



Third Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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The Honourable Louise M. Dacquay
Speaker*



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

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

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, April 22, 1997

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mobile Screening Units for Mammograms

Mr. Stan Struthers (Dauphin): I beg to present the petition of Pat Petrash, Teresa Rausch, Dean Rausch and others requesting that the Legislative Assembly of Manitoba request the Minister of Health (Mr. Praznik) to consider immediately establishing a mobile screening unit for mammograms to help women across the province detect breast cancer at the earliest possible opportunity

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

Committee of Supply

Mr. Mervin Tweed (Acting Chairperson of the Committee of Supply): Madam Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again.

I move, seconded by the honourable member for Gimli (Mr. Helwer), that the report of the committee be received.

Motion agreed to.

MINISTERIAL STATEMENTS

Flooding Emergency Response Plans

Hon. Gary Filmon (Premier): Madam Speaker, I have a ministerial statement, and I apologize for not having copies of it. I believe there are some copies that are being made available, and I can either go ahead—it

is to do with the flood—and invite members to take whatever time they need for response or questions or else wait until I can get some copies in.

Madam Speaker: Does the honourable First Minister have leave to proceed with the ministerial statement prior to the receipt of the copies? [agreed]

Mr. Filmon: Madam Speaker, I want to begin by congratulating all the municipal officials, residents and most especially the volunteers of Manitoba on their united efforts to deal with the flood threat. In threatened areas throughout the Red River, I have been very impressed by the overwhelming turnout of people to deal with the flood of 1997. I also commend the government employees of Manitoba Natural Resources, Manitoba Emergency Management Organization, the Department of Highways, the Department of Health and the many other departments who are working literally around the clock to assist the affected southern communities deal with this flood. They are certainly working above and beyond the call of duty.

We cannot overlook the equally valuable support of many service organizations such as the Red Cross and the Salvation Army who have brought their much-appreciated resources into this effort. This flood, the largest of the century, will definitely be noted as one of the most substantial mobilizations of people and resources Manitoba has ever seen to address a natural disaster. The key to a successful effort, besides the spirit of the people of Manitoba, has been the co-ordinated emergency response plans our communities have in place. Working with well-prepared emergency response plans, the people in communities along the flood path have very effectively brought all our resources to bear on this situation.

Manitoba's emergency response system focuses on the needs of a community from the community's perspective. Long before we were faced with these circumstances, all affected communities in consultation with the province had their emergency plans in place and in fact ran trial runs. Under our provincial legislation, local officials, mayors, reeves and councillors take the lead role in the first emergency

response with the support of the provincial government. Local governments have the authority to determine when and to what extent they will respond to any given situation. Using the discretion and authority they possess under this system, several communities have declared a state of emergency. These include the towns of Morris, Emerson, Dominion City and Ste. Anne, as well as the rural municipalities of Franklin, Morris, Taché and Montcalm.

* (1335)

In some communities evacuations are underway. As of today approximately 3,200 people are leaving their homes. These are primarily from Emerson, Dominion City and the Rural Municipality of Morris. Evacuees are co-operating with their local authorities, and the evacuations are proceeding at an orderly pace. In accordance with their emergency management plans, reception centres have been established in neighbouring communities, and we appreciate their assistance at this time.

Let me make it clear, there is the potential for the entire valley to be evacuated, and we are working with all the communities in the valley. There are close to 20,000 Manitobans living in the Red River Valley. Any decision to evacuate the valley will be made in close consultation with the community officials who will implement the evacuation plan. Even with good plans in place, I can only imagine the anxiety and stress our neighbours feel when they have to leave their homes and properties. I know the stresses are immense and the people are beginning to tire, but I also know the people of these communities have no intention of giving up now. We will ensure the province spares no resource to sustain their fight.

The flood forecast status has not changed since Sunday. We are expecting the water to crest in Emerson later this week and in Winnipeg around May 2. Yesterday I went to Morris, Emerson, St. Adolphe, St. Jean Baptiste and Ste. Agathe to see the extent of the flooding. There are a number of secondary roads already closed, and many more are at risk. Numerous farms are already experiencing flooding. At the request of several communities, we have asked for and received military personnel to help with sandbagging. One

hundred armed forces personnel are in the Rural Municipality of Ritchot, and over 100 armed forces personnel have been deployed in Emerson.

As you are aware, last night the gates were raised and the Winnipeg floodway was put into operation. This channel, along with the Portage diversion, the Shellmouth Dam and various dike systems, will reduce the impact of the flood waters in many areas, especially in the city of Winnipeg.

