



Second Session - Thirty-Sixth Legislature

of the

**Legislative Assembly of Manitoba**

**Standing Committee**

**on**

**Economic Development**

*Chairperson  
Mr. Peter Dyck  
Constituency of Pembina*



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

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**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT**

**Tuesday, October 8, 1996**

**TIME – 10 a.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Peter Dyck (Pembina)**

**ATTENDANCE - 9 – QUORUM - 6**

*Members of the Committee present:*

Hon. Mr. Praznik, Hon. Mrs. Vodrey

Messrs. Dyck, McAlpine, Ms. Mihychuk, Messrs.  
Newman, Pitura, Robinson, Sveinson

**MATTERS UNDER DISCUSSION:**

Bill 21–The Oil and Gas Production Tax and Oil and  
Gas Amendment Act

Bill 42–The Northern Affairs Amendment Act

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**Mr. Chairperson:** Good Morning. Would the Standing Committee on Economic Development please come to order.

The business before the committee this morning is to consider the following bills: Bill 21, The Oil and Gas Production Tax and Oil and Gas Amendment Act; and Bill 42, The Northern Affairs Amendment Act. If members require a copy of either of the bills, please raise your hand and the Page can provide you with one.

It is our custom to hear presentations from the public before the detailed consideration of the bills. At this point we do not have anyone registered to speak to any of the bills. I would just like to canvass the room to check if there is anyone present who wishes to make a presentation. Is there anyone present here to make a presentation? Seeing that there is no one, we will then proceed with a clause-by-clause consideration of the bills.

Does the committee wish to consider the bills in the order that they are listed on the notice? [agreed]

It is agreed that we will take Bill 21 first, then Bill 42.

**Bill 21–The Oil and Gas Production Tax  
and Oil and Gas Amendment Act**

**Mr. Chairperson:** We will then begin with Bill 21, The Oil and Gas Production Tax and Oil and Gas Amendment Act. Does the minister responsible have an opening statement?

**Hon. Darren Praznik (Minister of Energy and Mines):** Mr. Chair, I think I have covered the purpose behind the bill in my introductory speech on second reading. I know my critic has indicated support for the bill, although we disagree on some of the policies in the department. I certainly respect that difference of opinion, and I think in the interests of time that I am prepared to move on to clause by clause.

**Mr. Chairperson:** I thank the minister. Does the critic from the official opposition party have an opening statement?

**Ms. MaryAnn Mihychuk (St. James):** No, pass.

**Mr. Chairperson:** I thank the member. The bill will be considered clause by clause. During the consideration of the bill, the Title, Preamble and the Table of Contents are postponed until all other clauses have been considered in their proper order by the committee.

Does the committee wish to consider the bill in blocks of clauses? [agreed]

Clauses 1(1) to 2(1)–pass.

Clauses 2(2) to 5(4).

**Ms. Mihychuk:** Mr. Chairman, is it appropriate to ask a question at this point?

**Mr. Chairperson:** Certainly, go ahead, Ms. Mihychuk.

**Ms. Mihychuk:** Clause 2(2) basically speaks to waiving, or reducing, the tax on oil and gas. Under what provisions does the minister see that such a clause would be enacted?

**Mr. Praznik:** Mr. Chair, an excellent question. The reason this provision is in is for two particular situations. One would be where we have some very new experimental developmental technology that we may want to encourage and be able to provide that incentive. Obviously, that technology is likely to include a high degree of risk, and to encourage its use, we may want to look at adjusting tax rates for a period while that technology is being tested in the field.

The second area is in the case of very marginal situations where we may want to make some adjustment on the incremental production, given that it is extremely marginal, so it gives the flexibility to do that, to keep a well in production that might be otherwise, not because of rate of tax. So those are the two positions, or situations, that were envisioned and proposed by the department to accommodate situations that we have seen in the operation of this act.

I appreciate the member's concern about taxation levels. I can assure her that our Treasury Board people, particularly the minister responsible for the Treasury Board and the secretary of the Treasury Board, would certainly not allow us to do any adjustment there unless it was justified for a purpose. We certainly are as cognizant of the need for revenue as anyone.

**Ms. Mihychuk:** Well, I will support the minister and department in terms of perhaps seeing it reasonable for experimental equipment and research. However, when you have a marginal well, I would question the validity of a reduced tax rate. I really believe that the overall policy of the government is inappropriate in terms of oil and gas extraction. I would ask the minister look at sustainability and not further subsidize the removal of a nonrenewable resource.

**Mr. Chairperson:** Clauses 2(2) to 5(4)–pass.

Clause 5(5).

**Mr. Praznik:** Mr. Chair, I have an amendment which I believe is designed to deal with a spelling error in the bill, and I would move

THAT subsection 5(5) of the English version be amended by striking out “equired”—which I do not believe is a word in the English language—and substituting the word “required.”

**[French version]**

Il est proposé que le paragraphe 5(5) de la version anglaise du projet de loi soit amendé par substitution, à “equired”, de “required”.

**Mr. Chairperson:** Amendment—passed. Clause 5(5) as amended—pass; Clauses 5(6) to 8(2)—pass; Clauses 9(1) to 11—pass; Clauses 12 to 14(2)—pass; Clauses 14(3) to 15—pass; Clause 16(1).

