positive nature and one which is developmental orientated, so that will be a measure as to the responses that people have. Their daily attitude to their work will be reflected in how the public feel about the job that they are doing.

So there are several ways in which we will be measured. I know there can be some that will be more scientific, as the member has asked for, whether it is by an accounting firm or a consulting firm or a professional way of doing it. There are other ways, as well, which, quite frankly, have a way of getting through to the minister's office and to government. Of course, the measure that is ultimate is—[interjection] And the opposition. The ultimate, of course, is that they also have a way of getting through to the Premier's Office, and that is the final determinant as to how, and who, he has managed the certain portfolios.

Mr. Sale: Mr. Chairperson, I appreciate the minister's response, and I do not fault him for making it somewhat general.

Can I just ask, in closing consideration of this piece of this study, although there are other issues that I want to raise later on, whether the minister would consider asking Price Waterhouse or some internal resource for some very specific management tools in terms of managing cultural change in the department, managing the communication changes, the various things that are identified in here as problematic, from job position feedback to morale, to a sense of being in the loop and not out of the loop. There are quick feedback mechanisms. There are lots of informal confidential temperature takers that are used in private consulting practice and are really effective at generating both accurate feedback and enthusiasm for change, and they produce a positive culture. Also, they are respectful of the people who felt devalued.

* (1020)

I think it is very clear in this report that there are a number of people in the department, probably particularly

in ITC, but in other parts of the department, who felt devalued over the last period of time. When you continually ask them for feedback on progress and suggestions and that kind of thing, in a structured way and in a way that respects their confidentiality, because it takes a long time to build up trust on the part of employees who felt like they could not be frank because they would face consequences for their frankness, would the minister consider asking for some—if he has not already done so, he may have done so already—tools to work at implementing the cultural changes and the shifts that do not just rely on verbal feedback from his senior staff but give all of his staff secure channels to measure marked progress and develop that sense of excitement, collegiality, teamwork, that I think can come from cultural change that is pursued and not just kind of let die on the vine?

Mr. Downey: That is a recommendation that is worthy of consideration, Mr. Chairman.

Mr. Sale: Mr. Chairperson, I am prepared to pass this section.

Mr. Deputy Chairperson: 10.1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$625,000—pass; (2) Other Expenditures \$73,600—pass.

10.1.(c) Financial and Administrative Services (1) Salaries and Employee Benefits \$630,200. Pass?

Mr. Sale: I do not think you looked up, Mr. Chairperson. I did have my hand up.

Mr. Deputy Chairperson: I am sorry. 1.(c)(1).

Mr. Sale: I commend the Chairperson for his enthusiasm.

I wonder if we might just ask a couple of questions about the human resources work that is implied. I believe Financial Services contains the human resources section of the department. Am I correct, Mr. Chairperson?

Mr. Downey: Yes.

Mr. Sale: Could the minister indicate specifically what has been done to improve the feedback on performance,

the mechanisms that are referred to as lacking in the Price Waterhouse report? There is the allegation, at least in the report, that people who were demoted had not received any feedback on their performance; on page 14, personal success within the organization is seen as to be as much a function of personal contacts and informal relationships as performance and impact.

These are very, very serious morale questions, and they, primarily I guess, turn out to be the responsibility of the minister, but through the minister through his official, Mr. Dalglish, who is responsible for that area of the department. What specific things have been done to address these issues? I hope the minister will be specific and not simply general in response.

Mr. Downey: We have a resource management team that has been established to deal with the specific issues that were raised in the report, and I am expecting a report on that in the near future.

Mr. Sale: Can the minister indicate whether senior staff or staff in general have received any training or support or resources to deal with the issues of performance feedback, performance feedback mechanisms, success markers, some ways in which performance is measured based on results and not on simply personal relationships as is indicated in the report?

Mr. Downey: The answer is yes.

Mr. Sale: Could the minister indicate what the training or support or resources consisted of that were given?

Mr. Downey: Yes, Mr. Chairman, if I understand it correctly, the request went through to the Civil Service Commission, and they identified the appropriate resources that were available and needed, and that is how it came about, through the Civil Service Commission.

Mr. Sale: The minister may be under the impression that I was seeking to identify Mr. Goldie's work in ITC in terms of the human resource work. Let me be very clear that my understanding from my feedback is that Mr. Goldie is a very competent individual and that he does very good work. Our issue with that contract had nothing to do with the individual and the competence, but rather with the way in which the contract was entered in to, and the previous role of Mr. Goldie in relation to the

Premier's (Mr. Filmon) election campaign. It is in no way a reflection on Mr. Goldie's competence or on the need for his services.

That, however, was not the intention of this question. It was really to ask the minister to be quite specific about what things have been done specifically to deal with lack of feedback, performance measures, people being in positions for which they do not have job descriptions, and so forth.

Mr. Downey: As I said, the human resources committee of the department will be reporting shortly to me with some specifics as it relates to the concerns that are raised. The deputy minister has also had a series of total departmental meetings so that he has been very open, and given the opportunity for people to express themselves either in that system or process or individually.

So there have been, I would say, some very aggressive activities taking place as it relates to the question the member has put forward.

Mr. Sale: I would have hoped that the minister might say something like we have reviewed all of the job descriptions and functions of the people in our department who might have been affected by this criticism. We have determined what the performance requirements are in consultation with them. We have identified performance measures. We have identified specific feedback mechanisms. Staff are meeting for 180 degree or 360 degree—depending how you want to term it—feedback and evaluation with their colleagues, and we are now satisfied the job position descriptions match function, that performance management is in place and that we are beginning to get feedback from staff that indicate that they understand the way they are being evaluated, that they find that helpful and so forth and so forth.

That is the kind of response that I would have found helpful to my question, and I am wondering whether the minister can elaborate further to his previous answer.

Mr. Downey: No, I cannot, Mr. Chairman.

Mr. Sale: Mr. Chairperson, I hope the minister will be able to do that. I think there are many, many good techniques. The Civil Service Commission, I am sure, is

a resource, for some of them at least and probably for all of them, which could deal with these issues. Again, the minister probably knows—I certainly know because I have been in the position of being in a department that was trying very hard to manage its human resources effectively, more effectively, that this is a very difficult job, particularly when you are working in a very quickly changing environment.

So how do you develop appropriate performance measures? How do you both support people and hold them accountable? Those are challenging human resource management questions.

I accept the minister's answer, as I must, but I find it lacking in specifics and disappointing given the scale and importance of the criticisms in the Price Waterhouse report, criticisms which he has not disputed in terms of their accuracy and which are very, very, very damaging for the long-term career paths of dedicated civil servants which both the minister and I support as an honourable and a vital career for people.

So I urge him to be more specific and proactive in asking for progress in this area that is built on modern human resource management methods and look at things like 360 or 180—depending on the text you read—feedback mechanisms, performance measures, all those other things that I think make for solid human relationships in an important department like I, T and T.

Mr. Downey: Well, Mr. Chairman, I do not want to be repetitive. I want to cover as much ground as we can in the Estimates process for the member, but I can go through it again. We do have the Human Resources Committee of the department examining all the issues that the member has raised, expecting to have a report within a short period of time to come forward to the deputy minister so that what positive recommendations that will be helpful can be carried out and put in place. We have also, as I have said, called on the Civil Service Commission to be helpful and they have been.

* (1030)

The competence of Mr. Hugh Goldie certainly is not in question and I do not know why he would have any question as to why the process of hiring him was. It was done by the Civil Service Commission and the depart-

ment and absolutely no connection to the Premier (Mr. Filmon) and/or any elected officials. I think it is important that that be put on the record, as well.

It is a matter of bringing forward best management practices, best putting in place opportunities for individuals to make sure that their job description is one which they feel comfortable with, that the right people are in the right jobs and that the overall objectives are being met by the people of Manitoba for the people of Manitoba which, hopefully, will coincide with what the minister wants and the government and so far that has. Without having discussed the final report with my deputy minister, I am satisfied that the process that is going to accomplish what we want to happen is, in fact, taking place. That should, hopefully, cover it for the member.

Mr. Sale: Mr. Chairperson, could the minister indicate whether Mr. Goldie is doing work for any other area than ITC? My understanding is it is the new SOA that he was working particularly with.

Mr. Downey: I do not have that information, but I can take that question as notice for the member.

Mr. Sale: My understanding from the Price Waterhouse report is that the issues that are raised here go beyond ITC and cover the whole department, and many of the other initiatives, particularly I think in some of the areas where there were former managing partners and small working groups under them, many of the concerns raised here really referred to that, as well.

What resources have been put in place to deal with the human relations, human resource questions, outside of ITC? If Mr. Goldie is not doing that, or perhaps some other consultant is, or perhaps there has been a team assembled with some resources, can the minister indicate?

Mr. Downey: Could the member make a little bit more clarification as to what he is referring to in ITC?

Mr. Sale: My understanding is that Mr. Goldie is work-related primarily to the new SOA and the staff of that SOA which was created I think April 1, 1996.

Mr. Downey: To help correct it, and I should have asked this question, what he is referring to in ITC?

Basically Mr. Goldie has been working with the human resource committee of the department, not just ITC, whatever he is referring to there. So it has been more of a general nature that he has been involved in.

Mr. Sale: Mr. Chairperson, it may be that my addled brain has the wrong name of the organization that is the new SOA. The new SOA is the Industry Technology Council, am I not correct?

Mr. Downey: Mr. Chairman, the human resource team has been working throughout the Department of I, T and T, and the resources that we have asked for through the Civil Service Commission have been employed to help with the overall human resource activities.

Mr. Sale: I appreciate the clarification. My understanding was different, and the minister has provided helpful information. I am glad to know that Mr. Goldie is working with the whole resource team for the whole department. That makes sense. I had misunderstood his assignment, so I thank the minister for that. Pass.

Mr. Deputy Chairperson: Item 10.1.(c) Financial and Administrative Services (1) Salaries and Employee Benefits \$630,200—pass; (2) Other Expenditures \$316,600—pass; (3) Computer Services \$110,000—pass.

10.1.(d) Research and Economic Services (1) Salaries and Employee Benefits \$383,700.

Mr. Sale: Is this the area under which the Manitoba Bureau of Statistics falls?

Mr. Downey: No, Mr. Chairman.

Mr. Sale: It is two pages later. What I wanted to ask, Mr. Chairperson, was whether there has been any consideration given to the need to co-ordinate more effectively this research work, which, again, the Price Waterhouse report refers to as an area of weakness for the department.

The areas in which Price Waterhouse suggests there has been exemplary economic development support in other jurisdictions focus on what I think they termed more strategic market research. In many ways, some of the work that the bureau does and some of the work that Research and Economic Services does must overlap, at

least it **certainly** draws on the same data set. I have often wondered why we have the two groups separately but under the same department. Maybe the minister might discuss that issue a bit.

Mr. Downey: Not to spend a long time on it, but this area again, as we are reorganizing, will be part of the final decision-making process which I as minister will be dealing with with my deputy minister. So I again take note the comments the member has made.

Mr. Sale: I wonder if the minister could indicate whether there is any intention of expanding the resources in this area to give it more capacity to do some of the things which the Price Waterhouse study indicate. This is a very lean branch in terms of the task that it is given. The production and helpful sharing of this kind of complex and very, very strategic information is a difficult task, particularly the dissemination end of it, because you are seeking to share this information in a very timely fashion with a very large number of potential consumers, the export industries of Manitoba which, as the minister rightly takes pride in, a very rapidly growing and successful part of our economy.

This is a very small unit to support that kind of a mandate. I am wondering whether in reaction to the issues raised in Price Waterhouse and just the new world that we are living in the minister has considered the need to expand this area?

Mr. Downey: Consideration will be given to strengthening this area. Just to what level and how much has not been finally determined by myself yet, but I would say there is a consideration in process.

Mr. Sale: Does the minister accept the criticisms that were raised in the Price Waterhouse report in regard to the strategic information gap or deficit that is detailed, and I am having trouble finding the page reference, but I am sure the minister is aware of the criticism that was raised. It is on page 24, the item h, Policy, Research and Intelligence Capability, a wonderful consultant technocrate, is underdeveloped from the perspective of economic development best practices.

Mr. Downey: It is not, I guess, a matter of how the criticism is presented. I am one who is not afraid to accept criticism. I think the other side of the coin though,

as it relates to the department and to staff, is that if over development of the past budgets and where we have gone there are limitations of which the department has been able to operate, what we have talked about previously, that it is under consideration for improvement, then I think that speaks for itself, that there is a need for some improvement and we are working to address it.

Again, one has to be mindful of the customers that we are providing service for, and I have not had direct criticism from the public in this particular area but, again, as it is reported there that it is an area of concern that should be dealt with and I can tell the member that we have it under consideration.

Mr. Sale: Pass.

* (1040)

Mr. Deputy Chairperson: 10.1.(d)(1) Salaries and Employee Benefits \$383,700—pass; (2) Other Expenditures \$142,200—pass.

10.1.(e) Manitoba Office in Ottawa (1) Salaries and Employee Benefits \$201,700.

Mr. Sale: Mr. Chairperson, is there any change anticipated in the role of the Ottawa office, given some of the very major changes that are happening in Man—not Manpower, it is not called that any more—Human Resources Development strategies as announced today by Minister Young or any of the other changes that have taken place in federal-provincial relations? Is there any change anticipated in the Manitoba office in Ottawa?

Mr. Downey: Not at this time, Mr. Chairman.

Mr. Sale: Pass.

Mr. Deputy Chairperson: 10.1.(e)(1) Salaries and Employee Benefits \$201,700—pass; (2) Other Expenditures \$119,100—pass.

10.1.(f) Manitoba Bureau of Statistics (1) Salaries and Employee Benefits \$443,900.

Mr. Sale: Mr. Chairperson, I wonder if we might take a five-minute or so recess and come back to this item.

Mr. Deputy Chairperson: Is it the will of the committee to take a 10-minute break? Agreed? [agreed]

The committee recessed at 10:42 a.m.

After Recess

The committee resumed at 10:54 a.m.

Mr. Deputy Chairperson: Order, please. We will resume the consideration of the Estimates of Industry, Trade and Tourism 10.1.(f) Manitoba Bureau of Statistics (1) Salaries and Employee Benefits \$443,900.

Mr. Sale: Mr. Chairperson, I do not want to spend very long on this area, but I want to underline how important I think the work of this branch is. I am sure the minister agrees.

You cannot steer a modern economy if you do not have good information because you are just steering in the dark then, and the critical issue for me this year was that I wanted to see whether there had been any discussion about linking the two of these branches together Research and Economic Services, and Statistics. They need so many of the same kinds of resources and skills.

When you are competing for the attention of a very busy public, a very busy executive level of any industry, and you have the statistics people sending out stuff and you have the research people sending out stuff and it seems like it is not the same stuff, it is not necessarily on an integrated data platform, I think it undercuts the effective use of resources to not have one visual identification, and one sort of source, for everybody who wants to know what the critical intelligence is in a given area, whether it is telecommunications or data processing or canola crushing. It seems to me that it would be in line with what the government has talked about doing in other areas, which is to go to a one-stop approach and to have a very clear presence in each area.

I know that the minister is pleased with what he intends to do in terms of trade, using Manitoba Trading Corporation, single image, single identity.

I think the same issue goes for this kind of resource. If we punched up and made more attractive the data basis

that we use, followed some of Statistics Canada's approaches of popularizing key information, as they do, for example, through their monthly publication Perspectives and through many of their special purpose publications, where they tailor information to sectors and publish it in a very attractive, easily read format, use a lot of visual effects, bar charts, pie charts, a variety of those kinds of tools to get key information into people's hands quickly and in a format that people begin to recognize as a consistent provincial format that they look forward to, they know where it is, and they can get access to it either on-line themselves through Internet servers or some other form of on-line resource and they have got one place that they can call, it seems to me this would be a very proactive move on the government's part to pull this area together.

Is the minister or his staff considering such a move?

Mr. Downey: Mr. Chairman, I cannot agree with the member on this. I think there are some areas of support which can be identified or some activities which may well be co-ordinated, but to put them under the same umbrella I think would be a little bit troublesome to the Bureau of Statistics. I think they like to, certainly, try to maintain some independence from the policy side of government.

I also think that the section dealing with policy have another range of activities, particularly dealing with internal trade, more different related activities than the Statistics branch, and so, although there may be some areas, and it is like the rest of government, co-ordination is extremely important, but to say they should be directly linked under one entity, I think he would probably get some debate from the people within the Statistics branch, as I am prepared to discuss it and debate with him, as well, on that particular issue. It is one which I think would take a considerable amount of discussion, and both points of view would have to be fairly thoroughly examined before that kind of amalgamation took place.

Mr. Sale: There will always be debate. It is a good thing when there is a lot of debate about the need for change in areas, but I would just underline to the minister that the source of information for both branches is often similar. They are both pulling on Statistics Canada data and data from other databases that are not originated here in Manitoba, particularly in terms of economic opportunities elsewhere. You are having to deal with

international sources of data, OECD, World Trade Agreement and other kinds of information.

I simply urge the minister to think about the possibility of establishing a single point with very readily accessed, not print-oriented but electronic-oriented resources available to industry and to businesses, as well as to groups that draw on the current, very good products of the Bureau of Statistics. I would say that while the quality of the Bureau of Statistics' work is very, very good, the appearance and the kind of accessibility of the data is pretty dull by comparison with a lot of data sources that we draw on now, and I think we need to consider moving up the profile and accessibility of MBS's very good work, and this also may be a case of resources being so constrained that they cannot do that.

* (1100)

I think the Price Waterhouse study makes it very clear, page 23 and following, that the data support just is not there right now in Manitoba in comparison with other lighthouse jurisdictions that are referenced in the report.

Mr. Downey: I would like to pass this item, Mr. Chairman.

Mr. Sale: So would I, Mr. Chairman.

Mr. Deputy Chairperson: 10.1.(f) Manitoba Bureau of Statistics (1) Salaries and Employee Benefits \$443,900—pass; (2) Other Expenditures \$224,800—pass; (3) Less: Recoverable from other appropriations (\$60,000)—pass.

10.2. Business Services (a) Industry Development (1) Salaries and Employee Benefits \$1,579,100.

Mr. Sale: Mr. Chairperson, I am having trouble following you.

Mr. Deputy Chairperson: 10.2. Business Services.

Mr. Sale: Yes.

Mr. Deputy Chairperson: 10.2.(a) Industry Development (1) Salaries and Employee Benefits

Mr. Sale: \$3,500,000, is that the figure referenced?

Mr. Deputy Chairperson: No, \$1,579,100, page 25.

Mr. Sale: Okay, I am sorry. I am on the Summary page, that is the problem.

In this area, I have only one group of questions, but I would want to first commend the government on its recognition of the need for a variety of flexible and lower-level Venture Capital funds and tools to allow small businesses to develop more readily, to get that initial leg up that is very, very difficult when you do not have the assets that banks used to require before you could borrow money. Of course, if you had the capital to secure a loan, you really did not need the loan in the first place. It was a wonderful circle in which the banks won and everybody else lost. So I am glad the minister and the government and the banking industry are all recognizing the need for more flexible approaches to that first stage of development.

I would like to ask the minister to elaborate on the role of Industry, Trade and Tourism and to identify the specific area in Industry, Trade and Tourism where the Grow Bonds Program approvals are made.

Mr. Downey: Mr. Chairman, we as a department directly do not have the responsibility for the Grow Bonds Program, as he is aware, but we do have a staff member from Financial Services that sits on the Grow Bond approval process with the Department of Rural Development. So going back to some of his initial discussions, there is a way in which we do participate across the departments, and that is a way in which we do it as it relates to Grow Bonds.

Mr. Sale: Could the minister indicate what the role of his staffperson is on this committee and who that—not necessarily the name of the staffperson, although he could tell me that, but where in the overall organization is that staffperson located?

Mr. Downey: He is an individual within the Manitoba Development Corporation who is there to make sure that all the documentation, the legal approvals are part of it. It is a part of government services that we have for our own activities within I, T and T and are provided for the support of Rural Development and the Grow Bond process. So it is a matter of making sure that all the work is done and the necessary documentation is there as it

relates to approvals of activities under the Grow Bonds Program.

Mr. Sale: I am not aware of MDC having any specific staff resources anymore. I thought that it has officers but not specific staff. Could the minister be more specific about who it is that is representing the department on this committee?

Mr. Downey: The Manitoba Development Corporation is really the responsible unit that looks after the activities that we flow our resources from relating to all the programs. The individual is Mr. Gary Albo.

Mr. Sale: Mr. Chairperson, is his SY located in Manitoba Development Corporation, or is his SY located somewhere else in the department?

Mr. Downey: It is within I, T and T, Mr. Chairman.

Mr. Sale: Mr. Chairperson, I assume it is within I, T and T. Where within I, T and T?

Mr. Downey: Financial Services.

Mr. Sale: Within Mr. Dalgliesh's area, then, I understand. No, that is administration. Financial services. Okay.

Could the minister indicate how that person reports back through I, T and T or, maybe more specifically, how does the minister, then, have a role in a specific Grow Bond approval, as a result of the work of his staff or only at the cabinet table?

Mr. Downey: Mr. Chairman, basically the process to which the member refers is at the technical level that helps the Department of Rural Development in the processing of an application. The other manner in which we would be involved or the department would be involved would be if the project had to come before cabinet, would be the process. The other would be the opportunity to see the project at Economic Development Board.

Mr. Sale: My concern here is that, it appears that in at least a couple of cases, and I hope this is not a general pattern within the Grow Bonds Program, that two different kinds of problems have emerged, at least in the

case of Woodstone and, I think, in the case of Crocus, as well in Portage. Unfortunately, both the programs that are in trouble are in Portage la Prairie. They have to do with the level of due diligence that is undertaken in regard to the prospectuses that are put forward.

Because The Grow Bond Act specifically exempts the Grow Bonds from the Manitoba Securities Commission's scrutiny, the level of due diligence is done internally by government using staff who may well be capable of assessing the financial viability of different programs that are being put forward for Grow Bond consideration, but they are not people who have securities experience in their background, with the exception, I believe, of Paul Sweatman, who has some background in the securities industry, but not in the securities approval process.

So I am wondering, Mr. Chairperson, whether, given the importance of the Grow Bonds Program, which my party supports as a tool for local development, but given the growth of that program and the importance of that program, should the minister and the government not be considering recommending that once a project is identified for approval that the approval process should follow the regular issuing of securities process in Manitoba because, after all, what is being issued are securities.

They are guaranteed by the province, it is true. Nevertheless, they are securities in every sense of the word, and I am wondering if they should not be approved by the Manitoba Securities Commission, which is the body that approves every other form of security that is sold to the public in Manitoba. Could the minister respond to that policy question?

Mr. Downey: Mr. Chairman, I guess first of all I could ask the member if he did not ask those questions in Rural Development why he did not, because that program falls within the Rural Development ministry. Secondly, as I understand it, the due diligence which is carried out is done so by the Department of Rural Development and again supported by an individual from our staff, as I have indicated.

* (1110)

If I understand it correctly, the Securities Commission is more of a regulatory agency rather than carrying out a

due diligence activity, as it relates to the viability of a project rather than just the—I do not think it is a measure of whether or not a company will be successful or could be successful. It is more of a matter of the appropriateness of the structure which has been established for the flowing in and out of money as it relates to either share or personal investment by individuals. So it is regulatory versus a full due diligence as it relates to the performance or the potential performance of an investment or a company as it relates to the Grow Bonds Program.

So, again, I will defend the system that we have. I think it has worked pretty effectively. The member makes reference to one in Portage la Prairie, which I understand is back on track again from the information that I have.

Well, the member makes a facial expression which would be questionable. To my knowledge, and I say that maybe I do not have the full information, but I understand there have been some events of recent that have improved the situation there. What we do not want to do is expose the taxpayers through the government and/or have the taxpayers who would be investing in a project put in a way in which they do not go into fully understanding what the program is. I think Grow Bonds are clearly understood. They are clearly explained.

I can also tell the member that it is our intention to do considerable amount more work as a Department of Industry, Trade and Tourism, and I do thank him for his acknowledgment of the programs that we have announced, whether it is the Manitoba Capital Fund, Vision Capital, Crocus, the Grow Bonds Program. We, in fact, will be holding a series of seminars. We have had one. We will be holding another one in Brandon before too long with businesses that are looking for potential expansions to further explain to them what instruments are available to them.

Back to a specific question, I guess we want to make sure that the investors are secure. We want to make sure that each organization carries out its responsible role.

Mr. Sale: Mr. Chairperson, I would take issue with the minister's description of the role of the Securities Commission. They approve the issuing of prospectuses, and in so doing they have staff who assure themselves as to whether the due diligence work that has been done

meets the standards of Securities Commissions across the country. There is a considerable amount of work been done in the last while, as the minister responsible for the commission will testify, to make interprovincial standards comparable and to allow for good quality work to be done in each of Canada's provinces that regulate securities industry. It is not in Manitobans' interest to have a less than adequate due diligence process when you are expanding a program as rapidly as Grow Bonds is expanding and other programs are expanding.