In Winnipeg local authorities are continuing their flood preparation attacks and are co-ordinating diking of vulnerable residences not protected by the primary dike system. From the air both yesterday and this morning, we observed the diking that has been completed or is underway on Kingston Row, on Scotia Street and Elmwood and St. Norbert.

This morning we went to Breezy Point where it was obvious that we are not presently faced with the same ice-jamming situation as last year. Early indications appear that the ice-drilling experiment we tried in this area had a positive effect, but no one can accurately predict how Mother Nature will treat us over the next week. She plays by her own rules. Every night as we watch the pictures of the devastation the flooding has caused in Grand Forks and other communities in North Dakota, we are reminded of her power.

Our hearts go out to our southern neighbours. I spoke yesterday with Governor Schafer, and unfortunately there is little we can do for them but to show both the empathy and the co-operation that the people of Fargo have towards us and our friends in North Dakota. The City of Fargo has offered some 75,000 filled sandbags to us, both because the peak has passed them and in fact they lost the battle in some areas, so they have these excess resources which are now being trucked to Manitoba.

We are deeply appreciative of that gesture, and even though this is the most serious flooding situation this century, I firmly believe the people of Manitoba, the communities and the city of Winnipeg and province are doing everything we can to deal effectively with the situation. As I have said many times before, we have been preparing for the worst and hoping for the best.

I wish to reassure the municipalities, towns and people along the valley and the people of Winnipeg that the province will continue to work with local and city authorities to monitor and evaluate the situation as the flooding progresses. We will share all information and deploy all resources at our disposal to fight the flood.

* (1340)

Also, today, the Minister of Government Services (Mr. Pitura), under our legislation, is declaring a provincial state of emergency. This gives us additional abilities to take certain actions which may be required to fight this flood emergency. Let me be clear, however, this does not in any way suggest that we are taking any authority away from local decision makers. We have tremendous confidence in the abilities of local rural municipalities and other municipal governments to manage the situation in the best interests of their communities. They are doing a fabulous job, and this just gives them one more tool at their disposal should the crisis worsen.

I thank you very much and look forward to the comments of our colleagues, Madam Speaker.

Mr. Gary Doer (Leader of the Opposition): I would like to thank the Premier for his update and his statement in the Chamber here this afternoon. As the Premier has indicated, the work across our province and across our region has exemplified the best in our citizens, the spirit of co-operation, the spirit of community, the spirit of coming together to deal as fellow citizens in a time of potential crisis and crisis indeed in some of our communities.

I want to applaud all the volunteers that have been participating in our collective community efforts all across our communities in Manitoba. I want to congratulate the public employees that are working on behalf of all of us in the provincial government, the municipal governments and in the federal government on our collective efforts. I also want to join the Premier in congratulating many of the service organizations that have been working on the front lines of our collective efforts.

I would say, in terms of dealing with the federal government—I said it in the House yesterday, and I will

say it again today—that it is our great desire to have as many members of the Armed Forces available as soon as possible. We want people from the Armed Forces available to prevent tragedies from happening not to deal with evacuations after they happen. That would be our recommendation in terms of the priority of utilizing as much as possible the Armed Forces and resources available.

We have much to celebrate in terms of the hard work that has been performed across our province, but we also have some tragedies that we have to think about today—a young boy over the weekend, a four-year-old who perished in the waters in our communities. Our condolences go out to the family and community on this death. I think that exemplifies all of our collective priorities. The material devastation that may take place with this flood and has taken place with the flood is serious, but the human tragedies that could take place and have taken place must remain our No. 1 priority. Human life is so important, and we must do everything in our power to make sure that tragedies are prevented and human tragedies are avoided.

I want to say to the Premier that I recall a couple of weeks ago listening to the people in Fargo. I remember the people in Fargo saying they were prepared for the crest of the Red River that was expected I believe about 10 days ago. Regrettably and tragically, they were wrong, and the Red River of course damaged many communities and there was again loss of life in that Fargo community. Our hearts too go out to the people of that community, our southern neighbours. Last week we heard the people of Grand Forks saying: What happened in Fargo will not happen here in Grand Forks. All of us who watched the television pictures and read the news reports again were shocked to see the absolute devastation and were shocked to see the fact that that community was off by three or four feet in their projections, with the resulting impact of a powerful river running through a community and representing one of the largest tragedies in all of the United States last year.

I am pleased to hear the Premier saying that there is no change contemplated today in terms of the flood forecast, but again, we are dealing with the change of three feet in the projections on Sunday alone from

Friday, something that is challenging again all our communities, as the Premier stated.