**Mr. Praznik:** Yes, Mr. Chair, I have another amendment, which I believe was a technical error in the drafting of the bill, and so I would move

THAT Clause 16(1)(e) be amended by striking out “or an inspector” and substituting the word “in.”

**[French version]**

Il est proposé que l'alinéa 16(1)e) du projet de loi soit amendé par substitution, à “, du registraire ou d'un inspecteur”, de “ou du registraire”.

**Mr. Chairperson:** Amendment—pass. Clause 16(1) as amended—pass; Clauses 16(2) to 19(1)—pass; Clauses 19(2) to 20—pass; Clauses 21(1) to 21(8)—pass; Clauses 22 to 24—pass; Preamble—pass; Title—pass; Table of Contents—pass. Bill as amended be reported.

#### **Bill 42—The Northern Affairs Amendment Act**

**Mr. Chairperson:** Consideration of Bill 42, The Northern Affairs Amendment Act. Does the minister responsible for Bill 42 have an opening statement?

\* (1010)

**Hon. Darren Praznik (Minister of Northern Affairs):** Mr. Chair, again, I have covered. I think, the rationale behind this bill in my opening remarks I know it has

been responded to by members of the opposition, so I am prepared to move into clause-by-clause discussion.

**Mr. Chairperson:** I thank the honourable minister. Did the critic of the official opposition have an opening statement?

**Mr. Eric Robinson (Rupertsland):** I will be very brief on this matter, as I believe that we can move along and pass the bill.

We on our side approve the principle of this act. I believe my colleague the member for Swan River (Ms. Wowchuk) and also the member for The Pas (Mr. Lathlin) spoke in some detail about this particular bill.

Notwithstanding this particular Bill 42, northern residents have no reason to believe that conditions in the North are about to improve as a result of this bill. The high cost of living, limited government services and educational and training opportunities will continue as well as high unemployment in many of our communities in northern Manitoba.

As well, Mr. Chairman, remote northern communities have faced the brunt of government cuts and neglect, and we would like to say, as well, that some of our traditional industries such as trapping and hunting have greatly declined throughout northern Manitoba, and the elimination of the federal government fishermen freight subsidy for fishermen wiped out more than one-third of the fishery and caused devastation to northern Manitoba and, as well, provincial cuts on the province's freight subsidy for fishermen have also hurt northern Manitoba.

This bill is a minor step toward the principle of local control as we see it, but we do support the bill, and we would like to move on with it at this time. Thank you, Mr. Chairman.

**Mr. Chairperson:** We thank the member for those remarks.

During consideration of a bill, the title and the preamble are postponed until all other clauses have been considered in their proper order by the committee. We will now begin with a clause-by-clause consideration. Would the committee wish to consider the bill in blocks of clauses? [agreed]

Clause 1—pass.

Clause 2.

**Mr. Praznik:** Mr. Chair, I have an amendment in this section. In the French version, I believe there was an error, so I move

THAT the proposed clauses 12.1(2), (3) and (5), as set out in section 2 of the Bill, be amended in the French version by striking out “des Finances”.

**[French version]**

Il est proposé que les paragraphes 12.1(2), (3) et (5), énoncés à l'article 2 du projet de loi, soient amendés, dans la version française, par suppression de “des Finances”.

**Mr. Chairperson:** Amendment—pass; Clause 2 as amended—pass; Clauses 3 to 4—pass; Clauses 5 to 7—pass; Clauses 8 to 11(1)—pass; Clauses 11(2) to 13—pass.

Clause 14.

**Mr. Praznik:** Mr. Chair, again, another amendment. I would move

THAT the proposed subsection 50(4), as set out in section 14 of the Bill, be amended

(a) by striking out the section heading and substituting “Fee for copies”; and

(b) by adding “or resolution” after “by-law”.

**[French version]**

Il est proposé que le paragraphe 50(4), énoncé à l'article 14 du projet de loi, soit amendé:

a) par substitution, au titre, de “Droits”;

b) par adjonction, après “par arrêté”, de “ou par résolution”.

I think this expands somewhat the ability of the council to levy fees. They may do it by resolution, not just by by-law.

**Mr. Chairperson:** Amendment—pass. Clause 14 as amended—pass; Clauses 15 to 17—pass; Clause 18—pass; Clauses 19 to 21—pass

Clause 22.

**Mr. Praznik:** Mr. Chair, the last of my proposed amendments. I understand that there is an error in the section—cross-reference to section 72(a), and the correct cross-reference should be to section 72(b). So I would therefore move

THAT the proposed section 77, as set out in section 22 of the Bill, be amended by striking out “clause 72(a)” and substituting “clause 72(b)”.

**[French version]**

Il est proposé que l'article 77, énoncé à l'article 22 du projet de loi, soit amendé par substitution, à “l'alinéa 72a)”, de “l'alinéa 72b)”.

Which then gives us the correct cross-reference. Thank you, Mr. Chair.

**Mr. Chairperson:** Amendment—pass. Clause 22 as amended—pass; Clauses 23(1) to 25—pass; Preamble—pass; Title—pass. Bill as amended be reported.

This completes the business before the committee. Committee rise.

**COMMITTEE ROSE AT: 10:17 a.m.**