What we want to do is build investor confidence and community confidence that risking capital is no more risky than necessary, and that we all can become successful investors and successful community builders through pooling our resources, and the old co-operative principle is still a very good principle. I would simply, I guess, underline that if we are going to expand those areas which our party supports—we support the expansion, I think as we said yesterday in our initial opening remarks. We support the notion that pension funds ought to invest back in the communities from which the pension funds come, and we support the notion that local investors should invest in building and expanding local industry.

So these are all positive initiatives, but if we are going to do that as rapidly as it appears to be happening, and those are good developments, we need to expand the capacity of government whether through departments or through the Securities Commission. My preference would be through the commission to ensure that good business plans have been developed, that the due diligence has been done and that we do not have failures.

As the minister knows, I am sure as well or better even than I do, nothing undercuts public confidence quicker than a couple of high-profile failures. Even if you have 10 successes alongside of them, a couple of high-profile failures will sink a program because investor confidence is compromised. So my comments are not meant to be critical of current staff but simply to say that there have been no additional resources identified for this area that I am aware of or that I can see through the Estimates, but the area is expanding.

Therefore, I think the risk government is taking is expanding, because you cannot provide quality oversight of high-risk ventures without some staff resources

assigned to support that, not in a way, Mr. Chairperson, that is punitive or interfering with the legitimate development, but in a way that provides the kind of supports that anticipates, sees problems developing and moves in a supportive and proactive way to help new businesses get on the track that we all want them to be on.

Mr. Downey: I appreciate the concerns of the member, Mr. Chairman. Again, I think these would have been good questions for the Department of Rural Development. However, in the overall, we want to make sure that all decisions made by government have supportive mechanisms in place, whether it is due diligence for Grow Bonds, whether it the process by which the Securities Commission has a regulatory responsibility to carry out, and I can tell you that the head of Grow Bonds is fairly familiar with the whole Securities Commission process.

The member is recommending that Grow Bond decisions should be approved by the Securities Commission. Again, I do not see that that would change anything, because it is my understanding that the full due diligence is carried out by the Department of Rural Development, supported by I, T and T, and I guess they are quite free to discuss with the Securities Commission any concerns that they may have, if there is anything that would fall within the Securities Commission's mandate, as it relates to an investment proposal.

Mr. Sale: My concluding comment on that is that I was not suggesting that Securities Commission should have the policy approval of a Grow Bond, but simply the regulatory function of issuing approval to allow the prospectus to be placed before the public. That is their role in every other security that is sold to Manitobans. I think it would increase Manitobans' confidence in the program, and it would protect the government from any accusations that perhaps processes were less rigorous in some areas which might be seen to be prone to political interference than others. I think that this would be a way in which Manitobans could be supported to take more investment decisions to support their own provincial development, locally and at a provincial level.

So I leave that comment and point of view with the minister, and appreciate his response, and I am sure he understands where I am coming from on that, but I do want to be clear that I am not suggesting that the policy

matter of cabinet approving a Grow Bond be shifted. That is entirely appropriate. It is the question of the technical due diligence and the issuing of the prospectus being given the same dignity as every other security that is sold to the public in Manitoba. Pass.

* (1120)

Mr. Deputy Chairperson: 10.2. Business Services (a) Industry Development (1) Salaries and Employee Benefits \$1,579,100—pass; (2) Other Expenditures \$2,270,300—pass; (3) Grants \$650,900—pass; (4) Less: Recoverable from Rural and Urban Economic Development Initiatives (\$1,000,000).

Mr. Sale: Mr. Chairperson, could the minister just indicate what the source of this is? Is it related to the new SOAs? What is the source here? What is the point?

Mr. Chairperson, this item did not exist last year. It is a new item, and I am simply trying to understand where it comes from, what it is for.

Mr. Downey: Mr. Chairman, I will take as notice for the member to get the information for him for the first of the week.

Mr. Deputy Chairperson: Item 10.2.(a) Industry Development (4) Less: Recoverable from Rural and Urban Economic Development Initiatives (\$1,000,000)—pass.

10.2.(b) Financial Services (1) Salaries and Employee Benefits \$744,700.

Mr. Sale: Mr. Chairperson, could the minister indicate who represents the province on the Vision Capital corporation?

Mr. Downey: Mr. Steve Kupfer.

Mr. Sale: Mr. Chairperson, I have a number of questions about Vision Capital's investments, and I understand the sensitivity of providing information about individual companies. I do not wish to put at risk any companies, but I do have some concerns and some questions here, and I will hope the minister will find a way of responding that respects the need for confidentiality but also perhaps can deal with some of the issues that I think are important for Vision Capital.

Could the minister indicate how much has been invested in Iris Systems, one of Vision Capital's holdings, at present?

Mr. Downey: Mr. Chairman, I appreciate the comments the member has made in relationship to the disclosure of information which may not be in the interests of the public, a company that is operating, or the activities of the individual companies. I will try to accommodate the member as it relates to information that may be helpful for him and the work that he is doing, and still at the same time, protect the individual companies which, quite frankly, have entered into this without the expectation that it would be fully debated and discussed as it relates to that investment through the public process.

It is not a matter of attempting to not give him the information. It is a matter of trying to make sure that the company or companies that we are talking about are not, in some way, disadvantaged because of public disclosing of what their current situation is because of a competitive nature, which they could be providing services and/or a product.

So maybe we could deal with some more general questions. I might be able to provide that information to the individual, but I would certainly want to do a check with the company on it, and make my decision from there.

Mr. Sale: Mr. Chairperson, the province is a significant partner in Vision Capital and some other public sector derived funds are also major partners in Vision Capital. I would ask the minister again how much money has been advanced? What is the scale of the investment from Vision Capital in Iris Systems at the present time? I am sure this is not something that would be unavailable, given the nature of the public funds that have been invested.

Mr. Downey: Again, Mr. Chairman, I do not feel at liberty to give the specifics of any particular company as it relates to the status of that company. What we do not want to do is put it at risk because of public expression as to what or where we are at as an investment and the status of that at this particular time.

I think we can certainly talk in global numbers, but to deal with specifics could well put in jeopardy the investment that has been made by the province and by

other investors. I am not trying to be difficult. I hope the member appreciates that, but I have never been one that has had any problem with disclosing what is appropriately disclosed to the public.

Mr. Sale: Mr. Chairperson, the minister makes regularly available lists of grants that have been made to corporations, lists of loans that have been made to corporations, that the government has loaned money to. I cannot see the difference. If disclosing what total sums have been invested in a variety of companies does not harm those companies, I cannot for the life of me see how revealing the scale of investment from Vision Capital in the various projects in which it is involved can harm those companies.

We regularly receive reports from government about funds that have been invested. I give the example of Linnet where the minister responsible indicated very clearly \$5 million was the direct funding and indicated that, yes, there had been funds from other projects invested in that company. We know we are a 24 percent shareholder in the company. So what is the confidentiality involved in revealing the investment, at least in part by the public, in a company such as Iris?

Mr. Downey: I will try to explain, Mr. Chairman, as to how I see the difference. When providing a direct loan through MIOP or through any other program, I see it as a company that has come forward well knowing that that is going to be expressed and discussed. Under the Vision Capital, it is different. We are providing a source of capital which is managed by a management team where they make their decision to participate as partners in investments and projects.

Yes, I believe there is a responsibility for the government to be fully aware and knowledgeable through the staff as to what those investments are, the amounts of money that are invested, but again we are in there not as a majority or not as part of that investment where the company would be expecting that someday that it would be fully disclosed as to the participation of Vision.

However, what I am prepared to do is discuss with the individual companies and make a judgment as to whether or not and ask professional people within the department as to whether or not it could be, in fact, and I say could be damaging to the stability, the viability and the future

of that company, because if it could in some way endanger that investment or not endanger it but lessen the worth of that investment then the overall benefit of the taxpayer would be lessened and put at risk. It is not my intention to do that and, again, I will do what I can.

I think it is appropriate to answer questions and deal with questions in the global amounts of money that governments have put in and projects which those partners have no trouble with disclosing how much equity position would be put forward by Vision Capital, but I do not feel free to do so in the interests of the public, who have money invested through Vision Capital to do so at this time.

Mr. Sale: Mr. Chairperson, I appreciate the lunch. No, I am kidding.

I find that response quite unacceptable, quite unhelpful and unacceptable, and I would like to tell the minister why. There are a large number of Venture Capital funds around, and those funds report to their shareholders in a variety of ways. Take, for example, the health care and biotechnical venture fund. Take any of the working ventures funds supported by labour. Take the Crocus Fund. All of these funds disclose regularly their stake in the companies in which they have invested. There is nothing lost and, in fact, when a Venture Capital fund makes an investment in a company, usually the company sees that as a very good thing, a positive thing, and they crow about the fact that they have attracted the interest of a Venture Capital fund to invest in their new and developing company. They usually have a press release and they note it as a matter of pride that they have been able to attract interest from these funds.

I regularly receive reports from a variety of Venture Capital funds in which they identify their successes, their failures, the scale of the investment. They sometimes identify other investors in those companies, but I have yet to see a Venture Capital fund, other than perhaps a family trust, that does not report where its money is being invested. Here we have a situation where the partners in the Venture Capital fund are largely public, either in the derivation of the monies or directly so as in the case of the Province of Manitoba. So I find the minister's response unacceptable, as well as unhelpful. Virtually any company that I know of that attracts venture capital is pleased with that, and many, many, many press releases are issued saying our company is on the road to

success, and we are pleased to announce we have just acquired a shareholder in the form of the Vision Capital corporation of Manitoba. They are holding 15 percent equity position, and we are sure this is going to give us the kind of secure investment that we need to have a rosy future.

I challenge the minister to justify why we should not have a full list of all the current investments of Venture Capital fund in which we are shareholders.

* (1130)

Mr. Downey: Mr. Chairman, it is my understanding that approximately two months ago Vision Capital had a public meeting which the media were at, and that they were prepared to discuss in general the activities of Vision Capital, which the member may or may not have been aware of. I am reporting that to him. Let me further elaborate a little bit as it relates to what I see, and let us talk not about any one particular company, but let us talk in terms of whether or not the member feels that it is responsible at this public forum, or at any public forum, because we have investments that any decisions that may be made as it relates to the company of which we may be a minority shareholder through Vision Capital, that through public discussion of what is taking place of that individual company, could in some way lessen the value of the investment that we and our shareholders have in that particular project.

I cannot give him a specific issue or a specific case at this particular time, but I am trying to run a scenario which, hopefully, he understands. I would be prepared, and would be in discussion through Vision and through the companies that are invested in, if it is deemed advisable and if the member insists, that under a process of making sure that there is no endangerment of devaluing the company or the investment of which we are a part, which he does not, I hope, want to be part of—if he as a member of the Legislature were to disclose information or have information disclosed that in some way could lessen the value of our investment. I hope that he would not want that to happen. If we could explain in some way, in a confidential way, to any member of the Legislature that, if there is a process that could be established, then I would be prepared to look at that, but I am not prepared today to give information on specifics as it relates to investments that have been made by Vision Capital in the interests of all those individual companies.

I appreciate where he is coming from. We are there as an investment through Vision Capital, but I am prepared to deal with the global numbers that are before this committee, but on individual cases I think it could be, and I say could be, damaging to the investment that has been made by the province with other partners. I am at this point not prepared to put in jeopardy any individual company that may be in that situation. So we can dwell on this for some time if he likes. I will look into how we might be able to accommodate the member and get information that is important to him in carrying out his responsibilities.

Mr. Sale: Mr. Chairperson, I think there is a general policy that is well accepted, and that is, as the member for Broadway (Mr. Santos) has noted to me in a note, the simple principle that if public monies are invested, why should the public not be entitled to know how much has been invested in a given investment?

The securities industry, stock exchanges of Canada, in particular Toronto, which is the most highly regulated of Canadian stock exchanges, make it very, very plain that there must be disclosure and that the disclosure is not prejudicial to anybody's interests. If a company has attracted investment from a publicly held entity, it does not matter what it is, that entity in reporting to its shareholders must report its investments, must report the percentage and the dollars, and cannot keep that kind of information from its shareholders.

Well, we are the shareholders of Manitoba Inc., and I again say to the minister I find it unacceptable that there is not simply, as a matter of course, a listing of all investments made by Vision Capital year by year. If the investments grow, fine; and if there is disposition of assets that result in a profit, that is fine, too; and if there is disposition that results in losses, well, that is expected from time to time in a Venture Capital operation. But the failure to do that kind of reporting does not instill confidence on the part of Manitobans, and it certainly does not instill confidence on the part of the opposition as to the government's need for secrecy in regard to the particular investment decisions.

So if the minister wishes to respond again to that, I would be glad to have his response, but then I have some very specific questions.

Mr. Downey: Mr. Chairman, I am not trying to be difficult, and for his friend, the member for Broadway (Mr. Santos), if he feels that he wants to put a company in a position, of which the taxpayers through Vision Capital have an investment, that in some way would lessen the value of that investment on behalf of the taxpayers, if that is the position that he is taking, because he is philosophically bent to do this when I have said that we would try to do what we could to accommodate, providing him the information—

Point of Order

Mr. Sale: Mr. Chairperson, we have had a very civil debate here, and I think that the minister may have begun to stray from that by imputing motives to the honourable member for Broadway who asserted a principle of public accountability. He certainly had no motives, and it is inappropriate to attribute motive in terms of putting a company at risk, and I am sure the minister may want to consider those remarks.

Mr. Deputy Chairperson: The honourable member for Crescentwood, I am ruling, does not have a point of order. It is a dispute over the facts.

* * *

Mr. Downey: Mr. Chairman, I did not mean to be in any way disruptive and to try to have the committee break down as to our discussions that have taken place. All I am trying to do is further satisfy the debate that in providing what is requested on a specific company, whatever one it may be at this particular time, may, in fact, be not in the best interests of the investment that we have made as a minority shareholder in, I am sure, the majority of companies.

I am certainly prepared to answer anything as it relates to the overall global investment and go one step further to try to accommodate the requests of the member as it relates to some more specifics, and not in some way exposing information that may be not in the interests of the investment that we and other investors have made.

I think if he would look back at last year's Hansard, I believe we may have had this same debate. I am not sure. I will look back and see whether or not, but I think the member was a little more understanding at that particular

time. I do not know whether it has been another year in opposition that has changed his attitude or whether there is something more specific that he would like me to deal with. But I would be prepared, as I said, to deal with the overall questions as they relate to more generalities with Vision and try to provide the detail in a manner which would not be in any way harmful to the investment that has been made by Vision and the other investors in any one company.

Mr. Deputy Chairperson: I would like to add to my last ruling, and ask all members of the committee, because, in fact, the minister was very close to impugning motive in my perception. However, as all honourable members know, a small word or just certain words used in certain ways can, in fact, make that difference. So I would ask all honourable members to choose their words carefully, and, indeed, I am sure our Estimates can move along smoothly.

Mr. Sale: Thank you, Mr. Chairperson, I appreciate your admonition, and I am sure we will all try to follow it. I think we have done very well so far, and I hope we will continue.

Could the minister indicate whether it is his understanding that the head of the Vision Capital corporation, which I believe is James Osborne—I will leave the question. There appears to be some disagreement about that, so I will leave that as a question.

* (1140)

Mr. Downey: Mr. Chairman, Westgate Capital is the corporation that is hired to manage the Vision Capital Fund, of which Jim Osborne is the president of the company.

Mr. Sale: Mr. Chairperson, I think that is what I was saying, that Mr. Osborne is the head of Vision Capital corporation or company. [interjection] No, the minister is indicating this is not correct, and I am confused. Could he clarify again Mr. Osborne's role in regard to Vision Capital?

Mr. Downey: Mr. Chairman, the board of Vision has hired Westgate Capital to manage Vision Capital, of which Mr. Jim Osborne is the head of Westgate Capital.

Mr. Sale: Mr. Chairperson, does Mr. Osborne then sit on the Vision Capital board?

Mr. Downey: No, Mr. Chairman.

Mr. Sale: Mr. Chairperson, then is his capacity that of essentially a CEO for Vision Capital corporation in the form of the management corporation that has been retained?

Mr. Downey: Mr. Chairman, he sits at the board meetings and operates in the capacity of advisory to the board but does not sit as a board member.

Mr. Sale: Mr. Chairperson, my concern here, and let me lay it out as clearly as I can, is that Vision Capital is an investor in a variety of companies, among them two that are of some concern to me, Faneuil and Iris Systems.

Mr. Osborne sits in the capacity of a staffperson. He is the head of the company that is the management firm for Vision Capital and sits at the board meetings of Vision Capital in an advisory and, one might say, a staff capacity, representing the company that he presumably owns that manages Vision Capital.

My understanding is that he is the chair of the Iris Systems board, and it seems to me that we have a situation here where Mr. Osborne has a variety of interests, and they may not all be compatible. I am wondering if the minister can comment on our investment in Iris, how we are represented in Iris, what Mr. Osborne's role is in regard to the financial health of Vision and the financial health of a company in which Vision is the majority investor.

Mr. Downey: Just to explain the process, it is my understanding, the department indicates to me, that in the process of making an investment that Vision would make in any company, they have the availability of putting an individual on that board; the board then determines who becomes their chair. So that is the process which, I believe, is in place.

Mr. Sale: What procedures or policies are in place in Vision Capital to make mandatory the reporting of insider trading or insider holdings—again, I use that term in a technical sense, not in the sense of pejorative judgment—but insider trading or insider holdings of

companies which are also invested in by Vision Capital, and I am using the example of Iris. I could use other examples, but, for example, is Mr. Osborne in any other capacity a shareholder in Iris Systems, as well as being a staff advisor to Vision, as well as being the chair of Iris Systems' board?

Mr. Downey: Both the management and the board of Vision have conflict of interest rules that would prohibit, I believe, any advantage being taken from any position. So there is a rule in place both by the board and by management to stop any conflict taking place.

Mr. Sale: Could the minister indicate whether those rules prevent Mr. Osborne from personally or beneficially owning an interest in a company in which Vision Capital is an investor?

Mr. Downey: Would the member repeat that please?

Mr. Sale: The minister indicated that there were conflict of interest rules at the level of Vision Capital and management. The question is, do those rules prohibit Mr. Osborne in his capacity as the owner of a management or an investment company such as Westgate, which, I believe, was the name of the firm you referenced, in having investments in the same companies for which he has an advisory responsibility to Vision Capital?

Very concretely, under the rules that Mr. Kupfer indicated, could Mr. Osborne own or beneficially own shares in Iris Systems?

Mr. Downey: I am told by the department that the guidelines or the rules or the policy of conflict of interest, if that were to be the case, then that would have to be disclosed to the board of Vision Capital.

Mr. Sale: Does the minister see the potential problem which I am clearly alluding to here? The minister resists any publication of the amounts of money that Vision Capital invests in its various companies in which it takes an equity position. Presumably all of Vision Capital's positions are equity positions. I assume that to be the case, perhaps I am wrong. Perhaps we could get that question answered first.

Mr. Downey: Equity or convertible position.

Mr. Sale: Then to go back to the original question, the minister resists having any publication of the investments in amount and changing amounts lost or gained on disposition of assets, as well. He resists having that. We have a company that is approximately, I think, 25 percent owned by the public of Manitoba being managed by a private management firm, not a bad thing, but that private management firm might also decide to take positions in companies under management by Vision Capital.

It seems to me that that is a very direct conflict in that the manager is not then simply advising on ways of maximizing the resources of Vision Capital but has a direct and personal stake in the success of his investments which could quite conceivably from time to time conflict with the public interest. So I have some very real concerns in this area.

* (1150)

Mr. Downey: I do not want the member to indicate that I am resisting. What I am doing is, I am saying, in the interests of the taxpayers of Manitoba who have an investment in an equity thoughtan equity position, in the interests of that company of which we are a small shareholder through the Vision Capital Fund, we do not want to put in jeopardy any company that we are a partner in through an equity investment. It is not that we are resisting, it is a matter of that we want to be fully sure that we are not in any way devaluing the investment that is made.

I have also said that I am prepared to put forward to the member, if I am able to do so, the information which he is requiring to satisfy his questions. I get the point he is making in the other area and I will make sure, through discussions with the board, that those situations are as I have indicated to them.

I do not want to see something that is not properly carried out, and I am satisfied that the board has in place the kinds of policies that would prohibit that from taking place or at least cover that area.

Mr. Sale: I would ask the minister if he would be willing to table the conflict of interest guidelines that are in place for Vision Capital and make them available.

Mr. Downey: It is my understanding Mr. Kupfer has indicated that we could probably make those available.

Mr. Sale: The minister has indicated that we are a small investor in Iris Systems, but my understanding is that Iris has investments in the order of between \$15 million and \$20 million, at least, to date in that company. The company very recently went through what was euphemistically termed a reorganization. The company is in some serious jeopardy. I think the minister is probably aware of that and so is the deputy and the assistance deputy.

I am concerned that public funds are at risk here. It is a concern to me. I think it is, in fact, quite widely known that Iris is having difficulties bringing its technology to a point of useful development.

I am also aware that Faneuil ISG is a shareholder in Iris systems, as well, and I am wondering whether this is of any concern to Mr. Kupfer in his role on that board, in that we have a number of very intertwined relationships. Mr. Osborne, I believe, sits on the Faneuil board. Mr. Osborne chairs the Iris board. Mr. Osborne advises Vision Capital. We have a situation here where there is an awful lot of very complex interests interacting, and we have at least one of the two companies that I have named in some substantial difficulty.

There have been some indications that Faneuil itself may also be in some difficulty. I would like to ask the minister if his staff have briefed him on these issues and whether he feels that the very, very complex inter-relationships involving many of the same individuals is sufficiently protected by policy and regulation that decisions, which are not in the public interest, cannot be made or are not being made.

Mr. Downey: I can tell the member that I have not had brought to my attention anything that would be cause for alarm. I would ask, as well, the department to further look at any concerns that have been raised by the member to make sure that everything is appropriate, and, if the member has further information which would be helpful, I would ask him to put it on the record.

Mr. Sale: I will have some further questions about Faneuil in another section of the Estimates, specifically the Manitoba Trading Corporation portion. I have one

other question in this area. Would the minister undertake to make available an update of the information which he kindly provided last year on the actual targets, achievements to date, forgiveness levels, a kind of summation of the Venture Capital Program.

I know it is in a wind-down phase, but there are still some compliance monitoring activities and repayment activities in there and also under MIOP. I know the minister made a press release yesterday which was very positive, and we are as happy as he is when companies succeed and employment grows. So rather than dwell on details in this area, would he undertake to do the same as was done last year which was very, very helpful to give me some of those summary reports?

Mr. Downey: Yes, Mr. Chairman.

Mr. Sale: One last question. The individual Glen Agar, he sits in some capacity for the department for the government. Could the minister indicate what Mr. Agar's role is?

Mr. Downey: Mr. Chairman, he was seconded to the government to work with EDB from Pitblado & Hoskin firm, but that secondment has ended.

Mr. Sale: Mr. Chairperson, when did the secondment end?

Mr. Downey: I will get the specific date. I am sure that is the case. The department have indicated to me that it has ended, and I will get the specific date as to when it ended.

Mr. Sale: Could the minister indicate on what boards Mr. Agar sat, and what role he played for the government during the time of the secondment?

Mr. Downey: Mr. Chairman, I will get that information for the member.

Mr. Sale: Thank you, Mr. Chairperson, pass.

Mr. Deputy Chairperson: Item 10.2.(b)(1) Salaries and Employee Benefits \$744,700—pass; (2) Other Expenditures \$239,800—pass; (3) Programs (a) Manitoba Industrial Opportunities \$7,367,300—pass; (b) Venture Capital \$107,200—pass.

10.2.(c) Surface Transportation Technology, nil.

Mr. Sale: Is this \$2,476,000, is that the item we are at?

Mr. Deputy Chairperson: Surface Transportation Technology.

Mr. Sale: We have to pass nothing there, do we? [interjection] For the record, okay.

Mr. Deputy Chairperson: Item 10.2.(b)(3)(c) Surface Transportation Technology, nil-pass.

10.2.(b)(3)(d) Vision Capital \$2,476,100.

Mr. Sale: Mr. Chairperson, what is the total investment of the province now in Vision Capital, the summary to date?

* (1200)

Mr. Downey: The number which my department has indicated to me is approximately \$25 million.

Mr. Sale: Pass.

Mr. Deputy Chairperson: 10.2. Business Services (b) Financial Services (3) Programs (d) Vision Capital \$2,476,100-pass; (e) Pine Falls Paper Company \$625,000.

Mr. Sale: Are there further investments beyond the de-inking facility at Pine Falls? In a general way, the minister I am sure is aware that at the present time we are into one of those downward slopes in recycling newsprint. Prices that were high last year are now low. Are there further investments anticipated in this area?

Mr. Downey: Mr. Chairman, I am told by the department that within two months the de-inking and the effluent process of some cost of \$65 million will be completed by the end of July.

Mr. Sale: Will that be completed without any further need for public investment? And is this essentially a wind-down amount here, much lower than was anticipated I recognize, but will this item disappear next year, or is this an ongoing issue?