We certainly support the Premier's call for a state of emergency, and we too will do whatever we can with all of our communities to deal with the 20,000 people that are directly impacted in our Red River Valley communities. We offer any sense of co-operation or any act of co-operation in this direct threat to the homes of those 20,000 people. We hope that evacuations can be limited, but again I reiterate that personal injury and personal safety must be the key determining factor. Madam Speaker, as I have said before, it is important that we work together in a co-operative way.

* (1345)

It is also very important that we have favourable weather as the peak period develops in Emerson earlier this week and Selkirk earlier this week and next week scheduled to move right up north in the Red River Valley to the community of Winnipeg. I want to say that we are praying for good weather. We are going to be working with our neighbours as the members opposite are and all members of this House are. We will be working together with our communities, and we will pledge our co-operation and support in this time of crisis to work on behalf of all Manitobans. Thank you, Madam Speaker.

Mr. Kevin Lamoureux (Inkster): Madam Speaker, I, on behalf of my caucus colleagues, wanted to also express some concerns and our sympathies as all members inside the Chamber recognize the current crisis that is facing Manitobans. It only seems a couple of weeks ago when we had a snowstorm which shut down a good portion of the province, and once again we are facing yet another crisis. Through that crisis we have seen just a phenomenal effort from all Manitobans, young and old alike, that are participating in trying to alleviate the many concerns that are being raised as a direct result of the flood.

I would echo many of the words that the Leader of the New Democratic Party has put on the record with respect to us working together. In fact, we have seen the opposition parties in the House agree yesterday to not calling for votes in order to allow the government to be able to carry on its responsibilities with respect to

the crisis that we are currently in without having to worry about its members being called to the Chamber in order to have a vote. It also allows members of the opposition to be able to be out in their communities where we can hopefully contribute to alleviating some of the concerns and crises that indeed are out there.

The member for The Maples (Mr. Kowalski) brought up this morning with me a couple of youths in The Maples area that were apparently brought into the sewer system. One I understand has been pulled. I do not know if they have pulled the second person. The Leader of the New Democratic Party expressed concern for the young boy that died yesterday because of the flood, and I think all members of this Chamber extend the condolences for that particular young man and share the concerns that this is indeed a very dangerous situation, and we need to caution all Manitobans of just what could happen. For our part, we are going to do what we can in terms of co-operating and encouraging the government to take whatever actions it can to minimize any sort of damage in as co-operative a fashion as is possible.

With those few words, again, we applaud all of the efforts and extend our sympathies to all those who have been thus far so drastically hit, in particular down in Fargo, and as it comes up to Manitoba, in particular those individuals that are being evacuated, people of the community like Emerson who are so used to extending their hands to help. No doubt it has caused a great deal of grief and we extend our sympathies to them.

Thank you, Madam Speaker.

TABLING OF REPORTS

Hon. Rosemary Vodrey (Minister of Culture, Heritage and Citizenship): I would like to table the Supplementary Estimates Information for the Department of Culture, Heritage and Citizenship.

Hon. Mike Radcliffe (Minister of Consumer and Corporate Affairs): Madam Speaker, I would like to table the Annual Report for 1996 for the Public Utilities Board.

* (1350)

Introduction of Guests

Madam Speaker: Prior to Oral Questions, I would like to draw the attention of all honourable members to the public gallery where we have this afternoon thirty-six Grade 6 students from the Nordale School under the direction of Mrs. Carol Hill and Mr. Neil Jackson. This school is located in the constituency of the honourable member for St. Boniface (Mr. Gaudry).

Additionally, we have nine visitors from the International Centre, Tourism Program under the direction of Ms. Julie Cushing. This group is located in the constituency of the honourable member for Broadway (Mr. Santos).

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

ORAL QUESTION PERIOD

Flooding Sandbag Availability

Mr. Gary Doer (Leader of the Opposition): My question is to the First Minister, and again I would like to thank him for his statement today.

Madam Speaker, people have been concerned since the adjustment on the forecasts about the lack of sandbags in a number of communities since this Sunday forecast had been changed by three feet. Apparently the R.M. of Morris is out of sandbags, the R.M. of Rhineland, the R.M. of Franklin, Ritchot is short on sandbags.

I would like to ask the Premier: What is the status of sandbags? He noted in his statement that there were some coming from Fargo. I have heard there are some coming from Edmonton. Can the Premier please advise us of the situation in rural communities dealing with sandbags and sandbag shortages?

Hon. Gary Filmon (Premier): Delivery of 1.4 million sandbags was received around noon today from Edmonton, another delivery from St. Boniface Bag was made available first thing this morning of about 400,000 sandbags, and another order from St. Boniface

Bag is available as of Friday of about two million sandbags.