Mr. Downey: Yes. There was no money flowed until last year as it relates to the program but we will be advancing some money this year as it relates to the upgrade of the plant. I think it is \$10 million that will be advanced under the loan authority that was approved for some \$30 million initially.

Mr. Sale: Perhaps I am confused. There is an item of \$2.5 million in previous Estimates last year. Is that an estimated amount that was not flowed? Am I correct in understanding that?

Mr. Downey: That is correct.

Mr. Sale: Is then the understanding that the minister is currently anticipating that \$10 million in public—now is this public grant, forgivable grant, public loans? What is the nature of the \$10 million? What is the exact nature of it?

Mr. Downey: A loan with interest.

Mr. Sale: This will be the entire amount under the current assumptions for Pine Falls? No other investment is anticipated?

Mr. Downey: When the Pine Falls Paper Company came forward to assist the employees in purchasing it there was a projected requirement of a \$30-million loan that was needed of which interest would be payable. Because of their operations in the marketplace and the timing, that was not required at the initial time, and with the upgrades that have taken place, some \$65 million, it will be completed as of the end of July. The amount required to complete that and to help the organization, there will be a requirement of a \$10 million loan that will be repayable, which, we understand, should be able to be paid back in the not-too-distant future. Those are the indications that we have.

I would also like to take the opportunity to compliment the workers and the management at Pine Falls for the hard work and effort that they have done to, first of all, maintain the plant; secondly, to upgrade the plant; and, thirdly, to make sure that those opportunities for employment are maintained. It is a major part of the economy of Manitoba, but particularly of that region of Manitoba, as I have indicated, creating many jobs, securing many jobs.

I think they have done a very good job in minimizing the support that government had to be there to help them with, but, as I indicated, it is a repayable loan. They are to be commended in the way in which they have carried out their activities.

Mr. Sale: Pass.

Mr. Deputy Chairperson: 10.2. Business Services (b) Financial Services (3) Programs (e) Pine Falls Paper Company \$625,000—pass; (f) Manitoba Business Development Fund \$1,018,500—pass; (g) Small Business Expansion Fund \$500,000—pass; (h) Manitoba Capital Fund \$132,000—pass; (j) TD Manitoba Fund \$292,500.

Mr. Sale: This TD Manitoba, is this Toronto-Dominion? Could the minister just briefly explain the mechanism for managing this fund in terms of government roles, since the government is—presumably, these are interest and administrative costs this year. Could the minister briefly explain how the department interfaces with the bank in managing this?

Mr. Downey: I believe the question was, what are the administrative costs for the province? There are not any. This would be an allowance for losses if there were any. We get a monthly report from the bank; we have the opportunity to sit down and discuss any of the concerns that we may have. The incentive to keep the program pure and solid is that they equally share in losses. We have all the confidence in the world that this is meeting a need for people who, quite frankly, cannot access capital. The interest is—how should I put it?—fairly substantial, but, rather than requiring the borrower to put up every last piece of two-by-four out of their house and everything else for security, the cost of the loan is to account for less security taken.

We make no bones about it. We as a department are trying to make sure that more people are involved in government programs, that there are other people that are carrying out the responsible roles of administration, and that we are not so fully involved as we have been in the past; but, again, we have to make sure the proper checks and balances are there to protect the interests of the province. We believe the success of the department and what we have done in the last few years of activities have proven very credible.

Mr. Sale: Mr. Chairperson, my understanding is the exposure of the province is an equal share in losses. That is what I thought I heard the minister say.

Mr. Downey: No, that is not quite correct. The province will guarantee 65 percent, and the bank covers 35 percent, of the losses.

Mr. Sale: I thank the minister for that clarification. My concern in this section, just kind of a concluding comment, the minister has been positive about, and I believe I have been supportive about, the development of a wider range of capital resources availability for small business, starting business, et cetera, and for developing business.

There is a bewildering array of programs out there now, and I have not seen yet, hopefully will see soon, from government, something in the way of a simple, here is how you access, here is where you might fit in, here is the range of things that are available to you. It is a real challenge, and it is also a challenge to put it on the government Internet pages in a clear way. Perhaps the government should be thinking about a home page for small businesses that gives people ready information as to where to call and think seriously about, again, the one-stop shop that makes the range of programs transparent to potential users. Has consideration been given to this?

* (1210)

Mr. Downey: Mr. Chairman, I guess that is an important consideration, as well. We want to make sure that within the different departments and part of our co-operation co-ordination we are not duplicating in areas.

Then again, with the change, and I said that earlier, of the role of Rural Development and enhancing and growing some of the programs that they have had available, we have also been doing some changing of our programs. I can assure him that we are looking at, as two departments, how we can best make sure we are not duplicating and that the public does understand what is available to them.

I will further indicate to him that we have had one and are going to a second, call it a, short seminar as to tell the public what and how they can access some of,

particularly, the equity programs that are available through the departments.

I do not disagree there can be some confusion. One thing is to have a program; another one is to make sure that people know how to access it and that it fits the need. If you get some confusion out there, that is not good either, and it takes away from the efficiency. So government are working at how we can better make sure we streamline, cover the needs and people understand it.

Mr. Sale: Mr. Chairperson, would the minister consider looking at the development of what is sometimes called an expert system that would be on the Internet that could be interactive for people?

Expert systems are not systems for experts. It is the system that is the expert in an expert system. It walks you through a series of diagnostic questions, for example, and says, how big is your business, where are you at in your development, what is this, what is that? You get an answer, and the program then directs you to the appropriate area so you can kind of self-diagnose your way into where the appropriate supports might be.

I think seminars are useful, but most of us who have tried to promote information on a variety of things know that, unfortunately, when you need the information, the seminar is not being held or else it was just held last week, and you did not go. What we need are ways of getting information to people when they need it, when it is appropriate for them. The Internet is a great tool, and there are other tools, as well, but what thought has the minister in terms of that kind of approach?

Mr. Downey: Mr. Chairman, I am not so sure the department have not developed it or are in the stage of developing what the member is talking about. I am always prepared to take a positive suggestion and put it into action and will certainly make sure, if the department is not doing it, that consideration could be given to putting something like that in place.

Mr. Deputy Chairperson: 10.2. Business Services (b) Financial Services (3) Programs (j) TD Manitoba Fund \$292,500—pass; (k) Less: Interest Recovery (\$718,000)—pass; (m) Less: Recoverable from Rural and Urban Economic Development Initiatives (\$500,000)—pass.

10.2.(c) Small Business and Entrepreneurial Development (1) Salaries and Employee Benefits \$947,500.

Mr. Sale: This is exactly the place for the system we were just talking about before. This also indicates part of the potential problem that this department has in its current structure. Maybe the minister has a way of dealing with this, but if I could refer him back to 10.2 (b) Financial Services which has the various funds responsibility for the various kinds of financing funds available, 2.(c) Small Business and Entrepreneurial Development has the responsibility for getting out to the over 32,000 it says in the supplement Small Business Owners and Operators in Manitoba, et cetera.

So here is the place that is linking to the field and is talking about networks and I am sure the Internet as part of the strategy for this area, but it is the other section that has got the money. It is a question of how the department is organized so that we do not have these walls between branches that frustrate users and probably frustrate the providers of service, as well.

Mr. Downey: I do not believe that we have that difficulty here but again as part of the review and what we are doing, I will make sure that the comments are taken into account.

Mr. Sale: Pass.

Mr. Deputy Chairperson: Item 10.2.(c) Small Business and Entrepreneurial Development (1) Salaries and Employee Benefits \$947,500—pass; (2) Other Expenditures \$761,400—pass; (3) Grants 30,000—pass.

10.2.(d) Industrial Technology Centre \$1,043,000.

Mr. Sale: Mr. Chairperson, I am sorry. Would the minister give leave to revert back? I had not realized that we had gotten through all of the sections. I am working from the Estimates book instead of from the Estimates themselves so I missed a question in that area.

Mr. Deputy Chairperson: Is there leave to revert to—

Mr. Downey: Yes.

Mr. Deputy Chairperson: Where would we like to go here?

Mr. Sale: Well, I am not sure, within the Small Business and Entrepreneurial Development. It is under the heading of Community Development Services.

Mr. Deputy Chairperson: 10.2.(c).

Mr. Sale: It is 10.2.(c), which was the item we just passed, I believe.

Mr. Deputy Chairperson: Yes, just go ahead.

Mr. Sale: The concern is a very specific one. During a tour of the Parkland and Westman Regions we were talking with many local development organizations. The minister had some involvement through Rural Development, some involvement through his department, quite fruitful meetings, but one of the frustrations was that very specifically a snowmobile trail association had developed some 250 kilometres of groomed and marked trails in the area between—this particular meeting was in, now I am blanking on the town, west of Dauphin—Grandview. The concern was that they had put all of this volunteer time and energy and significant locally raised funds into developing this very fine network, but they had a great deal of trouble getting help from government to promote this to American, specifically American, and other within driving distance snowmobilers who might well find that amount of trail very attractive.

There are good inns in that area, good community resources. They had done a lot of work, but they could not get the linkage because they just could not seem to find the right key to unlock some specific help in this area. It is a niche marketing, it is not necessarily expensive because there is a lot of association databases that could quite easily be tapped into and mailings go to them. Here were a lot of local folks that just could not quite make the connection between what they had hoped to be able to do, but they had already spent a great deal of time and voluntary energy. How could the minister help that group of people?

Mr. Downey: I appreciate the question because I think it gives me the opportunity to talk a little bit about the whole trails industry which is very much at the forefront in developing, and the snowmobile industry, quite frankly, I think, has taken the lead in the development of that as a tourism activity and the funding that they receive through a licensing for the snowmobile through Snoman

or something, and they have really burgeoned out with that as a real industry development.

* (1220)

This, I think, fits into the same kind of category. What we are doing within the Department of Industry, Trade and Tourism is looking at developing a policy on how we can further enhance and develop that, which is not to say that we have any additional funds at this particular time but first of all to recognize it as a major new thrust in the tourism industry, not only for snowmobiling, but for summer hiking and bicycling and all kinds of other recreational activities. We have some very, very significant trails within Manitoba which we think can be used in a very positive way to develop and promote the province.

So the member raises an area which we are certainly looking at dealing with and the specific one has been brought to our attention and been discussed, I think, to some degree with Rural Development, or if it has not, we are in the process of a discussion with it of how we can further assist and enhance that whole initiative.

But I say that this is an important area because we think that is an asset that we have as a province, special areas for people that come, not necessarily looking for motorized activities, but winter snowmobile trails can be used for summer hiking trails, the facilities that are established can accommodate both. It is a matter of co-ordinating and co-operating and maximizing the opportunities. It is a fair comment, a fair question, and we are working on an overall policy that can enhance the trails industry.

Just in concluding, I would say that I think that is what we have seen the international marketplace, particularly, is looking for. A lot of tourists look for the walking program, ecotours. We think we have got the product here. It just needs to be developed.

Mr. Sale: I thank the minister for that response. Did I understand him to say that the specific example I raised has already come to his attention and that there is specific work being done in that area?

Mr. Downey: There have been several in the last short while as far as trails are concerned. I do not want to put

misleading information on the record, but I believe it has been brought to my attention and that there is a meeting or has been a meeting with our department and Rural Development, or will be within the next short period of time, to deal with that specific one. I think it came from the Rural Development minister in that area.

Mr. Sale: I would just ask the minister if he would undertake to, through his staff, contact the representative that he has who serves that area and see whether the snowmobilers association in that particular region and other ecotourist groups that were discussed in the meeting in Grandview—actually, it was the coldest day of the winter. I think it was 45 below that day. They were all there and we were all talking about summer, as well as winter tourism, but it was a very helpful group.

It was very encouraging to see Human Resources Canada and Rural Development and I, T and T, regional economic development groups all sitting around the same table, and obviously people knew each other and met regularly and had many shared concerns and that was a very encouraging thing. So I thank the minister for allowing us to revert.

Mr. Deputy Chairperson: 10.2.(d) Industrial Technology Centre \$1,043,000. Shall the item pass?

Mr. Sale: I really have no questions here, Mr. Chairperson, other than just to recognize that embarked under an SOA—and I hope that will be a useful change for that organization—I visited the centre during the year. I was given a thorough tour and found it very interesting and was particularly, I guess amazed is not too strong a word at the number of industry databases that were being maintained through the library there and the role of the staff in providing a very, very wide array of services to a large number of users, so I hope that the new status works well for that centre. I was impressed with the level of service that they were trying to provide on what is really a very modest amount of staff, particularly in that area where the library was maintaining those databases.

I am sure the minister is aware, but I just underline that it is so crucial in today's market that export-oriented companies have ready access to those databases and no one company, particularly the smaller ones, can ever afford to maintain direct access. This is the kind of public utility that is really vital, and I hope the

government continues to see this as a high priority area and also recognize that this was one of the areas in which staff morale was perhaps most deeply affected by the uncertainty about the direction that has been there for awhile. So I hope that there will also be lots of support provided to that new SOA as it gets on its feet. Pass.

Mr. Deputy Chairperson: 10.2.(d) Industrial Technology Centre \$1,043,000—pass.

Resolution 10.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$18,567,300 for Industry, Trade and Tourism, Business Services, for the fiscal year ending the 31st day of March, 1997.

10.3. Strategic Initiatives (a) Tourism Initiatives (1) Tourism Services and Special Projects (a) Salaries and Employee Benefits \$633,500.

Mr. Sale: Mr. Chairperson, this is an area in which I have a lot of concern. I will table for the minister—although, unfortunately, I have only one copy and I will have to ask staff to make copies of this—information dating back to 1981 in regard to the number of U.S. tourists coming into Manitoba and similar information will be available shortly for all overnight stays.

The picture in Manitoba is quite negative over quite a long period of time. In 1981, which is as far back as the data I have got goes, there were approximately 11 million visitors to Canada from the United States. By 1995, that had grown to approximately 130 million, a growth of around 18 percent in that period of time. In a similar period for Manitoba, in 1981 there were approximately 360,000 tourists coming to our province. By 1995, this number had fallen to 271,000 to Manitoba. The decline has been slightly reversed since 1992, rising some approximately 25,000, but the overall trend during this whole period of time is fairly sharply down. The overall trend in Canada is fairly sharply up.

The changes over the various periods of time are quite striking, as well. Manitoba has lost 12 percent of its visitors over the period 1988 to 1995. You can take various years, but the overall trend is very clearly down. B.C., Saskatchewan, and Alberta are all up. Ontario is flat, Quebec is up, New Brunswick is down, Nova Scotia is up, P.E.I. is all over the place because it is such a small sample, so it is hardly, it is not worth commenting

on. Newfoundland is the big loser, overall, in tourism over that period of time. It does not matter what period you take, Newfoundland is sharply downward.

So the context of at least some of my concern is that in spite of the glowing remarks that the minister continues to put on the record about Manitoba as a tourist destination, the overall trends are not up; they are down. They are quite significantly down in comparison to Canada as a whole and in comparison to our western partners, particularly Alberta and B.C. Even Saskatchewan has shown modest growth over the period 1981 to 1995, exactly the period of time during which Manitoba has shown significant decline in contradistinction to Quebec and Ontario.

* (1230)

So I would first, I guess, again ask the minister if it would not be better to put the whole truth on the record in regard to tourism and recognize that we have not got a good record. We have got a lot of problems obviously in terms of attracting our closest neighbours to come and visit us. We may well need a different strategy in lots of different ways. We may need a new advertising strategy. We may need a new approach to accommodation. I do not know. I am not an expert in tourism, Mr. Chairperson, but I can read the statistics, and Manitoba stands out, with the exception of Newfoundland, as being a very weak link in Canada's tourism record with the United States.

Mr. Downey: Well, I take exception to the comment the member made that I am not putting the truth on the record, Mr. Chairman. I would ask that he apologize for that statement because I am putting the truth on the record, and I take strong exception to his comments that I am not being truthful with this committee and with anything that I say. So I would hope that he would be prepared to apologize for that statement.

Mr. Deputy Chairperson: I do believe that I have commented earlier, asking all members to choose their words carefully.

At this point, I would just ask the minister to continue with his comments, unless he is raising a point of order.

Mr. Downey: Well, no, Mr. Chairman, I did not think I would have to go to that extreme to get the member to

reconsider what he put on the record, and I do not accept the premise which he is working from. I do not know where he gets his statistics.

Again, I am pretty positive about tourism, as I believe the industry is, and I think that we have certainly seen over the last two or three years significant turnarounds in the numbers of, increases in tourists who are coming to Manitoba. Again, I think it is one of those areas where it is pretty hard to get an accurate measure as to when you talk about border crossings, where do they come from. Any time that I have crossed the border, there has never been any clear question asked as to where I am from. Usually when I leave the country, they ask me, but when I am coming back in, quite frankly, the systems I think certainly could be up for any kind of interpretation, although we do use those numbers, and what I have available to me are extremely positive.

I will again go back and refer to what I made in my opening comments, Mr. Chairman, and that is that we are seeing some tremendous increases in numbers of visitors coming to stay in our hotels. Our occupancy rates are up substantially in both Winnipeg and rural Manitoba. Again, that to me is a pretty clear measure and a pretty positive one, and the end result that we are all looking for is more people here in Manitoba occupying our hotels, spending time in our campgrounds, of which we can again get the numbers from Natural Resources, where we have seen an increase in numbers of visitors. One of the positive things that we have seen, of course, has been the industry, I think, has taken a strong role in being involved in the overall tourism direction.

I am not so sure whether the member is advocating changes to the magnitude that have taken place in Saskatchewan where they have recently changed their whole Tourism department, that it is now a Tourism authority which is pretty much directed by the private sector, whether he is going that far or not to suggest we should do that. I believe they have done that in Alberta. I do believe, quite frankly, we do need to maximize the involvement of the private sector because they are the ones that are providing services to the customers. They are the ones that are the major benefactors, as we are through the taxes, whether it is road tax from gasoline, whether it is fishing licences or whether it is general expenditures of people coming to our clear lakes, to our

fishing camps, to our golf courses, to our Forks, to our Folklorama.

I am pretty positive about it, and, in fact, so positive about it that I think that the numbers that we talked about recently, not only in my opening comments but what we are seeing take place through the private sector with our tourism forum, our vacation mart that was established and put on display at the Convention Centre recently, the fact that we have the Summer Games coming up in Brandon next year, which is a very major draw, the fact that we are planning and developing towards the Pan American Games in 1999, my challenge to the industry and to the department of working to double the industry by the year 2000 and just beyond, I think, is realistic.

So I accept if the member is admittedly not a professional in the field, although he may go on the odd tour, but I have to say we have got, I think, an advertising program that has clearly demonstrated that it was effective last year. The Explore Manitoba theme is one which is certainly one of excitement. I have to, again, put on the record that I was not very excited when one of the local newspapers decided that they were going to advertise an American market as part of the advertising that was put out. Again, we did not have any control over that, but, again, not to name any specific newspaper, there happened to be one that took advantage of the situation.

I think we all have to work as a team to try and promote our province, and this year that kind of thing did not happen. That kind of thing did not happen, and we have got some positive information out. I could get into specific statistics as the member wants to. I think anything that we have put out is fully substantiated with numbers coming from all the sources when they are put together, and I think of any industry that we have in the province of Manitoba that has growth potential and the creation of employment opportunities, the tourism industry is one that I will stand up and work very aggressively with.

The numbers that he has given us here, nobody is attaching their name to it as to who would be putting the figures out, so I cannot comment as to his source of information. But I can tell you that with the discussions that have taken place from our tourism forum that was held each of the last two years, rural Manitoba is

becoming very aggressive with the tourism industry. They see themselves as playing a lot greater role. There will be a series of regional tourism forums held throughout the province this coming fall which we invite all people who are interested in the development of tourism to come forward and participate in. We want to make sure the department fully supports and fully maximizes the tourism industry in Manitoba, and I see it as a tremendous potential for employment and investment opportunities for Manitoba.

Yes, in our traditional ways, traditional attractions, whether it be, as I said, the golf courses, the fishing camps, the hunting lodges, The Forks, Folklorama, the baseball and the sports games that will be held in Brandon, the regional activities that our Franco communities provide, whether it is the biggest winter festival in western Canada, that being, of course, the Festival du Voyageur which is a main wintertime attraction and, again, people come from all over the world, it is a matter of putting together the proper promotion and making sure that the industry helps give it direction.

* (1240)

So I guess the member comes with statistics that go back as far as 1981. I guess if you want to go back far enough you will have a time in the province when there probably were not very many people here. So if he is looking for statistics to support his case, I am sure he will be able to continue to be able to do that. What I take my direction from, Mr. Chairman, is the response that I get from the tourism industry of Manitoba and how positive they feel about Manitoba, and the fact that our vacancies within our rural hotels and our urban hotels, in fact, are diminishing, and that there are greater numbers of people staying here and helping the economy through tourism.

Mr. Sale: Mr. Chairperson, I always have difficulty when ministers want to dismiss data on some anecdotal basis that they were not asked where they came from when they crossed the border. These are data that are all in the Statistics Canada database, specifically the Tourist Scope is the source of quite a lot of it, and I know the minister is familiar with that publication. I will provide for the minister the actual catalogue source from which those numbers that I have tabled were compiled.

The minister, I think, should consider the fact that Manitoba stands out in these statistics as the province with the largest percentage decline in tourism from the United States in Canada. We are tenth out of ten. There is only a couple where there has been a decline. New Brunswick is the other province where there has been a measurable decline, and as I said, Prince Edward Island has too small numbers to really count. So I would ask the minister, first of all, when was the last time that we tendered out our advertising into the United States?

Mr. Downey: Would the member clarify his question please? I did not quite understand it.

Mr. Sale: Mr. Chairperson, my understanding is that a private advertising company develops the thrust into American markets on behalf of the government, undertakes to develop the materials. The government contracts with that company to do that work.

I am asking the minister, Mr. Chairperson, through you, when was this work last tendered out?

Mr. Downey: Mr. Chairman, I will have to take the specifics of that as notice and get the information for the member for next week.

Mr. Sale: Mr. Chairperson, what is the name of the advertising company that handles the contracts for advertising in the United States?

Mr. Downey: Would he repeat the question? I was talking to my department here. I am sorry.

Mr. Sale: Mr. Chairperson, what is the name of the advertising company in Manitoba that heads up the advertising development production for Manitoba into the United States?

Mr. Downey: Mr. Chairman, I do not believe it is done directly by the Department of Industry, Trade and Tourism. It is probable this question would be better asked in the Department of Culture, Heritage and Citizenship, but I will attempt to get the information for him for next week.

Mr. Sale: Mr. Chairperson, I am confused. The objective of the department includes: To influence potential visitors to vacation in Manitoba through toll-free and local telemarketing, customized written responses

and through the delivery of publication (influencer) packages; to provide service-oriented sales and information programs at tourist information centres; to provide counselling, et cetera.

Obviously, involved in that is the handing out of information. Under the Activity Identification, you talk about tourism package influencer information, et cetera, a variety of things which I would have thought included the products of promotion and advertising campaigns.

Mr. Downey: Mr. Chairman, up to this point, I think it is correct that a lot of this work has been done in-house by the department of Tourism. We have probably had some design work contracted in specific activities directly within our department, but some of the work he has referred to has been done in-house.

Yes, there is an advertising campaign that is provided. Again, I will get the details of that, but I believe the direct responsibility for that, there is a service that is provided under Culture, Heritage and Citizenship.

Mr. Sale: Mr. Chairperson, who is responsible for the various television ads, which run in a variety of places, trying to influence people to choose Manitoba as their destination?

Mr. Downey: That would come within the Department of Tourism's Marketing division.

Mr. Sale: Mr. Chairperson, why is the minister then trying to suggest that this in another department? That is why I was confused. Who is the company that handles that television campaign then, let me be very specific?

Mr. Downey: Mr. Chairman, I will get that information for the member for the beginning of the week.

Mr. Sale: Mr. Chairperson, would the minister also find out when that work was last tendered and also report that information at the same time?

Mr. Downey: I will provide what I am able to provide, Mr. Chairman.

Mr. Deputy Chairperson: 10.3. Strategic Initiatives (a) Tourism Initiatives (1) Tourism Services and Special Projects (a) Salaries and Employee Benefits \$633,500.

Mr. Sale: We can pass that one if you would like. We will stop on the next one.

Mr. Deputy Chairperson: 10.3.(a)(1)(a) Salaries and Employee Benefits \$633,500—pass; (b) Other Expenditures \$783,600.

Mr. Sale: Mr. Chairperson, perhaps we need to have this discussion on Monday, and maybe the minister might want to do some preparation for it with other officials coming to be present.

Obviously, that is his decision. My concern is the same one that I raised last year, and we did not really get very far in this last year. The advertising campaigns that the government has used for Manitoba are very broad and very diffuse. They say, Manitoba is beautiful. We have got lovely lakes and lovely rivers and interesting festivals and good fairs, and it is pretty here when the sun shines. Why do you not come and stay here? And that is all true, but there are 62 jurisdictions in North America all saying exactly the same thing to potential visitors. They all have these broad, very pretty, 30-second, one-minute, three-minute, video clips which say to people, come and see all of this beautiful scenery.

It seems to me, increasingly, tourism is oriented towards destinations and niche markets, and that the province, whether it wants to admit publicly in Estimates or not, has a dismal record of attracting American visitors in comparison with the rest of Canada. At least in part, I think this may be because we have not developed our ability to market packages, destination packages, niche market packages and get people here for the things that we uniquely offer.

I will give the minister the same—I believe I gave this example last year. If I did not, I have given it in other locations. Manitoba has the oldest operating steam locomotive in North America. There are more steam fans and railway affiliated organizations in the United States, more members than there are Manitobans. In other words, there are more than a million members of rail associations.

We also have an historic fort in the Lower Fort Garry. We have The Forks. We have a fascinating smaller population with a culture that is unique in Franco-Manitoban Manitoba, and we have got a river and the river links The Forks.

Why in the world have we not developed a package that has the kind of integrated components of the Prairie Dog Special running from the historic Union Station, which is where it ought to run from, from The Forks up to the Lower Fort and back, or up to Selkirk and back, on a regular basis? Take the people one way on the river, one way on the train. Give them a full package, an historic experience, probably over at least one long day and maybe over two days, and you give them something in which they can say that their visit to Manitoba was not only beautiful, but they learned a bunch of things, their kids had a great time with the costumes and with the interpretive guides. They saw the fur trade issues in a way that you cannot see just by going to the museum. You actually go on the river where the voyageurs travelled. You see the baled furs in the Lower Fort. You gain, in an integrated sense, the kind of tourism that I think increasing numbers of people are looking for, where it is fun, it is entertaining, it is educational, it is family-oriented, all the things that we all think are wonderful.

But what do we do here? The federal government advertises the Lower Fort. We advertise The Forks. The Prairie Dog runs out of St. James Station up to Grosse Isle. No integration, no package that is attractive to people. That is what I mean by niche marketing and promoting the kind of real strengths that we have and giving people that kind of an experience potential.

Instead, we just market little bits here and there. There is no integrated package.

* (1250)

Mr. Downey: Mr. Chairman, I know it is not appropriate for me to ask the opposition a question, but I think he should take a little closer look at what actually has been put out as far as material, promotion, and co-ordinated activities as they relate to the tourism activities that we have got in the province.

A lot of what he has referred to is being done, and I am extremely disappointed that he is not aware of that. He brings to this table criticism that is unjust and unwarranted on the department and the people who work in tourism. We have a tremendously co-ordinated effort with Winnipeg Tourism, with the regional tourism activities throughout the province. It is maybe not as

good as it should be, but there is a lot more taking place than the member has made reference to.

If he were to go through the material, through the promotional material that is presented, through the Explore Manitoba activities, I will make sure on Monday that we have a full disclosure of all the information and how it is co-ordinated and put together so the member can avail himself of the information. Part of his problem, if I could be so helpful, he spends all his time looking at statistics rather than what is going on out there in the real world. I would hope that he would take a look in an objective way at some point at what is happening.

Two years ago, Mr. Chairman, the numbers that we have indicated that our tourism was up 13 percent with U.S. travel. It was not as good last year, but it was still a positive building on that 13 percent. We are seeing an increase in our European travel come to this province, which is an extremely important market to us. We are seeing the development of a native tourism package which is being developed and marketed in the international marketplace. Ecotourism is becoming a major, major attraction for the people of Japan and other jurisdictions, so I do not accept the negative criticism that the department of Tourism does not know what they are doing, have not been co-ordinated and have not been working together.

I can assure him that there has, to a lot greater extent that he is aware, so I would hope before he puts this criticism of the department of Tourism and what is happening with the tourism industry in Manitoba, that he take a far greater assessment of what is actually going on and what he perceives to be going on. I think he readily admitted here a short while ago that he was not an expert on tourism.

Again, I would invite him to make sure, before he comes to criticize the people who work for Tourism and the people who are in the tourism industry in Manitoba, that he do a little bit more homework. He could criticize me for not having my homework done on the numbers of—or who the contracts are let with. I do not have that specific information with me because the way in which government is structured does not come directly under my portfolio. We get the services from Culture, Heritage and Citizenship as it relates to those activities for our department.

Yes, we have departmental people who are responsible for working to put the packages together. We also have private sector involvement in the promotional activities which are carried out, so I do not accept the fact that there is not a co-ordinated effort. I say that there is a co-ordinated effort. Again, if he had taken the time to go to Vacation Mart at the Convention Centre just about a month ago or so, I think he would have seen—maybe he did go—a tremendous co-ordinated effort from all over the province of people with their product coming together and Winnipeg tourism very much a part of it.

He refers to some of the special interests that we have in our province. You bet we have some special interests. I do not take in a negative way his comments about the people who may be interested in locomotives and the oldest ones that are in the country. I am letting off a little steam here right now, because he actually got me fired up just a little bit, but I think that we have seen a co-ordination. Let me just give him something further, because I think it is important, that the whole province has come alive with tourism interest.

We had the rural task force meetings on diversification for value adding. Every community, some 26 communities I think identified tourism as an opportunity. Three or four years ago, you would not have had the same response, but what has happened out there has been a real awakening, that they have a product, they have a way of life that they would like to sell or share with other people from outside of Manitoba. It is a tremendous opportunity.

Mr. Chairman, we may not be to where we want to be, but I think we have the system in place and we have the process in place to accomplish what we want. An advertising package is always important to make sure that we do a tracking of our advertising, and we can assure you, assure the member, that our advertising tracking is demonstrating that it is working, that our numbers of responses, and I again refer to the 1-800 number that we have in place, has seen an increase of 37 percent or something like that in calls.

I think we have to co-operate a lot more with the rest of Canada in our tourism initiative, and I can talk about the Canadian Tourism Council in which Manitoba participates, where we have two representatives from Manitoba who sit on that council, that we take advantage

of other people coming to other parts of Canada, and this becomes a part of that overall tourism initiative. That co-ordination is taking place. So it is just not a matter of, here we are, province of Manitoba, with one group of people trying to promote. It is a matter of empowering and mobilizing all the systems that are out there.

Mr. Chairman, I hope I have not been too harsh on the member, but I would hope at the beginning of the week that we can provide not only some backup to what I have said here today as it relates to the materials that we have but also to demonstrate co-ordination of effort, and I will endeavour to get the information that the member has requested.

Mr. Sale: I thank the minister for getting a head of steam up. It is always interesting when he does that at least once during Estimates. This was actually a fairly low head of steam, and perhaps there will be an opportunity for a greater expansion at a later time.

I just remind the minister that it is only a few minutes ago that he indicated that they were in the process of trying to find ways of working in the regional tourist niche market that was not developed. He acknowledged that. I do not blame him for that. I simply say that his spirited defence at this point seems to fly in the face of what he was acknowledging a few minutes before that, but I also tell the minister that I have read the major marketing material for Manitoba and I have visited the tourist centres, and I will tell him some of my concerns about that.

First of all, if he take the time to look at the city of Winnipeg map, which is handed out here and at The Forks, it is, to not put too fine point on it, a joke. It is poorly printed, very small scale. I defy the minister, unless his eyesight is extraordinary, to be able to read any of the street names on the map. This is not one of his products, this is the City of Winnipeg, but it is one very, very flimsy piece of advertising for the capital city. I invite the minister to get a copy of this map and look at it and see what his response to it is.

I am not suggesting that the department has produced a poor quality product, I am saying that the product that is handed out to tourists here to guide them around the city of Winnipeg is hopeless. Even with relatively good vision correction, which I think I have, I could barely

make out the street names on the major streets and I certainly could not read the names on any of the minor streets. It is another one of those quick and dirty things where the city tried to pay for it, I suppose, with advertising around the edges of it, and all it manages to convey is a very poor quality product.

I would tell the minister, as well, that I am aware that the government hires a telephone answering service to answer the phone to Manitoba Tourism after hours and that all that telephone answering service does is take a message, like take two aspirin, we will call you back in the morning. This is not much help for someone who arrives in the city and has a tourist question to have someone on the end of the phone who is essentially simply a telephone operator, not being critical of the person who answers the phone—that is their job—but I am being critical of the government in not having available to tourists at least extended hours, if not 24 hours and over the weekend with information from a professional who knows the resources and can answer the questions.

We have a situation where the public is invited to come into the tourist reception area here in the Legislature, a very beautiful building and a central attraction, but then it is directed down to The Forks to get the real information. Its is hard enough to find parking around here, and in the summer it is often impossible to find parking down at The Forks. People wind up having to go some distance.

So it is that kind of attention to detail about how you serve tourists. You look at the tourist service centres on the edge of our city. They are nonexistent. We do not have one. You drive up from the States, you do not drive into a tourist reception centre in Winnipeg. There is one in the Whiteshell, which is on No. 1, which is a very attractive centre, but in Winnipeg you come into The Forks, that is the one place you can get to, but the signs, quite often people come here first, and you cannot get full service here. I think it is an area in which there is a lot of work to be done to improve the quality of the information available to the tourist who arrives here, to give them a sense of the excitement, the potential, why they should stay four days instead of two and what are the things that are available to them that would really make it exciting for them.

* (1300)

I would say also to the minister that it is fine to have a trade show at the Convention Centre. That is great. Industries need to have trade shows, but nobody outside of the trade show knows that it happened. It is a trade show; it is not something that reaches the public to any huge extent. Manitobans, Winnipeggers specifically, come and go to that show and some tourist agents, a small number come to that show, but, you know, the Americans in Midwestern United States certainly do not come to the show, and they do not have any way of accessing it. So that is not a way of arguing that we are integrated and we are working together. That is a trade show and fine for its purposes, but it does not prove that we have an integrated approach to marketing.

I would just close by saying that the minister knows that the major tool that we use to reach people are the ads, the TV ads, that run on a variety of stations through the United States within reasonable driving distance of Manitoba, and then we mail out packages to people who make requests. I do not know how we are using the Internet at this point; I have not cruised that particular part. I know we can tour the Legislature, and we have some information on the Internet in terms of tourism.

I will look forward to our discussion on Monday, and I presume that we will have some mechanism within the Estimates, Mr. Chairperson, to revert to this if we pass this item today and move on if we have agreement that if the minister has other information we could continue this discussion on Monday.

Mr. Downey: Mr. Chairman, a couple of points. The Explore Manitoba program is on the Internet, so people have full access to it. We are working on a major signage program for both the city and for rural Manitoba for signage of tourism events and activities.

I appreciate what the member has referred to as it relates to the Legislature. I believe this area, this building, can play a lot greater role in the role that is played, and I do not disagree with him. There has been some confusion as it relates to movement down to the information centre at The Forks, the tourism activities. We will be developing a group of people with Government Services, with the Speaker's Office and with the Tourism department; we have already met to discuss how we can better maximize the use of what is an historic

building and a very beautiful building because tourists love to come here. It is an attraction which we have to use. I can assure him that we will be more fully utilizing the whole activities that are available here to enhance the draw for people and make sure that they are satisfied when they come both with information and that kind of thing.

So I am not in total disagreement with the member. I think there always can be improvements made; however, I can assure him that a lot of activities are in progress to, in fact, do that. I think we should pass this, Mr. Chairman.

Mr. Deputy Chairperson: 10.3.(a).

Mr. Sale: I would propose that we pass all of 10.3.(a)(1), 3.(a)(2), 3.(a)(3), and I have a couple of questions on 3.(a)(4) on the understanding that we may come back for some clarifications on Monday.

Mr. Deputy Chairperson: Agreed? [agreed]

10.3.(a)(1) Tourism Services and Special Projects (b) Other Expenditures \$783,600—pass.

10.3.(a)(2) Marketing and Promotions (a) Salaries and Employee Benefits \$463,100—pass; (b) Other Expenditures \$3,387,000—pass; (c) Grants \$75,000—pass.

10.3.(a)(3) Tourism Development (a) Salaries and Employee Benefits \$311,000—pass; (b) Other Expenditures \$700,400—pass; (c) Less: Recoverable from Rural Economic Development Initiatives (\$239,000)—pass.

10.3.(a)(4) Canada-Manitoba Partnership Agreement in Tourism (a) Other Expenditures.

Mr. Sale: Mr. Chairperson, can the minister confirm what I think has happened, is that Canada has basically removed its staff support in Manitoba, and is this the case in all provinces?

Mr. Downey: Are you making reference to the Canada tourism agreement? Basically the federal-provincial agreement has come to an end, Mr. Chairman.

Mr. Sale: I apologize to the Chair. I should have said something out loud instead of nodding because it is so hard for the microphone to pick up a nod.

My understanding is that there was staff removed from the regions by Canada, I think last year, and that we no longer have that staff support in Manitoba. Am I understanding this correctly?

Mr. Downey: I am not exactly sure what happened to the staff of the federal government, but I would assume that is what has happened because there are no longer any funds within the federal-provincial tourism agreement to do anything with, so I would anticipate they are no longer there.

Mr. Sale: Mr. Chairperson, I have failed to understand many federal policies and this is another one that I do not understand. Given the importance of this industry in Canada and given the tremendous things we have to offer, both from a historical and from a cultural and geographical perspective, it amazes me that Canada does not see it important to work in a specific, staffed, resourced manner with each of the provinces, and I am sure the minister and I both agree that this is a regrettable decision.

What I would like to find out from the minister, and he may wish to provide this on Monday, as well, what is the sense of the department of the impacts of Canada's withdrawal of staffing and resources from this field?

Mr. Downey: It has taken substantial support away from the industry itself. Whether it was joint advertising, whether it was product development programs, it certainly is a loss to the province because it is that much less federal money that is being spent in Manitoba, and to some degree there is still a need for activities to be carried out on behalf of the people in the province, of which I do not disagree. However, the federal government will come back and say they have announced a \$50-million Canadian Tourism Council program which will be more jointly shared. It will take some time to see if it is as effective as they anticipate, but there will not be the same kind of direct funding or support as there has been in the past.

We should also indicate to the member that I think what we see again in that relationship, federal-provincial

relationship—and in this you could include tourism or general commerce—is the fact that the federal government is so reluctant to participate in a national highway program, which what better way could you have to help move people throughout Canada and throughout the western provinces for both tourism and commerce, in general, than the support of the federal government to have an instrument of infrastructure like that to help move people, to travel back and forth. So the removal of a tourism support program directly, but, as important, the fact that they are reluctant to support the national highway program, I think is equally as troublesome.

Mr. Sale: Mr. Chairperson, could the minister indicate what mechanisms he and other ministers are putting in place to accommodate this withdrawal of support and services? For example, is there a council of ministers of tourism now that has some co-ordinating function and tries to promote interprovincial co-ordination?

I would note again, it is sad to me that provinces have decided, not Manitoba, but some provinces have decided that they do not make available highway maps anymore. They only sell them. So, yes, tourists can probably buy them but those were very important tools for promoting provincial tourism and co-operation in that area I think are important.

What is the minister and his colleagues doing to adjust for this shift in the federal role?

* (1310)

Mr. Downey: We do not feel that we have the capability to backfill where the federal government has withdrawn their support in services for any industry, and tourism is not unlike any other industry. We, in fact, although in carrying out an advertising campaign, if the federal government is not there, we still have to advertise, and it is not in the best interest.

Yes, they have established the Canadian Tourism Council, which we have representation on. Again, as far as I am concerned, I think it is a greater way to bring the activities of Canada together but, as far as direct financial support, we certainly will not get the same level of support financially. As I say, I hope that it can be made as effective, but I am not so sure it will be, and the jury is out as far as I am concerned but, again, we feel it is

important to participate because if we do not then we are left out totally of the Canadian activity.

Mr. Sale: I am not sure whether this is appropriately dealt with here or should be dealt with under another subappropriation. Perhaps the chair could guide me. That is the question of the Gimli resort and the monies that were invested in the resort through the various provincial grant programs.

Mr. Downey: It is up to you, Mr. Chairman. We could deal with it now if the member cares to or we could defer it and deal with it on Monday.

Mr. Deputy Chairperson: If I might, where does it come up in the Estimates?

Mr. Downey: It does not come up. It would I guess best be covered under the Minister's Salary which would be the place but we do not have an allocation of funds for that resort.

Mr. Sale: I believe that the program was approved under the Canada-Manitoba Partnership Agreement in the first place, so that is why I raised the question here. I recognize it is not this year but an item of public concern around this grant loan provision came up during this year, and this is the first opportunity to raise it, so I wanted to ask the minister whether he would prefer to deal with it here or prefer to deal with it later under Minister's Salary? It does not really matter to me.

Mr. Downey: Let us deal with it now, Mr. Chairman.

Mr. Sale: Then before I do that could I give the minister notice that I would like to discuss the Edgerton and other related cases on Monday? These are the pepper spray border cases. This one is still unresolved.

I have some correspondence that the minister probably is aware of from the Minister of National Revenue and from various American senators about this case, and so I would like to find out whether the minister has done anything more in regard to the specific case but also in regard to the general issue which we discussed last year, which is the problem of being very clear with American visitors in our various publications about what our standards and expectations are. I have some correspondence from the Canadian Consul in Minneapolis raising

some concerns about that issue, so I would just like to give the minister notice that I would like to discuss that on Monday.

Mr. Downey: Agreed.

Mr. Sale: Perhaps the minister could then indicate his understanding of how it can happen that a development of a major resort could require a grant when the funding available to the resort actually exceeded the cost of constructing it prior to the grant. This seems to me to be a strange use of public funds.

Mr. Downey: I would like the member to be more specific in his question. I am not clear on what his objective is or what he is looking for.

Mr. Sale: This hotel project was developed with the use of Immigrant Investor Funds and funds were raised very specifically on a prospectus basis for this hotel. According to information that became available through the assessment process in the Gimli community when the taxes for the hotel were sharply reduced on the basis of actual market value, it appeared that more than enough funds were subscribed in the Immigrant Investor call for investment than were required to construct and furnish and equipment the hotel.

Yet, Manitoba gave, through this agreement, a million-dollar grant to the project, which had been over-subscribed from a financing perspective. Why in the world would we grant monies when there were investors prepared to invest up to the full cost of the project and, in fact, in excess of the full cost of the project?

Mr. Downey: I do not have a date on it, but I am sure that the member has a letter from me that pretty much explains the issue which he has raised. I am sure he must have a copy of it which, I would think, explains pretty much the issue which he is referring to.

Mr. Sale: I know the letter to which the minister is referring. I do not find the explanation in it convincing. I am asking the minister to explain, asking through you, Mr. Chairperson, why in the light of the monies that were subscribed for this it was necessary or appropriate for Canadians and Manitobans to grant a million dollars. The project was already oversubscribed.

Mr. Downey: I am not as directly involved as I may have been as that is previous to my taking over, but I will take on the responsibility of trying to get a further explanation. If the letter which he has received does not cover off the explanation then I would ask him to indicate specifically why it does not. I guess it was a matter of first of all making sure that, and I guess there was some feeling that there was some need to have participation to make it happen and, as to anything more than that, I cannot give him an explanation until I get more discussion as it relates to the decision with the department.

Mr. Sale: I think the minister might also want to look at the costs which were claimed in the project audit for raising the funds, administering the projects, which were very, very high. I think he will see that they were a very, very significant proportion of the cost of the project.

Those are areas in which I am sure the minister is well aware that soft costs and charges can become inflated pretty easily, and it would look, at least to me as a casual observer, that there were an awful lot of fees and recovery of expenses that took place under that heading to raise those funds. It also looks to the casual observer simply like the million dollars floats straight to the bottom line of the project sponsor. It did not reduce the investor's investment in the complex. It simply was a very substantial immediate profit for which the investor laid out essentially nothing, that is, the project sponsor.

So I would welcome the minister's feedback in that area, and with that comment we could pass this line.

* (1320)

Mr. Deputy Chairperson: 10.3. Strategic Initiatives (a) Tourism Initiatives (4) Canada-Manitoba Partnership in Tourism (a) Other Expenditures Nil-pass; (b) Grants \$19,300-pass; (c) Capital \$468,400-pass.

10.3.(a)(5) Grant Assistance - Manitoba Horse Racing Commission \$3,326,100-pass.

10.3.(b) Health Industry Development Initiative (1) Salaries and Employee Benefits \$415,800. Shall the item pass?

Mr. Sale: Mr. Chairperson, I have a number of questions in this area, and I would like to start with what

strategy is in place or what strategy is being developed to take advantage of the federal virology lab opening shortly. This is obviously a world-class facility that should attract and probably already has attracted some leading people to Manitoba. It would be of interest to all sorts of different kinds of companies, from containment to biotech companies, all sorts of new skills here. I am wondering under the Health Initiative whether this is seen as an area for specific consideration.

Mr. Downey: I am not sure of the specifics that the member is looking for as it relates to his question. I guess I could talk in somewhat general terms as it relates to the virology lab.

Mr. Sale: Mr. Chairperson, this is an example I think of the issue that perhaps we were talking about earlier, and that is the need to have a clear co-ordination mechanism at the cabinet senior level that involves a variety of departments that might be able to take advantage of some new opportunities in a very focused way. So I was wondering whether the minister could indicate whether there is a particular place or a particular person or group that sees the virology lab as their dossier, that they are responsible for saying what are the possibilities here, what are the things that Manitoba might seek to gain.

Mr. Downey: Mr. Chairman, I think this is again an example of where it is working successfully. The HIDI group or the Health Industry Development Initiative group have been very successful in using all the tools that are available to them to help promote the development of the pharmaceutical and the health care industries as it relates to Manitoba.

I do not have the numbers right off the top of my head, but I can give him some general numbers. There has been a tremendous number of new industries. I think we have gone from something like five industries since about 1990 to over a hundred-and-some companies now doing business in the health care field in Manitoba with a tremendous increase in investment as it relates to the virology lab.

Again, that is used when we have the national Pharmaceutical Association or the different groups in town as part of the meeting, the demonstration of the capabilities that we have here. It again is used as a

marketing tool for the overall thrust of this which is one of the major target areas. As we use the St. Boniface Research Centre, as we use the AECL and its potential capabilities of support systems in the science field, again I can just go back to some numbers that we have in the last five year period, give some results. Something like in 1995 I think we had increased from 1984, where we had four, to 1995 the actual number of companies we now have are something like 103. Jobs in this sector reached 2,000 in 1985 from 400 in 1988. So we have seen some tremendous growth.

I am not trying to deviate away from his question. The virology lab is part of our overall strategy to build this industry and to advertise worldwide the capability that we have to attract people, to attract industry, because it is infrastructure that really supports the overall thrust that we are developing, not only in the human health side but also we use it in trying to promote and develop in the animal health side that there is a capability here that we are very fortunate to have.

I will go back again and thank the former minister who was responsible in the Conservative government, Mr. Charlie Mayer, who I believe was the minister who finally, finally pushed this over the top and got the decision made to build it in Winnipeg. I know Jake Epp was involved as well, but I think at the final stages it was Charlie Mayer who certainly deserves the credit for making it happen and making it happen here in Winnipeg.

So it is used as a part of a marketing tool for what we have. Can we use it to a greater extent? Again, I would say they are maximizing the capabilities with it, but I will satisfy myself following this Estimates process to make sure that, in fact, is taking place, because I do see it as a tremendous asset for the province.

Mr. Sale: I am glad to see that HIDI continues to develop. It was, as the minister will acknowledge, an initiative of the Pawley government and one in which a number of other governments in Canada saw the emerging health sector, Alberta being one that is referenced quite often. But the Price Waterhouse report makes a number of very favourable references to the HIDI initiative, and we are glad to see it continuing to grow in this direction.

Mr. Chairperson, I wonder if we might call it 1:30 at this point and perhaps come back to this on Monday?

Mr. Deputy Chairperson: The hour being 1:30, by agreement, committee rise.

NORTHERN AFFAIRS

* (0900)

Mr. Chairperson (Marcel Laurendeau): Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Department of Northern Affairs. Does the honourable Minister of Northern Affairs have an opening statement?

Hon. Darren Praznik (Minister of Northern Affairs): Yes, thank you very much, Mr. Chair. I am very pleased today to have the opportunity to introduce and review the 1996-97 budget Estimates for the Department of Northern and Native Affairs.

This past year has been both gratifying and challenging for our department. The department has addressed a large range of unique issues affecting residents and the future development of northern Manitoba. These are certainly very exciting times for the North and its residents. Decisions which are made now will have a long-range impact for many years.

In order to address this dynamic environment of change, the Department of Northern Affairs has developed partnerships and co-operative approaches with communities and organizations and is determined to tackle the challenges faced by the North and its residents.

In 1995-96, I had the opportunity to travel to many northern communities and spoke formally and informally with many northern residents about their concerns. I would like to take this opportunity to thank my staff for their accomplishments and commitments to northern Manitoba over the past year.

In the past year we have made significant progress in several areas of major importance to northern Manitoba, and I would suggest, Mr. Chair, to all of Manitoba. In the area of the Northern Flood Agreement, as members know, this agreement dates back to the late 1970s as a

compensation package for flooding done in the early 1970s under my predecessor, Mr. Downey, the first of five comprehensive agreements was completed with the Split Lake First Nation. In the course of the last year, we concluded comprehensive implementation agreements with both the York Factory and the Nelson House First Nation, which has literally put hundreds of millions of dollars into the hands of those communities to compensate them for loss in the past and also to give them an opportunity to build for their future.