Certainly, this will far exceed any request we currently have and should leave us a great deal more for anticipated future needs.

Mr. Doer: Some of the communities that we have been listening to and talking with are concerned that the sandbags will not get to them before their roads are washed out.

Can the Premier please advise us of the timing of those sandbags and particularly the rural communities that have run out of sandbags and whose roads are being washed out? They feel very worried to wait a little bit later that that will affect dramatically their transportation options.

Mr. Filmon: Madam Speaker, I cannot confirm the allegations of the lack of sandbags or concern about—in many cases, I might say, the requests must come through the local municipalities. I know that yesterday in my discussions with people in local municipalities, the judgments are being made by the local co-ordinators, emergency plan co-ordinators and municipal leaders, and it may well be there are plenty of sandbags that are sitting there and choices are being made with respect to allocation at local levels, which we support.

We believe that sometimes—well, in fact, we were in discussion with people who talked about hoarding of sandbags by particular, either individuals, areas, communities, whatever have you, and it is very difficult for us to superimpose our judgment on those local situations. So what we have to do is ensure that we respond to the requests from the local co-ordinators and the local municipal leaders. We are confident that we are able to do that. My only advice to the Leader of the Opposition and any others who hear these kinds of things would be perhaps to do a little further investigation to ensure this is not just a local issue.

* (1355)

Mr. Doer: Perhaps we need another means of dealing with that. Last evening, for example, many of us were on Scotia Street, and we often would run out of sandbags. Quite often, in fact, we were waiting an hour

at a time for sandbags which had, I think, a bit of a dampening effect on volunteers.

Is there any way in which we as MLAs when we hear about these problems, wherever it is, whether it is in Winnipeg or in a rural community—is there anybody we should be contacting on the provincial level? Is the EMO working with the civic officials? Is there any way we can take our information, check it out and follow it up so that people on the line feel there is a way of checking it out on behalf of the volunteers who are trying to move those bags? This was in a situation where the water was lapping right at the base of some of those bags on Scotia, and it was quite worrisome last night for all of us there, the hundreds of people who were volunteering.

Mr. Filmon: Certainly, Madam Speaker, EMO would be the place to call. There is a central number through which everything should be co-ordinated. I would say as well that within the city of Winnipeg, again, the provincial government is not imposing its priority choices. To the best of our knowledge, the City of Winnipeg has not run out of sandbags, so what we may have is an allocation problem and sometimes there is a communication difficulty.

I heard somebody call in to an open-line show this morning saying they have been trying to get through to the local municipal engineer, when clearly there is a number to call that co-ordinates all the activities, and there are people in place who are intended to co-ordinate the activities. There is no question that nobody could get hold of the local engineer with all the demands that would be on that person's time, and that would be wrong to be attempting to make that call. Yet this person insisted that is who he wanted to talk to to satisfy the situation.

There are central numbers both at the city level and at the provincial level. Our best advice would be to go to the central EMO number and the central City of Winnipeg number, which I heard given over the radio. These are the things that I think we should be advocating to everybody is go to the central authority and let that person then have the request allocated to the right person. They have a very good management plan in place, and I believe that all they have to do is follow the management plan and it will be carried through.

Flooding Livestock Carcass Disposal

Ms. Rosann Wowchuk (Swan River): Madam Speaker, as a result of snowstorms and flooding, people in North Dakota have suffered tremendous losses and some of those losses have been faced by farmers and their livestock herds. Thousands and thousands of animals have been lost, and many are now in the flood waters that are moving toward Manitoba.

I would like to ask the minister responsible for emergency measures: What plan has been put in place to ensure the collection and disposal of these carcasses to ensure that there is not risk of disease spreading or contamination of water?

Hon. Frank Pitura (Minister of Government Services): Madam Speaker, the question from the honourable member with regard to the dead livestock carcasses is a very important one, and it is an issue that yesterday we were briefed on. There is a committee established between the provincial Department of Health, the Emergency Measures Organization, the federal Department of Agriculture, and Manitoba Agriculture to put in place a strategy which would be targeted at what to do with the dead carcasses if they are not going through the system and they become dislodged or whatever in terms of being able to clean up the problem.

Ms. Wowchuk: To the same minister: Can the minister indicate what steps have been taken to move livestock from the flood areas and farms in Manitoba to ensure that we do not have the same problems here? Will his government step in to move livestock in areas where farmers refuse?

Hon. Harry Enns (Minister of Agriculture): Madam Speaker, I can just inform the House and the honourable member that, specifically with the problem of dead livestock that may come down to us in the flood waters, arrangements have been made with our largest rendering firm, the Rothsay people, to handle all of the livestock. They are the rendering company that is equipped to handle dead stock and have the equipment to winch them out of riverbanks or wherever they may be found. Certainly, you know, I am reminded by my colleague the Minister of Health (Mr.