I am pleased to report that the remaining two communities with comprehensive agreements still outstanding, the Cross Lake First Nation as well as the Norway House First Nation, are currently involved in, I would call, a fast-track process with our department where we are working very hard to complete both of those agreements. I am hopeful that they will be concluded and completed within this year, or shortly into 1997.

In the area of treaty land entitlement, an area that is very important I think for all Manitobans and all Canadians, is the completion of our obligation as citizens to provide the correct amount of land for the shortfall that was created some century ago in the original surveys of a number of First Nations in Manitoba. As members know, the Island Lake communities, four communities, signed agreements with the federal government and Manitoba as a partner with the federal government in providing land some time ago, and those land selections are nearly complete. South Indian Lake land has prepared to be transferred under another agreement as is Granville Lake which will facilitate those two communities becoming status communities.

In the past year, we have also seen the conclusion of agreements with the Long Plain First Nation, the Roseau River First Nation, and the Swan Valley, I believe, First Nation in southern Manitoba.

The remaining 19 bands are currently in, I would consider it to be a heated set of negotiations and drafting as we speak. In fact, I apologize to my colleagues in opposition, but today Mr. Jeff Polakov who heads our negotiations will not be able to join us as he has been closeted the last couple of days with the Chiefs' Committee as they work on, I would hope, the final draft of an agreement in principle to settle this over-century

outstanding commitment to fulfill treaty land entitlement in our province. So it is a very exciting time to be in Estimates.

* (0910)

In the area of self-government negotiations, the dismantling process, the federal government remains and is—it is their process—the lead ministry in this particular area. Manitoba, throughout the last two years, has been developing our own set of policy recommendations as to how we will be enacting or interacting with this negotiating process. I would like to stress to my colleagues that we have not yet been invited in a formal way to be part of that. We had some discussions with Mr. Irwin last year, and indicated that we would want an invitation and an outline of the areas that he wanted us to be part of. We have yet to have that given to us. That is a negotiation between the federal government and the First Nations, and not an area in which we have jurisdiction, I believe, until we are involved by invitation.

In our Northern Affairs communities, we have had a new capital review process put in place to ensure more local input in the determination of where our capital budget is spent. We have seen continuing development of infrastructure in those communities through that process. We have also seen in a number of our communities some significant economic development, I think in the neighbourhood of Bissett with the opening of the Rea Gold mine, for example, a major plus to that community in the constituency of my colleague the member for Rupertsland (Mr. Robinson).

We also are bringing forward to the Legislature at this time an amendment to The Northern Affairs Act, which will facilitate the process of incorporation of northern communities, and I know we will have an opportunity probably to discuss that, either in debate on that bill or under these Estimates.

Mr. Chair, if I may just in conclusion make this observation, it has been an interesting and an exciting and challenging year. In some ways, one could say that we have made very little progress; in others, one can say we have made a great deal. I would think the work that has gone on, particularly in the last two months on treaty land entitlements, in concluding that agreement—and I am

sure we will have an opportunity to discuss that in greater detail later in the Estimates—has probably been the most significant development, or can potentially be one of the most significant development in the lives of literally thousands of northern Manitobans to take place in many decades. The same, certainly, can be said for the communities of Nelson House and York Landing where Northern Flood Agreements were concluded. So our government is living up to our election commitment in 1988 when we were first elected to move to settle these long-standing issues in northern Manitoba, and I am glad we have made, I think, very significant progress. On that basis, much can be developed, but until those agreements are settled, quite frankly, there is an unfairness that I think prevents people from getting on to other things.

One just last example, I think, of a major potential economic development happening now in northern Manitoba that I am very proud of, because both my departments have been involved, has been with Cross Lake. Members may be aware that the Cross Lake mineral resources corporation has had a dispute with their partner, Gossen Resources, on the development of a titanium mine. I am pleased to report that both parties, through the use of a mediator, managed to settle their issues and, in my most recent discussions with them, are entering into a pretty extensive plan to look for the investors to bring that into production if it is economically feasible. That would be the first First Nations-owned mine, significantly owned mine, in operation in the province of Manitoba. I think it sets an excellent precedent for economic development in northern Manitoba, and I am looking forward to working with that consortium to see that happen.

That concludes my opening statement, Mr. Chair. Thank you.

Mr. Chairperson: We thank the minister for those opening comments. Does the critic from the official opposition party, the honourable member for The Pas (Mr. Lathlin), have an opening statement?

Mr. Oscar Lathlin (The Pas): Well, here we are once again, Mr. Chairman, going through the Northern Affairs Estimates and getting an opportunity to ask questions of the minister in terms of developments in Northern Affairs.

This is my sixth time, I guess, going into Northern Affairs Estimates. The first time, I guess, it was a learning experience for me. I was interested in learning what Northern Affairs was all about, so I did a lot of researching on my own, looking for material and background information to try and determine what Northern Affairs was all about and what mandate it had and the responsibilities and the authorities that it had in discharging its departmental responsibilities.

We started off, even then as a rookie I thought that probably the Northern Affairs budget was not in line with the mandate that it reported to have. I mean, it was written right in the books for a huge mandate, I thought. You know, the amount of money that is allotted to the department does not coincide with the responsibilities that it is supposed to have. So even then, you know, we had a certain amount of money allocated to Northern Affairs.

Of course, since then it has gone down, but we continue to listen to the minister in Question Period and also in Estimates talking about the exciting things that are happening in Northern Affairs. I believe two or three Estimates ago, Mr. Chairman, I advised, I do not know if it was this minister or the former Minister of Northern Affairs, in any event, I made a comment then to the effect that I could not join the minister then in his goings-on, like his comments about the good things that are happening in Northern Affairs, the development, you know, the excitement that is happening, because I could not see, quite frankly, anything to rejoice about.

Even to this day, the minister, every chance he gets, will advise anybody that he is fulfilling all of these or he is doing all of these projects, such as Northern Flood, and I know that the Premier (Mr. Filmon) yesterday in this House mentioned some tax issues, the minister mentions treaty land entitlement. You know, and I have said it before, nobody in this government or even in the federal government will ever convince me that these things are being done because the minister has a good heart or this government has good heart. These things are being done because they are the legal responsibilities of the government. They have no choice but to do it. So it is not out of the goodness of the heart of the government that these things are being done.

Treaty land entitlement, for example, is finally coming to a conclusion after over 100 years. I do not think that gives us cause to pat ourselves on the back and say how

good we are. I think we should be ashamed of it, quite frankly, that it has taken over 100 years to fulfill legal obligations on the part of government.

* (0920)

Northern Flood, the same thing. An agreement was signed by the three parties, and that agreement is just now being fulfilled, you know, after what? 17, 18, 19 years. It is about time that it is being fulfilled. So I just wanted to give that point, in case somebody might think that this government is doing great things for aboriginal people. No, they are not. They are not doing great things for aboriginal people. You can see by the size of the Northern Affairs budget. So I think that is the main thing that I wanted to emphasize, Mr. Chairman. I am not going to take too much time. I just wanted to say that.

Also, throughout the session here this morning, I wanted to ask the minister on the Northern Economic Development Commission, the big meeting that he had in Thompson with northern community representatives a year ago, maybe two years now, where some commitments were made, and I understand those commitments are not there anymore today.

I also want to ask the minister some questions on the Urban Aboriginal Strategy that has been talked about ever since I came here. I also wanted to ask some questions on the Northern Affairs capital that he talks about, and, in particular, I want to talk about the NACC and the relationship that those communities have with the Department of Northern Affairs and the provincial government in general.

But before I do that, I would also like to acknowledge the staff that was all over here awhile ago. I would like to acknowledge the work of the staff in Northern Affairs, and also I would like to acknowledge the dedication and determination, hard work of all those people that live in the North. I know a lot of times, rightly so, people from the North feel neglected by this government, and sometimes they feel that they are being punished because they did not vote the right way. So today I would like to acknowledge all of those people from the North. I would like to tell them not to give up, but to keep working as hard as they can and perhaps we will get somewhere.

So those are my opening remarks, Mr. Chairman. Maybe Eric will want to say a few words, as well, being the aboriginal affairs critic.

Mr. Eric Robinson (Rupertsland): My remarks will be brief. I believe that the member for The Pas (Mr. Lathlin) summarized very appropriately some of the sentiments that we are faced with every day in northern communities. We are all aware that the northern—what we want to talk about today, particularly, is the Northern Association of Community Councils which was initiated in 1967. A lot of people perceive the creation of NACC and the creation of that organization as a method of deflecting, at that time, the workings of the Manitoba Metis Federation. Also, it is regarded as dismissing the whole notion of Metis self-government and the whole notion of nationhood, and that is the unfortunate perception that is out there in some northern communities.

We have had an opportunity to meet with representatives from the NACC, and they have some great concerns about what is going on, including the bigger issues of MTS privatization, what they feel that will mean for their communities in the time to come. We are dealing with communities here that are 90 percent, 95 percent unemployed, where unfortunately welfare is a way of life, and that is becoming generational now.

So we have some of those questions that we would like to ask this morning, including what my colleague referred to with respect to some of the social conditions that are faced by people, primarily aboriginal people, in northern communities. Although we commend the work, and we have commended the work of this minister on certain issues, some of the things that were done, the bottom line is that there are still Third World conditions in communities in northern Manitoba, particularly the communities that fall within the jurisdiction of The Northern Affairs Act and particularly the Northern Association of Community Councils.

We believe that this can be changed, however, and I think that it simply takes some political will on the part of this government to perhaps consider the wishes of these people. I am talking particularly here about NACC communities, not necessarily the First Nations communities in northern communities.

There are, of course, many issues that we channel through the Minister of Northern Affairs, including matters relating to justice initiatives in that some communities do not have an opportunity to have court sittings in the communities that they come from. So a lot of the issues from the Aboriginal Justice Inquiry interrelate with the Department of Northern Affairs.

Indian people and aboriginal people in northern communities are not so hung up on the jurisdiction of a certain department. They more relate to, federally, with the Department of Indian Affairs and then, at the provincial level, more with the Department of Northern Affairs. That is the reality that we are faced with. What was told to us very recently, while we are making inroads on the information highway, people in the North consider this to be nonsense because the consideration is this: that we still have people that are living in Third World conditions. The sentiment out there is that you can build bridges and swimming pools in southern Manitoba, but, in the meantime, you cannot get \$10,000 to repair roads in some of our northern communities.

So, in spite of the flowery words used by the minister, there are some very real drastic social human problems that exist in some of our northern communities. It is the leaders of those communities that describe their own areas as that of being similar to Third World countries.

We would like also to talk about the consultation mechanism used by this department in communicating with northern communities on initiatives that directly affect the lives of northern residents, most particularly, aboriginal people. So, Mr. Chairperson, by way of introductions, that is all I have to say for now for the time being, and then I look forward to a meaningful dialogue this morning.

We do not want to be in a confrontational situation here. My colleague the member for The Pas (Mr. Lathlin) and I are very well acquainted with the way of life of Indian people. We have come from that upbringing. We are very aware of how it is like for our fathers to go out and try and get breakfast for us when we were children. We know how it is not to be without employment. So as aboriginal people, we are, I guess, just grateful for the fact that we are still alive. Come June 21 for Aboriginal Solidarity Day, it again will be a celebration of our survival as aboriginal people in spite

of the many negative things that have been inflicted upon our people, and we will again celebrate our survival as First Nations on the 21st of June.

* (0930)

Having said that, I look forward to the Estimates process, and I hope that it will be a meaningful one. We do not need anybody to tell us how things are. We know how things are—the poor conditions. We simply want a dialogue and be able to have a meaningful discussion. Thank you, Mr. Chairman.

Mr. Chairperson: We thank the critics from the official opposition party for those remarks. I would remind the members of the committee that debate on the Minister's Salary, item 1.(a) is deferred until all other items in the Estimates of this department are passed.

At this time we invite the minister's staff to take their place in the Chamber.

Is the minister prepared to introduce his staff present at the committee at this time?

Mr. Praznik: I have with me my deputy minister, Mr. Michael Fine, I think no stranger to you now since his arrival in Manitoba about a year ago; my assistant deputy minister who is our senior provincial public servant in northern Manitoba, Mr. Oliver Boulette, again, from member's comments earlier, certainly a very excellent member of the civil service of the Province of Manitoba, who serves northern Manitoba very well; Mr. Harvey Bostrom, who is in charge of our Native Affairs side. Mr. Bostrom is no stranger to the gentleman opposite nor to this Chamber having served as minister of this department at an earlier part in his career; and, Mr. Rene Gagnon, who is our financial officer for the department, who keeps track of all our budgetary items.

Mr. Lathlin: Mr. Chairman, I wonder if I can ask for some understanding from the minister; that is, I would prefer to go through Estimates in the same fashion as we had done before. That is, because it is a small department—it barely has \$17 million in the department—I would just like to ask general questions throughout, and then at the end of everything we can ask line by line.

Mr. Praznik: Mr. Chair, I must concur and accept the proposal of the member for The Pas. Last year, I think,

we had a very freewheeling, wide-ranging discussion, and then concluded the Estimates going through line by line at the end.

I understand the member for Rupertsland (Mr. Robinson) indicated to me that there was some willingness, given the fact that time is drawing short for Estimates, to wrap up the department around noon or shortly thereafter. If that is the intention, I certainly have no problem with us having a very good general discussion and then completing Estimates line by line at the end.

Mr. Chairperson: If that be the will of the committee, we will deal with the entire department as a whole, except for the Minister's Salary, which we will leave till the end.

Mr. Robinson: Perhaps I will suggest my questions will be very brief, and I do not need a lengthy answer. We can go very quickly like that. We had a recent meeting with the Northern Association of Community Councils and their president and their board of directors very recently. I will get right down to the point on some of the areas that are bothering them.

First of all, in Granville Lake, there is no tower there for telephone services. I wonder if the minister could indicate what dialogue has been held with the community with respect to a tower to bring the community of Granville Lake into the 20th Century.

Mr. Praznik: Mr. Chair, my staff advised me that they have done some work on this, and they tell me that the problem at Granville is not a power problem because Granville has land-line power, but the problem is one with some technical problem with the microwave tower that I guess the appropriate people are attempting to work out. It is not one of lack of service; it is location and equipment that I believe is the difficulty.

If the member wants more specific information, I can have Mr. Boulette provide that to you. His staff has been working on that particular issue.

Mr. Robinson: Perhaps I will await that information by letter, but it is very important because there is only one telephone in the community; I believe it is a pay phone. It is a lifeline to the rest of northern Manitoba and to the rest of Manitoba in general. People rely on that. Of

course, it is not only for medical services, but it is indeed, as I say, a lifeline.

The other area I would like to move into, based on our discussion with NACC, what they have told us is that when they contacted the Department of Northern Affairs, there has been no response to questions they have raised on the concerns that they have for their own particular communities. I wonder if the minister could comment on that.

Mr. Praznik: First of all, I have to tell you that on a regular basis my staff and I have had meetings with the executive of NACC. In fact, over the last year, I am looking to my staff. It has at least been two or three occasions—not four? In fact, last fall, I guess it was, or late summer, when they had their annual meeting, I did a round table workshop with a whole bunch of the committees, going into each region to take questions from their membership. Since then I think we have had—I may stand to be corrected, but if my memory serves me well—at least two meetings with their executive. In one case, we had the Premier who, in the last year and a half or so, I think, attended a meeting with their executive. There has been regular contact with them.

There is one problem that I have suggested they change; I know one concern they have had, when they have their convention, is getting attendance of ministers and others at the convention. The timing, when they tend to put that together, is not often conducive to getting everyone there whom they may necessarily want for the time that they want, and I suggest they look at some alternative dates for that meeting that would get a bigger attendance.

I have to tell the member, as minister, I have met on a regular basis with them, many meetings, and many of the issues they have raised we have dealt with. With some we have not given them the answers they necessarily would like, but I would appreciate if the member could be a little more specific as to their comments as opposed to generalities, because I think the generalities are not reflective of actually the relationship that has been there or the time invested by myself and my staff in meeting with them.

Mr. Robinson: Mr. Chairperson, there were a number of issues that were brought to our attention, including the

unemployment rate in many communities, the social assistance being a way of life, frustration with the Department of Northern Affairs in trying to work with the communities on addressing some issues like housing. As we know, there is overcrowding in many of the houses that we have come in contact with in NACC communities. The people that have talked to us have told us that social problems are a cause or are created as a result of these conditions causing frustration. Those are the things that I am talking about when I am addressing these things to the minister, that communities are getting frustrated in not being able to enter into any partnership arrangements and entering into meaningful dialogue to address these issues together. So this is what I am referring to when I am addressing the minister about a lack of response to questions by NACC and by the individual communities themselves.

* (0940)

Mr. Praznik: Let us address those for a moment, the ones that the member has mentioned. He talks about, by and large, jobs and economic opportunities in northern Manitoba. First of all, unless the member or NACC is suggesting we get into a massive make-work job creation fund and simply go in and subsidize a lot of make-work jobs to alleviate unemployment, you are not going to deal with that problem until you have opportunities created that sees more employment for people in those opportunities. Many of the communities that NACC represents are very small, isolated communities with very limited opportunities that exist. As regards those communities, the people who live in them have to make choices for themselves and their families as to where they want to be and what they want to do and what they want to pursue.

The member talked about welfare as a way of life. I want to share with him a little story from the last or two NACC conventions ago, where the mayor of Rock Ridge, Mr. Lavelle, at the meeting, was quite indignant in fact by the position taken by the Department of Family Services, who were indicating to people in his community that because there was a 90-plus percent unemployment rate and there were virtually no opportunities at Rock Ridge, that they might like to look at relocating to other places where there were jobs. He was totally indignant that a government department would suggest to people that they might go where there are job opportunities

because it would diminish the population base of his community.

Well, there is a responsibility on the part of people to make decisions, that they have an obligation to support themselves and their families if there are other opportunities that are better. That has been the whole course of human history, people pursuing job opportunities where they come about, but they have some obligation to deal with them and to pursue them because they have an obligation to support themselves and their families. Mayor Lavelle from Rock Ridge had a totally different view. He wanted his population, which was the vast majority, well over 90 percent on social allowance, to stay there even if there were not opportunities because it diminished his population. That is a community that is not sustainable if there are not economic opportunities there.

Mr. Chair, in the general theme of creating opportunities, this department or my other department, Energy and Mines, has spent a great deal of effort in the last number of years creating the opportunities, the correct environment to see more exploration and mine development in the province. I find it interesting. There are three New Democrats on the front benches. Mr. Jennissen from Flin Flon joins his colleagues. He did not speak today in opening remarks, but I am sure, if he had, he might have commented on his own constituency what has happened at Snow Lake, that the policies that we put in place to create the right environment for mining investment were one of the factors, significant factors, that led to the total revitalization of a significant community in his constituency because we have seen two mines open there in the last year.

This year alone, under those policies, we expect to see somewhere between \$40 million and \$50 million in exploration work go on in northern Manitoba. We have seen \$225 million in investment in the mining industry in capital investment in this past year. All of those create opportunities. They do not provide jobs for everyone, but they create economic opportunities for suppliers, for people to get into those businesses, to get into exploration. Our department has sponsored a prospectors course in the community of Split Lake currently. People are taking advantage of that. We have had requests from several other communities to take us up on that course. We are having this June 20, I believe, in Thompson, a

workshop forum trade show, a mining opportunities forum in Thompson, to let people know, give people an opportunity to see where they can get in and take advantage of opportunities that are there, that have been created because of our mining investment strategy and our mining strategy and upturn in mineral prices.

On the forestry side, CEDF tells me as well that they have had a significant increase in their loan portfolio in northerners, many of them from our NACC communities taking advantage of cutting contracts with Louisiana-Pacific, with Repap, with the Pine Falls Paper Company and creating jobs in those areas. In fact, the Mathias Colomb First Nation, individuals from that community established a company called Wolverine that now has contracts and is cutting in the area that a few months ago was disputed. So those opportunities come. They are there. They are being created. They are growing; they are expanding.

Government can create some environment. We can take away the disincentives. Those investors who see the opportunity, whether they be small or large, have the opportunity to create jobs and economic benefit, and people in those communities have some responsibility to pursue those and we work with them. Where there is a desire and an initiative to take advantage of opportunities and find them, we pursue them.

Certainly, it is not as large as we would like to see it. It is growing; it is far better than it was some years ago. But I say to the honourable members—and I do not mean to get into a big partisan discussion today—Louisiana-Pacific, the Repap, both of whom offer significant economic opportunities to people in our Northern Affairs communities in that area, both those projects were opposed by their party, very significantly. The member for Swan River (Ms. Wowchuk) has continually been opposing it, as has the member for Radisson (Ms. Cerilli).

Ultimately, if you want jobs, if you want opportunity, you have to see economic development. It is not going to happen in job creation programs that this department or any other is going to create, and people have a responsibility too to pursue those. We help where we can. We help where it is appropriate to help, and we have seen some significant development. It has not

solved everyone's problem, but it is moving, I think, in the right direction.

I just want to touch on the issue of housing that the member has mentioned. There has been a raging debate in housing between NACC and the Manitoba Metis Federation. The member for Rupertsland (Mr. Robinson) in his opening remarks talked about NACC being created initially, or a perception, as a way of deflecting the work of the MMF. Well, I tell the member sincerely that over the last two or three years since I have been minister, I have seen that debate rage again in the area of housing.

NACC would like to take over some of the housing responsibilities, the administration that the MMF is now running. The MMF does not necessarily like to give that up. We have made some effort to try to see if we can reconcile those two interests to work together, to take advantage of the programs that are there and the administration that is there—and I am not certainly picking a side. We are trying to facilitate to ensure the best delivery of service, but I say very candidly to the member, there is big battle raging between the two, and I would think the comments that were made to him by NACC is reflective of that battle.

Mr. Robinson: I do not want to lecture today. I simply want answers to some very basic questions that I have. These concerns have been raised with us for over the last number of years. We have the highest respect for both the Manitoba Metis Federation and the Northern Association of Community Councils, and we believe that there is room for both in Manitoba.

The minister answered his own question when he is talking about economic development and a job potential in some northern communities when he remarked about Wolverine Lake. I believe that the minister is implying that in order for Indian people and aboriginal people, and northerners in general, to get jobs that they should remove themselves from the communities. Well, we have experienced that with the vast migration out of communities by aboriginal people in the early '60s, consequently, winding up in places like Winnipeg and Vancouver and elsewhere and it was even worse, more damaging.

There was a northern round table that was hosted by the minister which included the industrial towns, MKO,

NACC and as we understand it, \$7 million was committed to the North by this government; however, up until this point nothing has been done. Since the election no dialogue on the concept has been discussed on the recommendations that came from the northern round table.

I simply want to have the minister perhaps respond to what happened to that concept and whether or not there is still some possibilities with relation to its potential.

* (0950)

Mr. Praznik: Mr. Chair, I have no intention to lecture members opposite. If I have given that impression, I certainly did not intend to.

With respect to the member's question about \$7 million, to be blunt, unless he can be more specific about what we are talking about, I am not sure at all what he is talking about. At that northern round table meeting that we had, in all of the discussions, we have been very, very explicit that we were never talking, never committed a fund of \$7 million or any other amount to specific projects or special development funds in the North.

In fact, the point of that committee, that round table, and what came out of our letter of understanding or agreement was that NACC, the MKO and the northern industrial round table group, the urban communities, would form an organization similar to a MAUM or UMM as a basis of developing some consensus on issues to working—because there is not, I have found, not always a consensus on issues in northern Manitoba, just like any other part of the province.

Through that forum, their political leadership could develop some consensus on issues and planning, and work with the province, including the Economic Development Board of Cabinet to pursue things together. One of those things, of course, was highway budgets, to do some prioritizing for the Minister of Highways (Mr. Findlay) as to what projects were important on a priority basis. I regret, very much regret that one of the sad things over a year and a half is, quite bluntly, I have met with representatives of that group on a number of occasions, and they have yet, quite frankly, to get themselves organized. Now, if people are expecting me to go and organize them, too, and set them up to do this,

I think that defeats the purpose of them as three bodies of northern leadership being able to come together and reach consensus. To date, they have not been able to organize themselves into any kind of effective organization.

Mr. Robinson: The point I was making was expressed to us by the president of the NACC along with his board of directors about this potential and the possible initiative. The MLA for Flin Flon as well has some questions of the department, and I will give him the opportunity to perhaps pose those questions with respect to some of the issues that he has got in mind.

However, before I conclude my portion here, and I will ask further questions later on, we have been informed by members of NACC that the previous editor of a newspaper or newsletter entitled Whispering Pines had to resign as a result of his criticism of this government three years ago, Mr. Chairperson. I wonder if the minister could comment on this. The reason why he had to resign was, according to what we were told and we certainly want to get to the bottom of this and we are not pointing fingers at anybody, is because it was ordered, according to what we have heard, by this minister.

Mr. Praznik: Mr. Chair, NACC, their board of directors make their own decision. They run Whispering Pines. They make the decision who they have. They hire editors; they make the decision to print newspapers. They do that within their budget, and we fund them through a contribution to each of the NACC communities, which in turn provide it to NACC, so, no.

Mr. Chairperson: Does the honourable member for Flin Flon have leave to ask questions from the front row? Leave has been granted.

Mr. Gerard Jennissen (Flin Flon): Mr. Chairperson, I would like to ask a few very specific questions. My colleagues and I were in the North, I think it was about a month or two ago, and in the community of Brochet there was some concern about hydro, specifically the fuel tanks that are filled with diesel I guess. There is some concern about the safety of those tanks being so near the school and the rest of the community, and there were some thoughts that those tanks were being moved. Can the minister update me on that? Are those tanks indeed being moved? Is that hydro system being moved from that location?

Mr. Praznik: Mr. Chair, from a perspective as Hydro minister, I will get an update for the member from the corporation. I would also though indicate from my staff, from the services, are people who work with the community. Manitoba Hydro has been looking at other options for servicing that community including the hookup to Saskatchewan. They recognize there is a problem there. I am not sure what will work economically and be the best option to pursue, but we will endeavour to get that information to the member by way of letter, and Mr. Boulette will prepare that for the member.

Mr. Jennissen: I thank the minister for that answer. Indeed, we have already talked with Saskatchewan about a land line from Wollaston. That did not appear to be terribly promising at this point. Is there a chance of a land line from Lynn Lake up? Is that at all in the cards or has that been looked at?

Mr. Praznik: Mr. Chair, I will have to arrange for the member to get that information directly from Manitoba Hydro. I am told that Hydro has looked at the specifics. I certainly do not have and given that a lot of this deals with the technology of electricity, I do not think I would understand if I did have it. If the member would like more than we provide in the letter, we will certainly arrange for a briefing with him with Manitoba Hydro.

Mr. Jennissen: Back to the fuel tanks in Brochet itself, I am also of the impression that if that system should be moved out of the town to a safer location for the interim, there still would be a major problem with cleanup and contamination. Can the minister also give me an update on that?

Mr. Praznik: Part of any movement of the tanks would entail the complete cleanup which Hydro would have the responsibility for.

Mr. Jennissen: The member for Rupertsland (Mr. Robinson) a moment ago talked about a communication tower or telephone tower, I guess, connecting from Leaf Rapids to Granville Lake. I hear a similar request being made from the people of Brochet, another tower between Lynn Lake and Brochet, one tower in Brochet. Is there anything to this suggestion?

Mr. Praznik: I understand that our staff has spoken to the telephone system, MTS, about this and they are

considering that possibility. I would invite the member to, on a regular basis, check with my staff, Mr. Boulette, and he will keep the member up to date on that, if the member would like.

Mr. Jennissen: I have very few specific questions, I know that time is limited. I just want in general to point out to the minister or hope the minister agrees with me—and I do not know whose jurisdiction this is either—but there are some concerns about the Lac Brochet airport, that it needs to be upgraded. I know I mentioned it to the Minister of Highways (Mr. Findlay), but maybe a little support from this minister as well would be helpful.

Also, there is real concern in Brochet itself for the food meal program. I know this is mainly a federal jurisdiction, but perhaps the minister can put a little pressure on the feds for us. Above all, and we have talked to the Minister of Highways about this, winter roads, because that quadrant of the province is being serviced by Winter Roads, but there is no money being put in from the province as in other parts of the province, and that is a grave concern to us.

Mr. Praznik: My understanding of that, or the reason why the province does not contribute to those roads is because they are built to service stations, communities, and to supply, in essence, to fall within federal responsibility, the federal government completing its responsibility. In the eastern part of the province, I think there is a different regime in place because there are a number of other communities and other provincial interests that are being served, and that is why there is a different financial contribution. I am told that wherever we bring in an additional road or link off of it to service one of our own Northern Affairs communities, then that would be our financial responsibility.

* (1000)

Mr. Lathlin: Mr. Chairperson, I would like to take issue with some of the statements that were made by the minister just a while ago. I should not say that it surprises me, because that has been generally the message that I have been getting every time that I have raised issues affecting the lives of northern people in this Chamber. When he says that if you do not like it up there, well, move somewhere, if there are no

opportunities in the North, well, damn it, move somewhere, maybe to Winnipeg.

Mr. Chairperson, we are indigenous to that area. We were born and raised there. We have no second homeland; we have no motherland; that is our homeland. For the minister to suggest if we do not have work or employment opportunities there, well, maybe it is our fault for having been born and deciding to live there. I do not buy that whatsoever, not one bit. I do not see this government or this minister telling people from Winnipeg, if there are no opportunities here in Winnipeg, well, move somewhere. As a matter of fact, this government is always looking for ways to attract industry into the city of Winnipeg, southern Manitoba, by way of government programming. He knows that; we all know that. Those incentives, when it is done for business, they are called incentives. Even when we are talking about some cities for northern fishermen, it is regarded as welfare. I do not think that is right.

I am not saying that the minister said that, Mr. Chairperson, but that is the message that we are getting from this government all the time. Is the North's only purpose then for us to go up there and mine it, for us to go up there and install hydroelectric stations, for us to go up there and log it, to go and exploit it, regardless of what harm is done to the people? And we make a lot of money out of doing that. Then we tell the people, hey, if you do not like it here, perhaps you go to Winnipeg or elsewhere. Then, when we do move to Winnipeg, the Premier (Mr. Filmon) goes around saying, gosh, darn it, if those Indians would stay up North, our poverty statistics would be all right.

You cannot win for trying, you cannot. So I would like to ask the minister, is he suggesting that for those communities who are in dire straits, who were looking for help, who were looking for some compassion from this government, for some caring, for some understanding—is he suggesting to those communities that they all pack up and move elsewhere? Is that what he is suggesting?

Mr. Praznik: Mr. Chair, I am glad the member has decided to get into this particular matter because I think it outlines a very significant difference between us. I have sat in this Chamber and I have heard the member for The Pas speak on many occasions, and I say this to him very sincerely. I do not always agree, I rarely agree with the

tone and the attitude that he takes towards a northern development. I listened to him speak just now and he spoke about coming up and harvesting forests and fishing and mining, and then talk about the harm it does to people. Well, a forest industry, a mining industry, a fishing industry, a tourism industry all create wealth. They all create jobs; they all create opportunities [interjection] The member says, for who? Maybe that is the problem. The problem, I would acknowledge, is there has not been as many opportunities as there should be for northerners to take advantage of, and I would concur with that.

Many of the efforts that we have taken in the last number of years, including the workshop symposium we are holding in Thompson in a couple of weeks, is to give northern people an opportunity to see those opportunities, and to take advantage of them, and to work with them. In the last number of years, things like our prospector program, things that we have encouraged with CEDF and our financing for logging, instead of using CEDF as a political patronage fund, using it as a loan program. All of the things that we have done, particularly creating the right climate to see that develop in mining, see that development in forestry have meant that the opportunities are coming and growing and are there, and northerners are now in greater numbers taking advantage of them more than they ever have before.

When the member says, do we do these things or not do them, and every time many of these issues come up, his own urban colleagues particularly the member for Radisson (Ms. Cerilli), the member for Swan River (Ms. Wowchuk) criticize and attack them. But if you do not have those industries going on, there is not much left. If you do not have economic activity taking place, there are not the opportunities for people to take advantage of jobs, and then you are onto a total welfare economy, a welfare system, with no hope, no future and all the social programs that are there.

Now I would concur with him, and the one area we do agree, is the challenge for everybody because everybody has a piece of this. The group with I think the largest piece of it are the mining companies and the forestry companies to make sure, to give that special effort to make sure, that northerners, particularly aboriginal northerners, have the opportunities to take advantage of the economic options and opportunities that are there, to

become players in the economy of northern Manitoba, and that is happening. Wolverine is a good example of that. That is happening. As people grow, as they develop, as they gain their expertise, as their capital increases, more opportunities come with that to take advantage of what is there. But what have we seen in the last 30 or 40 years of the history of this province?

The member for The Pas (Mr. Lathlin) sits in the Chamber and he criticizes me, and I am not a northern MLA. I come from a constituency that borders on the North, but I am not a northern MLA. He criticizes my colleagues, and, yes, we do not have northern MLAs in our caucus to maybe give us that particular view that he might offer if he were a member of our caucus, but we do not operate in a void. There is a history here. The world did not turn all bad in April of 1988. There is a long history in this province through many governments and regimens, including the governments of the party of which he is a member, where we did not see this great progress that the member looks for. We did not see it happen.

So I do not think it is time to point fingers politically and say, you are not doing enough or it is a terrible thing since you are there and nothing is happening. There has been a long history of northerners, particularly aboriginal northerners, not having those opportunities. The member must agree that there has been progress. I am not saying that that progress is necessarily due to government; I think there has been progress as a society.

Some of the things that we have done have helped in that. I think the cleaning up of CEDF into a strong loans fund, and if you look at their portfolio—and when they report to this Legislature, the member will have the chance to ask those questions about it—but their loan portfolio has a larger and larger aboriginal contingent, people who are taking advantage of opportunities, particularly in logging that have come from Repap and from Louisiana-Pacific.

* (1010)

We have seen a great interest in our prospectors program that we are offering where we have, in co-operation with a number of communities, brought in courses on becoming prospectors. Our workshop that we are developing is looking specifically to let northerners,

particularly aboriginal northerners, know about what opportunities exist in providing supplies or services to people who are in the exploration companies that we brought into the province.

None of this happens overnight, but I will tell the honourable member this: If we did not have the forest companies, if we did not have the interest in mining that we are building, if we did not have those things happening, the opportunities, I can assure him, would not exist at all.

When the member talks about my comment about people making choices, the question for any community, whether it is aboriginal or nonaboriginal, is sustainability. The question we all have to face ultimately is working to find real economic opportunities for communities because we know that the provincial resources and federal resources are not there to provide huge subsidies to people in any particular part of the nation. We have seen that. That is a reality of federal funding. We have to look for real ways to make things sustainable and people have to make choices.

I am responsible for approximately 56 Northern Affairs communities; some of them have no people. The reason they have no people is they were small communities that relied on fishing or some other resource that could not sustain them anymore, and people moved away and made other choices because there were better opportunities for life. Many moved to other communities in northern Manitoba. Thirty years ago there was no city of Thompson. It happened because someone found a nickel deposit and it created huge opportunities for growth. There is a large aboriginal population in Thompson today. People go there because there are more opportunities.

That is the reality of life. It has been that way since time immemorial. I do not want to be on the record that I am telling people that because they live in the North they have to move away. What I am telling people, what I am saying to people is, it is important we work towards sustainability and, sometimes, in some communities, they cannot support the population that they have given the economic opportunities that are there. If people want to have a better life, if they want to have economic opportunities, if they want to be able to earn a living, a suitable and sufficient living to support themselves and

their families, perhaps they have to look at other opportunities that are there. That is why there are 14,000 people living in the city of Thompson in northern Manitoba, because there were opportunities there. There is nothing particularly wrong about that.

To suggest that every place in Manitoba, whether it is southern or northern, is able to sustain a sufficiently large population if it does not find the economic opportunities to do it is just ludicrous.

In my own constituency of Lac du Bonnet, in the community of Pinawa where we are struggling now with decisions by the federal government to pull out AECL, they come down to the same issues. They come down to exactly the same issues. Either we find things that work economically in the community of Pinawa or that community is going to decrease in its population to what it can support, because people want to earn a living. I do not care who you are, most people want to support their family and earn a living and the opportunities have to be there. So we have to work to find real opportunities in communities that are there and develop them. That is what we have been working to do.

I would agree with the honourable member that many northerners, particularly aboriginal northerners have not traditionally had the access or easy access or opportunity to pursue those options that are there. It is getting better. It is nowhere near the way either of us would like it. It is getting somewhat better, and our challenges continue to work to make sure as many opportunities as possible are created, and that northerners, as many as possible, can take advantage of them.

Mr. Lathlin: Mr. Chairperson, I am not going to dwell on this that long, but I would like to perhaps tell the minister that maybe there is another area where he might agree with me. He says, you know—when I talk about the harm that has come to the people living next door to these developments, mining, hydro, forestry and so on, of course there has been a lot of harm that has been inflicted on those communities. Why else would the minister be entering into multimillion dollar compensation packages for those communities that he has just mentioned a while ago? Why? Because that development has destroyed a whole way of life in those communities. That is what he is paying for today. Of course, there has been a lot of harm, a lot of irreparable harm.

I was listening to a radio station not that long ago where they were talking about this guy from Shoal Lake who was going to set the water off, and there was a lot of human cry, like the whole world was going to come to an end. You know, how dare does this guy from Shoal Lake speak like that and where is the city of Winnipeg going to get their water from? You know, this is insane. I could not help but think, I wonder if they would have thought the same thing, if they would have had those same thoughts when they were talking about northern development.

Do not get me wrong, Mr. Chairperson, I am not telling the minister that I am against development. I have been there myself. I have been a supporter of northern economic development. What I do not agree with is when there is development, governments or industry will ask us to come and chop the trees down, come and dig the ditch, and when everything is over, the plant is sitting there, all the southern workers go home—they made their money—we end up being on welfare, looking at this nice big plant that may have 100 jobs that we cannot access. That is one thing that I am talking about.

The other thing that I am talking about is, you know, fishing was an industry, is an industry. We made a dam good living from fishing at one time, and we made a dam good living from trapping at one time. But we build logging roads, we build dams, and there goes that way of life, there goes that sustenance, you know, like how we used to make a living, and now we are being criticized.

When we were talking about Louisiana-Pacific and Repap, I was here. I heard the member for Swan River (Ms. Wowchuk) talk for Indian Birch, Shoal River, Pine Creek and all those aboriginal communities that surround Swan River. Over and over again I heard her ask the minister to have a meeting with those aboriginal communities, get them involved somehow, let them get the spin-off opportunities, work out an agreement with the companies so that people will get jobs, work out an agreement with the companies so that those people will get business opportunities, not just doing the labour work as has always been done. So we are not against development.

I just want to say one more time, Mr. Chairperson, you see, that is the attitude that blinds the people, especially in government. I often listen to the Minister of Highways

(Mr. Findlay) tell us there are just not enough people up north, so therefore it does not warrant us spending that much money up there. Now I hear the minister telling us, well, perhaps we should move somewhere. He knows the main opportunity centre in Manitoba is Winnipeg and that is where all the action is. If he is suggesting that we all move to Winnipeg, well, I do not know if that is the right thing to do.

I will end by asking the minister—the Northern Economic Development Commission has been in the works for a long time. When I first came here in 1990, the former Minister of Northern Affairs talked about the Northern Economic Development Commission, about how he was going to launch it, a lot of good work would come out of it, recommendations, and that the government would act on it. As a matter of fact, I remember one day the former Minister of Northern Affairs telling me that I would be pleasantly surprised by what the report was going to bring. That has been—I do not how many years ago the report has been given to the government, so far I have not seen very much concrete come out of that report.

So maybe we will ask the minister again today, whatever happened to that Northern Economic Development Commission, the work that was put in by a lot of good people? There were a lot of good recommendations. I have since talked to some of the commission members, and the ones I talked to have indicated that they are disappointed that the government did not do anything. So I will ask the minister, where is that report and is it dead, are we not going to do anything, should we forget about it and not mention it again?

* (1020)

Mr. Praznik: The member for The Pas touches on many, many subjects in his discussion, and I would like to just address a few of them.

The member refined somewhat his comment about harm being done living next door to various projects, whether they be forestry, mining, and I think he zeroed in on hydro specifically. There is no doubt that at the time the great diversion of the Churchill River took place and those five communities flooded that no consideration, quite frankly, was given by Hydro or the government of the day to the damage that was done to those

communities. That is a blight on the history of the province of Manitoba, and let us not forget—and, again, I am not trying to be partisan—that during that whole period this province was governed by a Conservative and the New Democratic government, early planning stages under the Roblin and Weir administrations, and the building of those dams in the early '70s, under a Schreyer New Democratic Party government. So all of us in our collective responsibility as members of those parties, successors to those governments, bear a responsibility and, quite frankly, all of Manitoba bears a responsibility because it really was not an issue. People did not care. We were flooding a bunch of reserves up north and it did not matter.

The good thing of it, all I can say today, is that you would never be able to get away with that again, ever, and that is a good thing because, if the province of Manitoba embarks on another significant Hydro project that results in flooding to anyone's land, before they would ever get a licence to build it, those issues would have to be resolved one way or another through some process, compensation being made or not happening at all. So we have all progressed somewhat, and that is a good thing. I think the member for The Pas would probably share my sentiments that we have come a long way in our processes, and I would agree wholeheartedly it was a bad thing.

But let us put it into some perspective for a moment, just for a moment, that I get regular requests from northern communities who are not serviced by landlines, to bring landline power, to get 60 amp power where there is now 15 and that says something to me. That says no matter how much people talk about traditional ways of life, all people, no matter who they are, still want to take advantage of the amenities that technology has produced, and despite the damage that was done to those northern communities, which we are now compensating for in very significant amounts of money, and I do not begrudge one penny of it, except perhaps to the lawyers and negotiators who made big money in putting those contracts together, but besides that, I do not begrudge them one penny.

The fact remains that all of those northern communities continually want improvements in their lifestyle that electricity and better service bring, so despite the downsides of hydroelectric development, the positive sides have been to many of those communities, not all but

many. We make progress each year in adding to the list of communities that have landline, that they are able to have a 20th Century lifestyle rather than one of an earlier period because they did not have adequate service.

With electricity, although many would not want to admit it, comes opportunities for economic activity and development and growth because without electricity you are not going to have very much happen, so I just want to put that in some perspective. The member also referred to fishing and trapping and the livings that were earned from those and, again, I think one has to put those a bit into perspective.

On the fishing side, when I was in one of the communities some years ago, I think it was—it was not Split Lake—oh, Island Lake communities for a signing of treaty land entitlement, a lot of comment was made about fishing and the fishing industry and some made the argument that the Freshwater Fish Marketing Board was a major factor in destroying that industry in northern Manitoba.

I do not know if it was or was not, but those are sometimes policies that come into effect to serve a purpose and have an ill effect for others, just something to keep in mind. In trapping, we face today a European fur market and my colleagues were part of a meeting of a delegation. I have taken a German delegation to Split Lake. We have all been doing a lot of things—the Minister of Natural Resources—but we know the world fur market is not what it used to be particularly, but in either case, if you look at the livings that were derived, the value of those livings in cash, when things happen to us all, our demand. We live in a society that requires more and more cash, more and more things that we want that require money, that our parents and our grandparents years ago never even thought about, so we have to put those a little bit into perspective.

The world we live in has changed. Fishing and trapping and some of our traditional industries that may have given a very good livelihood 30 or 40 or 50 years ago, even if nothing had changed, probably would not be able to produce that today.

Mr. Chair, I think I have a minute or two remaining in my time? Four minutes? I want to talk about the specific question that the member raises with respect to the

northern round table. When we held our meeting in Thompson, a year, year and a half ago to bring those groups together and look at doing some planning, one of the things that I felt very strongly about was that three political organizations who do not always agree had to forge some sort of unity in operation between them to be effective.

I say this with great regret. I have had numerous meetings with representatives of those groups. My staff have had many, many meetings to try to put this together. Regrettably, they have not been able to create an amalgamation. Their argument always to us is, it requires vast amounts of money from government to fund a whole other level of bureaucracy with them in essence when, at the political level, they cannot even get a working group to begin the process.

It is with some regret I encouraged them to continue to do it, but they have not managed to.

Now, the member would say, well, that is fine, what are you doing, Mr. Minister? And he would be right in asking that question. Because that group does not exist does not mean we have not continued to work on our efforts, and we have. The mining initiatives that we have taken, including this showcase that we are having in Thompson of what opportunities are there, are part of that. The opportunities are being created. Let people know about them. Give them an opportunity to find out how they can plug in and how they can take advantage of it to earn a living and pursue those opportunities. That is one particular area that we have worked on in the last year. We have also been part of delegations to Ottawa on the Port of Churchill I know some members opposite were also part of. We have seen on our forestry side CEDF continues to work on a day-to-day basis to provide for capital needs of people doing things.

So although maybe at the political level we have not seen the discussions and papers and signings and all of those things to go with it, on the ground on the real level I think there still has been significant work towards pursuing and building opportunities by individuals who have been working with us in a host of ways. Ultimately that is how economies are built, by individuals taking advantages of opportunities, and that is the course we continue to pursue.

One last comment, Mr. Chair, in the time remaining to me, the member talks about the North and not spending a great deal of money, et cetera. I just wanted to remind him of some of the things we have undertaken.

In building any economic opportunity, infrastructure is absolutely critical. The North Central hydro line, a \$150-million project, we are not paying for all of it. The federal government is making a substantial commitment, but Manitoba Hydro and the Province of Manitoba are also involved.

In Flin Flon, the whole process of environmental upgrades to the smelter there allows it to continue creating jobs and opportunities, some \$50 million of provincial contribution; \$1.5 million to Bisette municipal infrastructure to allow for the re-establishment of the Rea Gold Mine; in community capital, \$2.6 million that we have taken advantage of for our Northern Affairs community.

Let us not forget, although we have a legal obligation to provide it and to agree to it, we have reached those agreements that others have not been able to do that have seen substantial amounts of money now go into the Split Lake community, \$63 million; \$25 million in York Factory; Nelson House \$65 million. That is not our money, that was owed, I agree, but this government has resolved those issues and the cash is now flowing, which it has not done for 20 years. So there has been a very significant commitment to these things to making them happen, not just talking about them, by the Filmon administration.

* (1030)

Introduction of Guests

Mr. Chairperson: Order, please. Before we proceed, may I direct the attention of all honourable members to the gallery, where we have with us today from Parc LaSalle School sixty Grade 5 students under the direction of Edwin Nichols. This school is located in the constituency of the Deputy Speaker, the honourable member for St. Norbert (Mr. Laurendeau).

On behalf of all honourable members, we welcome you here today. That is it, you stand up.

* * *

Mr. Robinson: I wonder if I could ask one question and then perhaps ask for a break maybe, for five minutes, following the response I get from the minister. The proposal by the Northern Association of Community Councils for training of economic development officers to allow communities to pursue economic development initiatives, I wonder if he could give us a status report on the proposal, Mr. Chairperson.

(Mr. Mike Radcliffe, Acting Chairperson, in the Chair)

Mr. Praznik: This issue has come up on occasion at some of our meetings, although we have never had a formal proposal with detail from NACC, and on this particular matter it has been one they have raised with us. I think it is important to appreciate that they have never come forward with a detailed proposal, but that would be beside the point because I do not think it would change my answer.

We have, Mr. Chair, in the last year, seconded two of our economic development staff to the MMF, who were providing a training program course which covered a number of our communities who are in NACC. Again, I say to the member, there has been a rivalry. I think he hit it dead on in his opening remarks when he indicated that there was an argument that NACC was initially created in the '60s to be a balance to the MMF. They have been somewhat rival organizations, but we made that secondment.

In this year's budget, our department by and large is out of the Communities Economic Development business in that the positions in our department were transferred to the Department of Rural Development—actually at our suggestion—because they are very much into that business; that is one of their prime reasons to be. They have a much greater pool of expertise in their department in rural development, and quite frankly, putting those officers into that shop is far more focused than what we were able to do.

They are there now, Rural Development is there. As to funding, specifically NACC setting up another program, that is not something that I have been supportive of largely because I have not seen a detailed proposal, and I do not think NACC in my opinion—and this is my opinion based on some experience—I do not think NACC at the current time necessarily is in a position to be able

to provide a better program on its own than what could probably be secured through Rural Development.

The Acting Chairperson (Mr. Radcliffe): Is it the will of the committee to recess for five minutes?

An Honourable Member: Agreed.

The Acting Chairperson (Mr. Radcliffe): The committee shall so recess.

The committee recessed at 10:33 a.m.

After Recess

The committee resumed at 10:43 a.m.

The Acting Chairperson (Mr. Radcliffe): The committee of Northern Affairs will come to order.

Mr. Robison: Mr. Chairman, another question that I have of the minister and while staff are here, perhaps they will be in a position to answer this question. That is, when community councils, the ones that fall under the NACC, fall into a deficit position, and if they are unable to balance their budgets—I am talking about one community particularly, the community being Berens River—if there is not a surplus realized within nine months, honorariums for mayors and councils are being threatened by staff. I wonder if the minister would comment on that.

Mr. Praznik: I just did not catch the last part, which is the essence of the member's question—is it about per diems or about honorariums?

Mr. Robison: The closing part of my question was that honorariums for mayors and councils are being threatened by staff of the Department of Northern Affairs, if, in fact, councils are unable to balance their budgets within a given period of time.

Mr. Praznik: Just in context, one has to appreciate that these councils have to have responsibility. Part of the responsibility of being a councillor or mayor is to operate within your budget, and when a community gets into a deficit position—and there are a variety of reasons why

that happens, some may be bad management, some may be unforeseen circumstances, and everything in between—there still is an obligation to address that particular issue.

I am advised it is not a policy of this department to say to councillors or mayors that they have to give up their honorariums and service, but that is an option to deal with their deficit issue. They have to address it and ultimately come up with an answer. That may involve the laying off of staff, that may involve reducing other expenditures.

One comment I would make is that in circumstances where there is an uncontrollable happening that results in a problem with the budget—it might be an emergency sewer or water issue, or it may be a natural disaster, fires, et cetera—the department always has taken the view that they work very hard to assist that community in overcoming that problem. Sometimes that has meant re-allocating funding out of other parts of the budget or other communities to deal with that particular priority.

Where the problem has been one of mismanagement on the part of a council, and that has happened in one case—I think I had a question, or there was a question to the Premier at one point in Question Period regarding postal service in, is it, Thicket Portage. That community has to bear the responsibility and deal with it out of its budget, so different circumstances require different results. But in cases where the community has to deal with their deficit, their council has to look at options. That is one, but it is not forced on them. It is one that they certainly can consider.

Mr. Robison: I wonder if the minister could just comment on what the average honorarium for mayors and councils may be. I know some of this is covered in the bill that we will be debating in the next little while, Bill 42, but at the current time I wonder if we can get the average honorarium for mayors and councils, and if this is dependent on the size of the communities, and so on.

Mr. Praznik: I am advised that the average works out to be about \$110 per month for mayor and \$85 per month for councillors, so it is truly an honorarium.

Mr. Robison: I know we have not had an opportunity to debate Bill 42, and I must admit I have not had an opportunity to review the bill. Some of the concerns I am

raising this morning are going to be, perhaps, addressed by Bill 42 that we are going to be debating in the very near future.

Mr. Praznik: I do not quite fully appreciate the concern the member is raising. If it is a matter of councils making decisions on their honorariums, they will always have that option, like any body who are in deficit or who have to reduce their expenditures, to look at their own honorarium levels. It is not a policy of the department to force them to give it up if they are in a deficit. They have to develop a deficit reduction plan, and that may be part of it, but it is not forced upon them.

With respect to the bill that we are bringing to the Legislature, it by and large is a housekeeping bill. The significant issue is one that was raised by NACC communities who are looking at moving to incorporation. The concern that they raise, that if a council incorporated, would that dissolve their council and require a new election?—so that the council that is elected as an NACC council, takes the community through an incorporation, would not under the current structure be allowed to continue or complete their terms. There is obviously concern about transition and all the things that go with that. So what the bill now allows for is—this is sort of the major policy thrust—if a community incorporates, their councillors are usually elected for three-year terms, that if they incorporate in the middle of year one or year two of their mandate, that they will in essence become the incorporated entity's council for the remainder of their term, which allows for a smooth transition to an incorporated community. Of course, when that term expired, they would have to have an election as an incorporated body. The bill, by and large, is to meet that purpose, which some communities wanted who were considering incorporation.

Mr. Robinson: I am sure that we will have an opportunity to get into greater detail on the bill itself. It is pointed out to me that some sections give the minister power, in fact, to deduct the amount of indebtedness from the amount of money payable to the person by the government and pay the amount deducted by the local committee, or community council, or incorporated community. But I am sure that we can leave that off for another time where we will have an opportunity to—perhaps the minister could shed some light on that possibility.

* (1050)

Mr. Praznik: The issues I am now much more familiar—I think the member has zeroed in on his specific question. That provision is not to address the issues with councillors because the debt or deficit position that a community council may experience is not a debt owed by the councillors. What that provision is designed to do is allow for the transfer of funds that may be owed to others by the department, or the government, to make up a debt that may be owed to a community council and vice versa.

We have had a number of instances, for example, where Northern Affairs communities bordering on another community have supplied services for ambulances, have supplied services for water and sewer, for garbage dumps, for fire protection, and have levied a bill, have not had that bill paid, and the Province of Manitoba has owed money to that body that has not paid its bill to the NACC community. This allows us now to deduct from the money owed to the neighbouring community and pay the NACC community,

As I said, we have had a couple of communities that were owed money for fire protection and ambulance service. We owed the debtor money, and we deducted it from the debt owed to that community and paid it to the NACC community. The provision is made reciprocal so that if an NACC community were to owe a neighbouring community money for a particular service, we would have the power to pay it directly to them and deduct it from their budget. It is one that I think serves everyone's purpose to ensure that bills, in fact, are paid and not left undone.

We have had some communities who have had some significant hardship because of costs that were not paid by a neighbouring community for services that they had rendered.

Mr. Lathlin: I was not quite clear on the minister's response to the previous question having to do with per diem or honorarium being attached by the government for those communities who may be experiencing financial difficulties and, in fact, incurring deficits. Are we to understand that if I am a mayor of a community council and our community runs a deficit, I will be personally responsible for the deficit?

Mr. Praznik: No, Mr. Chair, and I am glad the member has asked us to clarify that. It is not the case at all. Members of council are not personally liable for the deficits of their community. The council as a body ultimately is, as the governing body of that jurisdiction, or ultimately has a responsibility, but not as individuals. So, if a community has, over the course of a year, run a deficit and has to make it up, one of the options—just like we have in the Legislature an option, reducing our own indemnities, they, too, can reduce their indemnities for a period as well as deal with their staff, lay off staff, curtail other expenditures, capital projects, et cetera, to recover their deficits. Those are options, but they are not required to, nor does an individual serving on council, have a personal liability for the deficits of the community.

Mr. Lathlin: Why are NACC executive members telling us then that Northern Affairs staff have told members of those communities, especially those in elected office, that if they do not clear up the deficit, their per diems would be in jeopardy? We are not into balanced budget legislation in those communities, I do not think. I wonder if the minister could clear that up for us.

Mr. Praznik: It may well be, and I do not know the specifics—and I have been around here long enough to know that often accusations are made about what direction staff gives and, upon investigation, turns out to not be quite what was initially reported to me, but it is very likely that our staff were strongly suggesting to a council that they had a deficit problem, that they had to address their deficit problem, that they only had so many options to deal with it. That might be one that they would want to pursue. Quite frankly, that is not a policy; they do not have to. They have to make choices.

I do not know the specifics, Mr. Chair, of the budget of that community, nor of this instance, but they are not forced to do that. They have to make decisions as elected people, but they have to live within their budget.

Northern Affairs communities, let us not forget, are not incorporated bodies or councils. They exist actually in law as advisory councils to myself as minister, who, in law, is the administrator of those communities. We assign, under our departmental budget, a certain amount of money to be spent in those communities, and we give those advisory councils that are elected authority to spend it, but to spend to a limit. If they do not live within that

means that has been allotted to them and the other revenues that we assign from their own tax base, we direct tax revenues and things that are derived in the community to them. If they do not live within that budget, they have to make it up, and they have to look at all options to look it up. They just do not have the luxury, as an elected body, of saying, I am sorry, we ran this up, we are walking away from it, unless they want to give up their council seats, and then the new council that is elected will have to deal with it, but there is a responsibility, there is an accountability. That is part of government.

Perhaps one of the troubles in our whole society over the last 30 years is, we have not had that accountability at larger and higher levels, at the federal and provincial level, and that is maybe why we are paying so much in interest today at both levels, because we did not have that accountability.

Mr. Robinson: There are a couple of other issues that perhaps the minister could respond to, and I am sure he will agree with me. I mean, we do agree more often than we disagree on a lot of issues, contrary to the relationship—[interjection] In the area of television service, particularly the Canadian Broadcasting Corporation, I have written a letter to the CRTC asking for service of television for people like the ones in Red Sucker Lake, Poplar River, Lac Brochet and other places who are considered Manitobans and Canadians but are not given the opportunity of having television of Canadian content, particularly CBC Manitoba, and these people want to be aware of what is going on in their own province as well.

So I wonder if the minister would commit himself to joining with me in writing a letter to the CRTC to see what could be done about this unfortunate situation, where some Manitobans are deprived of hearing news about their own province.

Mr. Praznik: Mr. Chair, the member for Rupertsland is very much correct in his observation that he and I tend to agree far more than we disagree on a variety of issues, and I would say to him that I would be very delighted to join with him in that. In fact, I would suggest that he speak to Mr. Boulette, to my ADM, about the logistics of putting together whether it be two letters or perhaps a joint letter which would carry a fair bit of weight given our different political persuasions. Perhaps even the

Liberal Party would join in with that. The member for St. Boniface (Mr. Gaudry) indicates, perhaps we can do a letter representing all three parties in this Legislature to give weight.

* (1100)

I would just add the comment to this, that the member for Rupertsland, in pursuing this issue, I am delighted because absolutely when we are talking about opportunities for people in northern Manitoba, communications, seeing what is happening in the world around you, having access through television, that is probably one of the great—I do not know the correct term, but that is probably one of the great unifiers in the world. Television has become one of the great educators, for better or for worse, and it is one of the means by which I think we get attached to the future and what is happening around us on this shrinking planet.

One regret I have is that so many parts of our province do not have the kind of communication access. One telephone in one community, the member puts it in that perspective, just again, one pay phone in that community again underlines the issue. [interjection] The member says we have made a lot of progress. One pay phone in the community and over 30 years, I think both our two parties have a lot to answer for. Our Liberal colleagues are probably saying, if they had been in power, there would have been two pay phones. So it makes the point, and I would be delighted to pursue it. I would suggest the member for Rupertsland, I invite him to talk to Mr. Boulette. We will work on a draft letter that we can all be comfortable with, and I would invite the member for St. Boniface (Mr. Gaudry) to also contact Mr. Boulette who will co-ordinate that effort.

Mr. Robinson: Mr. Chairman, we will get on that right away. I have forwarded a letter to Mr. Spicer of the CRTC on this matter already. However, I think that a co-ordinated approach as the minister suggests would probably have more effect.

The area that I would like to ask about right now is in Manigotagan with their low-pressure sewer and water system. I understand that the last phase of this project is under discussion right now. I understand that there is a financial problem there right now, after discussions with

Mayor Brenda Boulet. It took 12 years for this community to resume local control in Manigotagan, as I understand it. That community should be commended for their effort and the work that they have been doing in that community. It is truly a community that should be commended for the work that it has undertaken, particularly in capital projects. I know that the community will be very successful in the time to come.

In the discussion—to talk about the last phase of this particular project on capital, I wonder if the minister would consent to meet with Brenda Boulet and her council members in the near future to discuss possibilities. Perhaps this will give the minister an opportunity as well to see how effective local control has been in some Northern Affairs communities and at the same time assist him in the work that he has to do when dealing with the other communities in Manitoba.

Mr. Praznik: Mr. Chair, the good mayor of that community I think is related to my assistant deputy minister. I would not for one moment want suggest that at family gatherings, there may be some discussion of these issues and perhaps some sympathy on the part of my senior staff having come from that community. But if it did take place, I would be encouraging it because Manigotagan has come a long way and it is a very aggressive community in developing its opportunities today. Certainly with the Rea Gold mine coming into that particular area, most of the employment in that area is coming locally, and I appreciate quite a number of people from the Manigotagan area are finding employment there and are involved in that mine. There are a lot of good things happening.

My ADM, Mr. Boulette, advises me that there has been some problem with the engineering on this last stage that is being worked through, but it is our intention to complete the project once that is done. We are committed to it. I cannot answer for the engineering issues but those will have to be worked through. With respect to meeting with the mayor and council, not only do I indicate that I would like to do that but as we plan our summer schedule and our travel, that is one of the areas that I intend to be visiting directly, not meeting here in Winnipeg. Perhaps the member for Rupertsland could be available that day, and we could do some touring in that part of his constituency as well.

Mr. Robinson: I will look forward to the minister notifying me of the date, and I certainly will try and make myself available on that particular day.

I would like to talk a little bit about another area of concern for aboriginal people, and that is the Manitoba Metis Federation. I am wondering what role the province is playing with respect to the Manitoba Metis Federation, and this is not in any way meant to discount the efforts of the Manitoba Metis Federation. As a matter of fact, we are on record as being highly supportive of the work that they are doing for the Metis nation in Manitoba.

I would like to ask the minister, what level of discussions are happening with the leadership of the Manitoba Metis Federation at this point?

Mr. Praznik: Mr. Chair, I join with the member for Rupertsland, as well, and our comments are general supportiveness of the work that the MMF has done over the years and continues to do. Most regrettably, I think for all of us as members of this Legislature, as we look to events of the last couple years when the organization went into receivership—not receivership but a group of trustees were appointed to run it and then today we have a situation where they are being operated by a court receiver.

(Mr. Chairperson in the Chair)

I must express my deep regret, as I am sure the members opposite would share with me, that an organization that has such a significant role to play in the province has to suffer from such continual, it seems sometimes, internecine battles. Perhaps that is the nature of democracy but it is regrettable. I say that in a general sense, not to take anyone's side, but it is very regrettable that an organization with their role to play has to have such public internecine battles, because it certainly makes it more and more difficult all the time for all of us in this Legislature to remain supportive of the financial contribution that we vote in this Legislature to that organization.

The public asks all the time, are you just paying the bills of receivers and lawyers in court battles? They want to see people get on with real work, so that is a feeling that is shared by many and it is regrettable. My general advice to all members of that association or community

is to get on with resolving their internal differences and get back to finding some consensus to move forward.

Specifically, the member's question about what is happening now. I have had a meeting with the receiver, a manager who was appointed by the Court of Queen's Bench some time ago. I have also had a meeting with the president, Mr. Billyjo Delaronde. My understanding of the current circumstances is that the receiver was appointed by the Court of Queen's Bench for the purpose of winding up the Manitoba Metis Federation Inc., and the judge's comment was that in doing so the Metis community would have to go and reorganize itself into something obviously that worked.

In my discussions with the receiver at the time the appeal was launched that decision had not been heard and there was not a stay in process, if I believe. My response to the Auditor to his question about where the province would be in terms of its funding and particularly with respect to a successor organization, because should the winding up occur and a successor organization be formed through some means, what recognition does it get, and that becomes a very complicated issue when there is an internecine struggle.

We laid out some criteria that we would use, and I am in the process now today of getting over a letter to confirm this. The criteria would have to be that any Metis representative organization would have to demonstrate and have a broad base of support in the Metis community across Manitoba. They would have to be open in their membership to all Metis people. They could not say, we did not like you, we are cutting you out. It would have to be open to all people who are Metis. They would have to commit to hold elections within a reasonably early period of time in which their membership who would be of course anyone who was Metis and met whatever requirements to join, whether it be a fee or what have you, was eligible for voting and standing for office in the organization.

* (1110)

Lastly, they would have to demonstrate both to us and, if the court is involved in this process, to a court that they have the legal and financial systems, processes and reporting mechanisms to ensure their accountability both legally and financially. That would be kind of the criteria

which I could then recommend to Treasury Board and to cabinet because it would require a change in Treasury Board because my authority now is to deal with MMF Inc., which the court ordered wound up. Then I could make a recommendation or I could take that forward, but those criteria, before anything could happen, would have to at least be met.

The last point I make is that we also inform the receiver because provincial funding for both core activities and tripartite activities is based on having an organization that is able to develop, debate, negotiate policy with government that affect Metis people, to represent the issues that are of concern to Metis with government and give us as government policy options, whether it be in the tripartite area of self-government in institutions or in general questions. As long as the organization was operated by a receiver-manager, then it no longer could fulfill that mandate as a representative body, and so our funding really, quite frankly, could not flow.

As of the beginning of the next quarter, and unless this matter is sorted out, we will not be in a position at the current time to continue funding for a wind up of an organization. In the interim, from those discussions, I believe there was a stay on the windup pending an appeal, so we are all awaiting the results of that appeal as to what advice the court shall offer as to a course of action that will be taken. I apologize for the amount of detail, but it is a complex issue with which we are now dealing. I hope that answers the member's question.

Mr. Robinson: Mr. Chairperson, there are other organizations like the Indigenous Women's Collective, the Aboriginal Council of Winnipeg and others that are being funded by this government and, of course, including the Manitoba Metis Federation. There is an equally effective group that advocates the views of Metis women in this province called the Manitoba Metis women's association, I believe, under the leadership of Sandra Delorande.

I wonder if the minister would entertain the notion of perhaps funding this organization which is very effective in advancing the views of women, particularly Metis women, in this province and I wonder if the minister would consider that idea.

Mr. Praznik: Mr. Chair, traditionally, within the department, funding to Metis organizations has been done through MMF Inc. I would concur that the Metis women's organization in Manitoba has done some excellent work, has some very credible and excellent people involved in it.

From time to time I have meetings with them. I know their president. I know some of their former presidents—one being a constituent of mine, Mrs. Joyce Gus—and they have on a regular basis, informally and formally, offered some very good discussion and advice to government on issues related to the Metis community, the Metis women in Manitoba, so I think they are an excellent organization.

The issue of funding, of course, I think is dependent upon sorting out what happens with MMF Inc. Even under the proposal for reorganization that was voted on in this recent assembly, I believe the Manitoba Metis women were granted or were included for one seat on the new organization's executive, so they are very much part of whatever forum the Metis community generally has. Until we know where things are sorted out, my preference would be to continue with the funding of one central organization which dealt with component parts, but, to the member for Rupertsland, we do not know where things are going to be until they are sorted out with the courts. Anything, of course, is possible and can be considered when we know the lay of the land over the next few weeks.

Mr. Robinson: There is currently an arrangement right now at the Manitoba Metis Federation and CMHC to deliver housing in some communities under the jurisdiction of the Northern Association of Community Councils or what we generally regard as Northern Affairs communities. We understand that there were similar negotiations between NACC and CMHC some time ago, and not to take anything away from the Manitoba Metis Federation, but to be supportive of them and at the same time be supportive of NACC, I wonder if the minister has considered co-ordinating some kind of effort with both the NACC and with the Manitoba Metis Federation in addressing housing for these communities that he is responsible for and particularly dealing with the federal government, CMHC, most particularly in being able to meet some of the housing needs of these communities. I know that part of this question is federally related, but I

am sure that CMHC would be in agreement that there has got to be some kind of initiative to meet the needs of all.

I am wondering if the minister and his staff have considered co-ordinating some effort to address these many needs. I do not believe that it would be a conflict. As a matter of fact, I believe that it would be a matter of each organization complementing one another in addressing this very, very dire need that most communities experience.

Mr. Praznik: I say this to the member for Rupertsland as an observation, somewhat in jest, and I must say I feel like that myself many times. He reminds me of the individual who gets up and says, some of my friends are for it and some of my friends are against it, and me, I always stand with my friends.

When he says he supports both and does not want to diminish from either, I feel exactly the same thing. I do not say that to be critical of the member for Rupertsland. This is the great dilemma. I have gone through numerous meetings with NACC, with MMF, the Minister of Housing, the former Minister of Housing, who is now the Minister of Education (Mrs. McIntosh), how many times I have been in her office on this issue when she was Housing minister. With the current minister, the member for Niakwa (Mr. Reimer), the battle goes on between the two.

By the way, in all of those meetings we have tried to facilitate the kind of working relationships and compromises, and it never has been satisfactory to at least one of the two parties. My observation as to why that is, ultimately the organization that delivers the service is an employer and it has the ability then to hire people, whether it be on contract or as employees, to deliver the service, whether it be repair work, whether it be the administrative side, et cetera, and for both of these organizations, the ability to control those dollars and thus, the services that have to be purchased and jobs that go with it is a very important issue. There are also some questions of service delivery. Sometimes I am not sure whether the service delivery is the issue or the guise behind which the point is made. I imagine that varies from case to case, but it is an issue over who will control those budgets, in essence, and make the decisions to some degree as to who gets the work. How one ever resolves those things is never pleasant. We have tried as

the member suggested to facilitate that. I say this to the member, since many of these communities are in his constituency, he can certainly be my guest in trying—if he wishes, as a member, to facilitate some relationship between the two organizations, I would invite him to try because we have, and it has never worked out satisfactorily to both communities.

In some communities where there have been issues over service, I think those have been resolved. But the larger issue is one that boils down, I think, to straight small “p” politics. If the member and his colleagues would like to try to broker a relationship, I would invite them to do so, and if they are successful in doing it, I would be supportive of their efforts. This is not one I think that is easily resolved. Someone is not going to be happy.

* (1120)

The only other comment I add, Mr. Chair, the caveat I add to this is that because of the way Manitoba Metis Federation is structured, as was described to me by the receiver, it is in essence all funnelled through a common bank account and system and very much tied to one another. What happens in the next few days or few weeks with the courts in deciding the future of MMF Inc. may in fact decide the future of MMF's involvement in housing one way or the other. If that status quo in fact is changed by the courts, then we would have to work with the Housing department to look at what alternatives come into place.

I thank the member for this question, and I hope he takes my comment somewhat in jest because I feel that way very much myself from time to time.

Mr. Robinson: I am sure that at some point in time I will have an opportunity to perhaps broker some kind of a breakthrough in that regard. I know how difficult it is. I just wanted to find out from the minister what he felt were the possibilities. It is, indeed, an outstanding issue and will continue to be for the next little while as I see it anyway.

I want to ask the minister about the Rural Jobs Project that was announced by the Minister of Family Services (Mrs. Mitchelson) recently, and we understand that this program will be continued into the year 1997. Now, the

program's guidelines are similar as they were last year, and that is that the employer is the northern community council or municipality. In this case, it would be the northern community council. The wage subsidy is 50 percent of the minimum wage and 50 percent of employee benefits up to a 15 percent minimum wage. However, there are some communities that do not have that sort of money to participate in this program. I am wondering what the staff has recommended for some community councils that, perhaps, want this project in their communities, and I am wondering if some NACC communities, in fact, will be partaking in this program in the coming year.

Introduction of Guests

Mr. Chairperson: Before we proceed, may I direct the attention of the honourable members to the gallery where we have with us from Margaret Park School twenty-eight Grade 5 students under the direction of Mr. Nelson Tomsic. This school is located in the constituency of the honourable member for Kildonan (Mr. Chomiak). On behalf of all honourable members, I welcome you here today.

* * *

Mr. Praznik: I thank the member for this question. My staff, my assistant deputy minister who has a responsibility in this area, advises me that he has been working or people have been working with each community as they have come forward with their proposals. Obviously, we believe, at least our staff have a sense that the requirements are going to be somewhat different in each of the communities who want to take advantage of this kind of a program and that we will have to deal with them on a case-by-case basis, but there is certainly an interest in pursuing this. As this develops, I would invite the honourable member to raise this again with me or with Mr. Boulette directly, and if we have a problem that he is aware of in the community, please let us know and we will try to work it through. Obviously, we share the same objective.

Mr. Robinson: Before we get into other areas, I want to briefly ask a few questions about the profile of Manitoba's aboriginal population, a document that was produced by the Native Affairs Secretariat.

As I said in Question Period yesterday, there is a lot of information that is within this report that is not news to us as aboriginal people and as members of First Nations, for example, the health of Status Indian children and adults under the age of 65 are hospitalized two to three times as frequently as other Manitobans. Life expectancy for Manitoba Indians is six years less than all Manitobans. In 1991, on average, aboriginal males earned \$5,500 less in employment income than all Manitoba males. Aboriginal females earned \$2,000 less than all Manitoba females, and over half of the registered Indian families living on Manitoba's reserves live in poverty. In Winnipeg's inner city, seven out of 10 aboriginal households live in poverty.

My question on the first part, Mr. Chairperson, will be the urban aboriginal strategy, and we have heard about this strategy for a long, long time, and I would like to ask the minister again this year—I asked it last year—what efforts have been put forth in addressing an urban aboriginal strategy, and beyond that I will have another question as it relates to all of Manitoba and the aboriginal community. So I would like to start off first with the urban aboriginal strategy, Mr. Chairperson.

Mr. Praznik: Mr. Chair, the member asks a question about urban aboriginal strategy, and I guess the issue I would rather address in this context, and when you talk about strategy, I guess the answer for government always is to say we have some grandiose plan that is going to solve all problems. I do not think any government ever has that even if they have paper to suggest that.

The problem that the member raises in his introduction and if there is one of a few issues that as a cabinet minister and an MLA troubles me the most in government, and all partisanship aside because this is not a partisan issue, that we have, as the member knows far more than I, both by his background and by his constituency, is the problem faced by our aboriginal community in becoming full partners and participants in Manitoban and Canadian society. There is a long history here. We have heard the member for The Pas (Mr. Lathlin) speak many times of it in this Legislature. Despite the political fervour that goes back and forth sometimes in his exchanges with some of my colleagues, I have worked with him on a task force and know that he comes by many of his observations very sincerely and has

observations about life, his experiences, and those of his community.

We know when you look at the profile—the member for Rupertsland (Mr. Robinson) has talked about health issues, employment issues, economic issues—I do not think it would be an understatement to say, by terms of ethnic background, aboriginal people probably are some of the poorest in our province and have the greatest health difficulties, and those are probably related. We know that health is a result or is influenced by a person's economic position, where they live, sewer and water access, all housing, all of those types of things make a difference. So we as a province know we have this challenge to face. The aboriginal community knows it better than anyone else. Its leadership continues to advocate and to take steps to work these things through, whether it be the Assembly of Manitoba Chiefs or other organizations.

This is a big task. How one approaches it, I am not entirely sure. It is a huge problem. Bit by bit, it gets addressed. Some would argue, maybe in a piecemeal fashion; others would say, with some direction.

I think fundamentally the push of this government and this administration has been to some degree to do two things. One of them—and I know my colleagues may not appreciate this because they have heard me say it before—is obviously to build and encourage and cajole and whatever needs to be done to create the general kind of economic opportunities out there of which people can take advantage in whatever place, whether it be in Winnipeg or in northern Manitoba. A lot of what this government has done has been to build the economic base for the province. That is key because if you do not have that, your province does not have growth and economic opportunities. It is very hard to do anything else, so that is fundamental.

* (1130)

The second part of the thrust has been in the areas where we have had jurisdiction, where we have had some capability to ensure that people of aboriginal ancestry have the opportunities, as much as possible—and I am not saying we have been great at it. I think we have been better at it than the past 30, 40 or a hundred years of

history have been. We still have a long way to go—but to work towards that.

Whether that be policies in the Department of Education that support and encourage things like the Children of the Earth School and aboriginal schools within our school divisions in urban areas that give people a greater comfort level to learn more and become better trained and more able to take advantage of opportunities, whether that be in hiring practices, whether that be in encouraging and working with people who want to get into business and take advantage of opportunities there, each department in essence works on those things. So if you ask the strategy, there are two very important thrusts of it that I think it carried out in the various operations of our department. Enough?—I do not know. I do not think so. I think there is still lots of work to be done and we continue to work at it. Can government ever do enough?—I would say not. The history of every government I think has proven that, no matter who has been on this side of the aisle.

There are some specific issues in the city of Winnipeg—and, by the way, whether we like it or not, we talked about people moving away. I am most interested in the Statistics Canada census data that will come out. My staff advised me that in the last census, despite the largest birth rate in the province, despite the return of Bill C-31, the census population of many of our particularly more isolated northern communities declined, because people do vote with their feet in essence and they do go where they perceive to be more opportunities. That is an individual's choice. Government should not be directing that. Many of those people, as the member for Rupertsland (Mr. Robinson) has pointed out, have come to the city of Winnipeg in pursuit of opportunities. Many have not found them here. [interjection] Well, the member says, force. Perhaps forced to choose—and I am not going to argue the word, because I think every migration of people in the history of humankind, it can be argued, was forced because people, by and large, do not like to leave their home. I admit that. They do not like to leave their home. Many have to.

My family has, on both sides, my mother and my father's, left their homes to cross an ocean to pursue better opportunities. They were forced, in essence, not by a point of a gun but because there was not anything there. You could not earn a living on a five-acre farm in

Ukraine in 1890, so forced or by a choice, we are debating nomenclature, and I think we understand what we mean. The fact is people do move for those reasons, forced or because they choose to make the choice, not that they want to, but that they see a better opportunity.

So how does one assist that and make that happen? Well, we work and as the member pointed out, we fund the Aboriginal Council of Winnipeg that does some work in this area. Enough? Obviously not. There is still great need out there. Children of the Earth School, and other things, we work with.

The Minister of Health (Mr. McCrae) and the Premier (Mr. Filmon), I know on the health issues we have had discussions with the Assembly of Manitoba Chiefs and we had a joint meeting with them. In the area of health, we recognize fully that a lot of work needs to be done there to address some of these problems. In my own constituency, the member for Rupertsland and I share a health district, to some degree, that has a long history of antagonism between aboriginal community and the nonaboriginal community. I am very pleased to say—I do not know if the member for Rupertsland is fully up to speed on things that have happened there—Dr. Moe Lerner from our department was brought in to facilitate a process to get the two groups working together. The success is unbelievable for those of us who have watched this over the number of years. It is these types of individual efforts, not programs necessarily, that I think will go a long way to alleviating the kind of difficulties the member is talking about.

The member talks about urban aboriginal strategy. I think maybe one thing we have not done well is to catalogue and to bring together in one place a number of the initiatives or programs in their own way, whether it be small or large, that have worked towards that goal of helping people improve their lives in the urban setting. I think that is something my department should undertake in the next year, and we are advised, in the process of starting to put together.

This may be a rambling answer and it may be one that sort of covers the map, but I think any thoughtful Manitoban looking ahead to the future as we prepare to enter the next century realizes that helping to improve or helping people to find and take advantage of the opportunities that are there in developing—and developing

those opportunities is a major thrust to this government—helping people to find them, to develop the skills to take advantage of them, and to take their place as full citizens of this province, has to be one of the greatest social challenges facing us over the next number of years. It is not going to be solved, in my opinion, with specific grandiose programs. It is going to be solved with a lot of effort in small areas, dealing with specific problems, on a bit-by-bit individual process. I look forward to the discussions that we will have on this.

Mr. Robinson: Mr. Chairperson, as you know, my questions are usually short and to the point. Perhaps we can move this along.

Yes, I am very familiar with the matter at the Pine Falls Hospital. I have worked with some of the board members that do serve on that regional hospital, I guess we can call it. The stats that have been compiled for the Native Affairs Secretariat, I am sure the minister would agree, almost warrant, no matter whose responsibility Indians may be, whether they be provincial or federal, the fact of the matter is that Indians die at a faster rate than most other Manitobans and other Canadians. We suffer from diseases that are not common to other Canadians, or at the very least we are more susceptible to these diseases.

I would like to ask the minister whether or not he would agree with us that maybe this warrants a ministry for aboriginal health.

Mr. Praznik: An interesting proposal, obviously one that the Premier creates ministries, but I think probably one of the last things one needs is to set up another specific bureaucracy—and I am not suggesting that is what the minister's thrust is—it is an observation as a minister. Obviously, the issue is, how do you get focus of attention on these issues to get results? That is really, I think, where we are trying to get our mind around.

I know my colleague the Minister of Health (Mr. McCrae), and I do not know if the member had an opportunity to address this in the Health Estimates, but within Health there is some work going on because of that meeting with Phil Fontaine in the interest of the government and the Assembly of Manitoba Chiefs about how we work this out. I know for the Grand Chief and the assembly, it is a very significant issue.

We know that many of the issues that he speaks of, health issues, are addressable by information, particularly where early intervention or having the right information can be most helpful. This problem, and just for a few—for example, diabetes which afflicts the aboriginal community in a very large amount, as it does some other particular ethnic communities, there are issues related to diet, treatment, care and control of diabetes that become important, and that is an information issue, a lifestyle issue, but how do you incorporate that information into lifestyle? I say that coming from a particular background where diabetes is also, not to as large a degree, but is also significant and has been curtailed somewhat because of changes in lifestyle and diet, so I appreciate that a little bit.

Another very preventable ailment is fetal alcohol syndrome and it is certainly not just restricted in any way to the aboriginal community. It is one of the major, I think, health disasters facing our community if you look at it as province. Again, these become issues of lifestyle and information that become very important. Certain rates of cancer, again the same thing, very much on lifestyle and habit and not restricted to the aboriginal community, but the flow of information becomes absolutely critical.

I know the Assembly of Manitoba Chiefs in their discussion on taking over responsibility for the Department of Indian and Northern Affairs, there is a very significant budget for the Health Promotion branch. I know from my days in Jake Epp's office that was a major area, it funded the community health care worker program, those type of things. We are very much interested in it as the government. I know the Minister of Health—how do we work with those particular areas to get into, on a community-by-community, street-by-street, house-by-house, family-by-family basis to address those very preventable or controllable health issues that are there?

* (1140)

I would suggest to the member that we need to have, in my opinion, my observation, for any of this to work, you need to have, I believe, a very significant involvement at the community level because in many of these instances of which we speak, lifestyle and knowledge about lifestyle becomes very important.

If one looks at diet, for example—it never fails to amaze me when I travel to many communities, people who are involved in a traditional way of life talk about traditional diets, lifestyle and the improvement in health compared to a more modern diet, which we all probably suffer from to some degree—if you do not have involvement in the community level on that street-by-street, family-by-family way, all the best programs in the world do not become effective.

I take the member's comments sincerely. That is an issue that the Minister of Health (Mr. McCrae) has to address and we certainly want to work with him, but it has to become the thrust in the next few years in the efforts of his department and certainly one we want to give some direction to.

Mr. Robinson: Mr. Chairperson, I do not think the next few questions have to be answered in great detail. The profile of Manitoba's aboriginal population, I am wondering why it was produced and what it is going to be used for.

Mr. Praznik: Mr. Chair, the document was prepared to compile what, in essence, are already existing public statistics into a profile that gives us as policymakers in government the opportunity to know where we are, where we need to target our particular efforts and resources and to give us a base from which to work. The member for The Pas (Mr. Lathlin) laughs somewhat at this, but I think it is important.

I must tell him, in my experience as a minister, in the last two years one of the things I have endeavoured to do with my colleagues is to get an interdepartmental committee together when we were addressing the issues of self-government when the federal process began.

I can tell him very sincerely that one of the great challenges that we have to overcome as an administration has been just getting all our departments working together and coming at problems and identifying where they are. One of the things we discovered in our working group was that various departments had different views of responsibilities and policies and some of them were not constitutionally sound. We had to get everybody together. That took well over a year just to get that common thinking. So the member may scoff at this, but I think it is important. We—

An Honourable Member: I am just wondering how much it cost and—

Mr. Praznik: Well, the member said, what did it cost? Just the staff time within the Native Affairs Secretariat of compiling that information.

Mr. Robinson: One more question relating to the department, I guess, before we move on to some other subject areas. I wonder if the minister could tell us how many employees aside from two very capable people that he has here today, Mr. Bostrom and Mr. Boulette, are employed by the Department of Northern Affairs currently in upper-level positions?

Mr. Praznik: Mr. Chair, could the member please tell me what he considers upper-level positions?

Mr. Robinson: I am going to speak in Cree, and my colleague will interpret for me in English, if that is all right with the Chairperson. (Cree spoken)

Mr. Chairperson: The honourable member for The Pas, to interpret what the member for Rupertsland said.

Mr. Lathlin: Thank you, Mr. Chairperson. Of course, I will gladly interpret for my colleague for Rupertsland. What my colleague wants to know is, how many aboriginal people work for these white guys?

Mr. Praznik: Mr. Chair, I know the rules of this House. One must be a little bit careful. I think the point that the member is trying to make, of course, is how many aboriginal people are employed in the Department of Native Affairs. Could I ask him then, before I answer the question, his definition of aboriginals? Is it Status, Metis, Bill C-31? If he could be a little more specific before I answer that. Perhaps the member for The Pas (Mr. Lathlin) would like to translate for the member for Rupertsland (Mr. Robinson).

Mr. Chairperson: Order, please. Before we continue on, the honourable member for Rupertsland had asked distinctly if it was correct for the member for The Pas to translate. I think that was within the rules as long as he offers an interpretation of what he had stated because—

Mr. Praznik: I have no problem, Mr. Chair. The member makes a valid point. I just asked him for—

Mr. Robinson: Metis and First Nations.

Mr. Chairperson: Order, please. I would ask the honourable members to put their questions through the Chair. The honourable member for The Pas.

Mr. Lathlin: Sorry, Mr. Chairperson. My colleague is referring to those aboriginal people who are of Metis and First Nations descent.

Mr. Praznik: I must just put a caveat to this because under our civil service policy for Affirmative Action, we have a self-declaration process; not all people make that declaration. So I am giving an observation as opposed to information from that.

I would also like to point out to the members opposite who are members of the New Democratic Party that their party and the Manitoba Government Employees' Union whom they very much support—[interjection] I know I would like to make this caveat because I think members opposite cannot have it both ways. When I was civil service minister and we talked about Affirmative Action hiring, the MGEU, which fully supports his party at the executive level, opposed it, so you cannot have it both ways.

But, to answer the member's question, in the Native Affairs Secretariat, five of eight staff in the Secretariat are aboriginal. Of my senior managers, two of four have aboriginal ancestry, and I believe of the two of the four, one is vacant. So there are two who have aboriginal ancestry. Pardon me, they are all full, so there are two of four then, pardon me, who have aboriginal background.

But I would just like to point out, Mr. Chair, that across government it is easy to make those statements, particularly if you are an aboriginal member of the Legislature in this committee today. But let us not forget that the party to which they belong and the union that supports them very fully have never supported an Affirmative Action program beyond entry level position, and that is something we always have taken up as issue with them. So you cannot ultimately have it both ways.

Mr. Robinson: I do not want to engage in a debate over what the minister has just talked about. We have a few other questions, and I believe we can wrap up the

department before noon hour, Mr. Chairperson. I thank you for your indulgence, as well.

We have a number of outstanding things that we did not raise today. Recently, we met with Lawrence Merasty, who is the mayor of Brochet. We did not get into housing at any great extent this morning. What Mayor Merasty told us about his community is that there has been no new housing there since 1972, and the number of homes amounts to 22, and there are more than 200 or more people living in a community. I know the minister is quite sensitive to these things, and I am sure that we will have an opportunity at some point in the future to discuss these in greater detail.

* (1150)

In this province, in the minister's opening remarks, of course, he correctly pointed out that there is a dismantling initiative that is going on with the Assembly of Manitoba Chiefs with the federal Department of Indian Affairs. The province has not yet been invited to the table to discuss the dismantling initiative. Almost every aspect of the Canadian reality now involves First Nations and other aboriginal people, and there is going to be a constitutional conference that will be forthcoming in the next little while.

As the minister knows, the federal government has pretty much said no to the participation of the Assembly of First Nations, most particularly the national chief. I know currently there are some questions being raised with the First Ministers across this country about their thoughts on that idea about excluding the national leader. I am wondering if the minister would recommend to his First Minister (Mr. Filmon) in this province, that perhaps it is a good idea to have the national chief attend the pending constitutional conference.

Mr. Praznik: I would just advise the member for Rupertsland—and our understanding is this is not a constitutional meeting. It is a First Ministers' meeting of the First Ministers of the provinces, territories and the nation, and Mr. Chretien, the Prime Minister, has convened this meeting. I believe he is talking about the one that is coming up as opposed to the constitutional meeting that I think is required of the amending formula.

If he is talking about the one which is coming up shortly in June—that is a Premiers' meeting—so

consequently it is up to the Premiers and the Prime Minister to determine if they wish to invite anyone else to be part of that.

If he is speaking about a constitutional meeting which is due in 1997, we believe, that is a different matter altogether, so they are different. The one coming up is the First Ministers' meeting and that is up to the First Ministers and the Prime Minister, as the representatives of the provinces, territories and nation to determine should they wish to have anyone else participate in their meeting and their agenda. I am not going to recommend to my Premier, or to anyone else for that matter, whom they should include, just as ultimately when I attend ministers' meetings and we have agendas that have to be dealt with, we determine the best way to carry out our meeting depending on what is on the agenda and who is required to be there to fulfill our discussions.

Mr. Robinson: I should have qualified my question a little better, Mr. Chairperson. I did mean the First Ministers' Conference coming up and also, further down the line, the constitutional conference.

I would like to move on to treaty land entitlement. This is, of course, the issue that is very much in the minds of many people in this province. We have asked the minister, and he has kept us pretty much updated on the latest developments in this area. We have talked with some of the chiefs in recent days on what their perception is of where negotiations are currently. I wonder if the minister could just give us an indication of where treaty land entitlement is at the current time.

Mr. Praznik: Yes, Mr. Chair, a very timely question. Beginning a few days ago here in Winnipeg, the Treaty Land Entitlement Chiefs Committee with all the chiefs present, along with representatives of the federal government and with our people, have been working away at a draft on an agreement in principle pursuant to the agreements that I think were reached two months ago, a month and a half ago, as I have outlined to the member for The Pas (Mr. Lathlin) in his question in the House. We are awaiting the outcome of their deliberations and work. The latest report I had as of last evening was that great progress was being made and actually pending this. As the member knows from his own experience, you can agree on some general principles. When you get down to putting it in an agreement, there are always issues that

arise that had not necessarily been anticipated, so those were worked out in the last few days.

If I may make this comment, I think that there is a tremendous willingness to make our current arrangement work, and as I said in the House as well, that it is our intention. Whether or not one has an agreement, we want to get on with fulfilling our land responsibilities in terms of transferring land. That was the proposal that I took to Chief Whitebird back in April that I think got things kind of rolling again.

Mr. Lathlin: Mr. Chairperson, I just want to touch briefly, as a last item. In my opening statement I advised the committee that I really do not feel like celebrating with the minister when he wants to celebrate all his accomplishments in Manitoba in regard to aboriginal people.

I just want to share with him some of the things that are happening in Saskatchewan in relation to treaty land entitlement. The government of Saskatchewan recognizes that those Saskatchewan First Nations people have distinct historical, legal and treaty rights that must be honoured. They have said that over and over again.

Just to give the minister an example of what is happening in Saskatchewan, 28 treat land entitlement First Nations receiving over 500 million, enabling them to purchase about 2 million equity acres of land, and that is going to more than double the existing reserve land base in Saskatchewan. Also, they have agreed to work in a partnership way in an initiative having to do with training. They have established a northern development fund for northern Saskatchewan Indians. That plan apparently involves over \$10.5 million over five years to train First Nations and other northerners for jobs in mining and other sectors. Initiatives like that—I mean, if that were happening in Manitoba, yes, I would gladly join the party. It is not happening, so I am not really in a party mood. I thought I would share that with the minister.

Mr. Chairperson: Is it the will of the committee that the Chair not see the clock for a little bit? That is agreed, then.

Mr. Praznik: Mr. Chair, I have to thank the member for The Pas for his comment about coming for the party,

because I will tell you, a year from now, when we compare what has happened in Saskatchewan and Manitoba, and I am being a little optimistic that we are going to get things resolved, but certainly two years from now not only will the member for The Pas, I will take him up on his offer to come to the party, but I am going to get him to pay for the refreshments, because I think the member for The Pas looks at Saskatchewan on paper. That is fine. I accept that, but I think he has to look a little bit under the scenes, because he talked about a \$500 million cash transfer and, yes, the reason why the cash transfer is there, as opposed to a much smaller amount in Manitoba, is that there is not the land available, there is not the Crown land in Saskatchewan. Right? So, land has to be purchased.

But I think the member has to look at what percentage of land has actually been purchased to even get to date of first survey. It is very little, and in the discussions that we have had at a political level with Saskatchewan and certainly at an officials level, they are having real difficulty in implementing their agreement. My observation is that it is going to take a long time and have a great deal of problem, primarily for the reason that they do not have a lot of land, and the purchasing and transfer of land is never going to be an easy process. It is not going to be easy here, either, in the communities in southern Manitoba, but they account for a much smaller percentage.

* (1200)

He also talked about this northern development fund that is part of it for training in the North. I remember the days of the Northern Development Agreement here in Manitoba. I worked for a federal minister. I did some openings, and I do not think anyone can point today to that Northern Development Agreement resulting in huge amounts of benefit, probably some incrementally here and there, but by and large never living up to what it was hailed to be. So I am always leery of these things.

I can tell him, though, one difference, a very significant difference, and why I think that there is going to be something to celebrate about different processes. There are two things. One, as a provincial taxpayer, and I say this, Manitoba I think will have managed to fulfill its treaty land entitlement obligations without having to pick up financially the obligation of the taxpayers of Canada. That was always our objective, and I think it is a good

one, because ultimately the money that we put, if we had to put cash in like Saskatchewan has had to do, that is less money to do other things in the province, and this is a debt owed by the Government of Canada. It was the Government of Canada who did not properly do the surveys, and it has been the Government of Canada who has not settled it over the last hundred-and-some years. So it has to be the Government of Canada who assumes the responsibility. Manitoba's obligation is for unoccupied Crown land, and that we have always said we will live up to, and we will, I believe, under this agreement.

The second part of it, I think, that is unique for us in Manitoba is our government has committed to start a very quick process with First Nations. If we pen this agreement in the next few days, we will be down shortly, within months, to working with the individual communities on their selections, and our commitment as land is selected and agreed to, we are prepared to flow it. So unlike other situations where you have had to have 100 percent of land selected and then go through the additions to reserve policy of the federal government that takes one, two, three, four years to do, in the case of Saskatchewan is still not done for most of that selection, we in Manitoba will be getting land transferred and in fact in the hands of the First Nations on a much speedier basis as we get agreement on selection.

I think we will have a much more practical and better process for satisfying, and I do not want to say that is just because of the policy we have set. One thing that will make it easier is the fact that the bulk of our obligation can be satisfied with unoccupied Crown land in Manitoba, which Saskatchewan does not have.

So I think, at the end of the day, whether the member wants to give us any credit for the way we have handled this or not, in reality there will be a much larger percentage of land in the hands of First Nations, maybe still in the process of being transferred to reserve status, but certainly in their hands, usable by them, being developed by those people on a much faster basis than Saskatchewan. If that is the case, then I expect the member to be joining us for some celebration. If it is not, then I will pay for the refreshments.

Mr. Robinson: I think that the rest of these issues that we have here could be perhaps answered by letter. First

of all, an update on the North Central Project. Also another issue that I am sure that we are in agreement with the minister on is the pending changes by the federal government on UI, which is going to cause hardship in areas where people are seasonally employed, and certainly in northern communities, this is unfortunately a way of life.

So, if we could perhaps join together, the minister and I, on these two common issues at some time, we could move on. I just want to by way of saying in concluding this part of the Estimates process, Mr. Chairperson, there are some issues that we wanted to talk about. Unfortunately, we did not have an opportunity to discuss these. Again, we are keeping in mind the time restrictions that have been placed on us and to allow other departments to conclude their Estimates. So we are respectful of that as well.

We would like the minister's support, of course, on being able to pass Bill 201, The Aboriginal Solidarity Day Act. We would certainly like the minister to consider that very, very seriously—[interjection] Okay, good—and join with First Nations and other aboriginal people across this country in celebrating our survival, as I said in my opening remarks.

We have a lot of exciting things going on in northern Manitoba, and I am a little more optimistic than perhaps some of even my own colleagues. We have the spaceport initiative in Churchill, which is the largest private sector development in the history of Manitoba, and we look forward to that and we hope that it is going to be very successful. We did not have an opportunity to talk about that this morning, and, of course, the mining increases that the minister alluded to earlier and the revenue that is being generated from that initiative as well. The North is creating wealth for southern Manitoba, and perhaps southern Manitobans often disregard that reality. A lot of the resources come from northern communities; unfortunately, northern Manitobans are not the ones that benefit in the long run sometimes.

But I do thank the staff for being here and also the minister and his frankness to the questions that we had, Mr. Chairperson. We are ready to proceed with concluding this part of Estimates.

Mr. Chairperson: Item 19.1.(b) Executive Support (1) Salaries and Employee Benefits \$237,900—pass; (2) Other Expenditures \$121,700—pass.

19.2 . Northern Affairs Operations (a) Financial and Administrative Services (1) Salaries and Employee Benefits \$360,900—pass; (2) Other Expenditures \$119,200—pass.

19.2.(b) Program and Operational Support (1) Salaries and Employee Benefits \$231,200—pass; (2) Other Expenditures \$90,600—pass; (3) Community Operations \$5,040,800—pass; (4) Regional Services \$692,300—pass; (5) Grants \$253,700—pass.

19.2.(c) Community Support Services (1) Salaries and Employee Benefits \$1,294,400—pass; (2) Other Expenditures \$498,700—pass.

19.2.(d) Technical Services (1) Salaries and Employee Benefits \$126,600—pass; (2) Other Expenditures \$82,700—pass.

19.2.(e) Northern Affairs Fund (1) Salaries and Employee Benefits \$285,200—pass (2) Other Expenditures \$58,000—pass.

19.2.(f) Inter-Regional Services (1) Salaries and Employee Benefits \$355,100—pass; (2) Other Expenditures \$82,900—pass.

19.2.(g) Agreements Management and Co-ordination (1) Salaries and Employee Benefits \$466,100—pass; (2) Other Expenditures \$151,900—pass.

19.2.(h) Northern Flood Agreement (1) Salaries and Employee Benefits \$121,800—pass; (2) Other Expenditures \$24,500—pass; (3) Northern Flood Programs \$1,230,000—pass.

19.2.(j) Native Affairs Secretariat (1) Salaries and Employee Benefits \$404,500—pass; (2) Other Expenditures \$137,300—pass; (3) Aboriginal Development Programs \$624,900—pass.

19.2.(k) Communities Economic Development Fund \$1,385,000—pass

* (1210)

Resolution 19.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$14,118,300 for Northern Affairs, Northern Affairs Operations, for the fiscal year ending the 31st day of March, 1997.

19.3 Expenditures Related To Capital (a) Northern Communities \$2,379,600—pass.

19.3.(b) Community Access and Resource Roads \$235,000—pass.

We will now revert to the Minister's Salary at this time. Yes, we ask the minister's staff if they could leave.

Resolution 19.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,614,600 for Northern Affairs, Expenditures Related to Capital, for the fiscal year ending the 31st day of March, 1997.

At this time we thank the staff for their work within the department, and we will see you next year.

We will move on to 19.1. (a) Minister's Salary \$12,600—pass.

Resolution 19.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$372,200 for Northern Affairs for the fiscal year ending the 31st day of March, 1997.

This concludes the Department of Northern Affairs, committee rise.

* (1330)

IN SESSION

The Acting Speaker (Ben Sveinson): Order, please. The hour being after 5:30 p.m., the House is now adjourned and stands adjourned until 1:30 p.m. on Monday.

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, May 31, 1996

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