Praznik) that we want to do everything to ensure this does not add to the already serious environmental issues that the flooding waters bring with them.

My department is working extended hours with all of the livestock producers. A good number of the livestock have been marketed or are being marketed even though they are not always at optimum age or weights for marketing. There is some ongoing concern about some of the specific facilities, particularly with poultry. Unfortunately, the laying hens, you cannot move them that easily to do otherwise, but the Department of Agriculture is working extended hours to work with the individual producers.

* (1400)

Agricultural Equipment Storage

Ms. Rosann Wowchuk (Swan River): Given that many farmers are in preparation for spring seeding and have their chemicals and fertilizers on their property, can the Minister of Agriculture or Emergency Measures give us an indication of what steps have been taken to give farmers direction to ensure that these products are properly stored or moved off property that is at risk of flooding?

Hon. Harry Enns (Minister of Agriculture): Madam Speaker, as the Premier (Mr. Filmon) indeed indicated in his statement, all responsible parties at the municipal levels and certainly within the Department of Agriculture have been working in a great deal of detailed advance work that included moving grain out of the valley in late January and February with the co-operation of the Canadian Wheat Board and the railways. It certainly included, again, our extension staff in ensuring that particularly chemicals not be allowed to stay in harm's way that could then cause difficulties, not unlike the kind of advice that the natural gas people are providing to ensure that all of those functions are properly shut down or shut off prior to flood waters overtaking them.

Flooding Floodway Capacity

Mr. Daryl Reid (Transcona): Madam Speaker, thousands of volunteers have been working long hours

in preparation for the coming flood waters in the Red River Valley. Fortunately, in past floods, the city of Winnipeg has had the benefit of the floodway to protect the lives and property of residents living in the city. Residents of east Transcona bordering on the floodway are apprehensive about the floodway's ability to handle the excessive water flows that are projected to be coming towards us.

I want to ask the Minister of Government Services to confirm the comments of the Water Resources officer who made a comment in the media this morning that stated that we are facing a one-in-200-year flood.

Hon. Frank Pitura (Minister of Government Services): In response to the member's question, I think that statement probably is close to being fact, that it is a one-in-200-year flood.

Mr. Reid: Will the minister also confirm that the floodway itself was constructed to handle a one-in-160-year flood?

Hon. Glen Cummings (Minister of Natural Resources): Madam Speaker, regardless of the centuries or the decades involved, the redundancy that was built into the floodway and the control gates and all of the structures that are associated with the protection of the city, using that system does significantly exceed even the very high levels that we are expecting today. Of course, when we are dealing with the enormous forces of nature, one can never take anything for granted, but the volumes to which it has been constructed are significantly in excess of what we believe is coming.

Earthen Dike Construction

Mr. Daryl Reid (Transcona): Since there has been a revision of the level of the flood waters coming towards us from Friday to Sunday, can the government advise what steps are being taken by EMO or Water Resources to construct earthen dikes protecting those homes in those communities such as Transcona that are bordering on the floodway? What steps are you taking at this time in case those flood waters do exceed the banks of the floodway?

Hon. Gary Filmon (Premier): Madam Speaker, I just want to be absolutely certain that the member for Transcona does not leave on the record that the floodway could not handle the capacity.

Last evening I was at the floodway intake and asked the engineers who are in charge of the floodway about the prospects and the probabilities. To give him some indication, the current flows that went through Grand Forks were 110,000 cubic feet per second at the maximum. That will be added to somewhat as it comes north, and their current expectation is about 130,000 cubic feet per second. The floodway itself is capable of taking in excess of 100,000 cubic feet per second. They are currently expecting that they will divide it almost equally and that there may be 75,000 cubic feet per second go through the floodway and about 65,000 or 60,000 go through the city of Winnipeg. But they have more than adequate capacity, and there would be no need to be concerned about overflows from the floodway or anything of that nature. I want that to be absolutely clear.

Autopac Privatization

Mr. Steve Ashton (Thompson): Madam Speaker, I have a question on another matter, a very important matter for Manitobans, and that is the future of Autopac.

The Conservatives have never really accepted Autopac. They wore black armbands when it was established in the early 1970s. Sterling Lyon tried unsuccessfully to privatize it in the late 1970s, and even three years ago when they brought in no-fault insurance, they did it in a way that shafted many recipients. They took the good concept of no-fault and have left many people right now suffering. Now we have the Insurance Bureau of Canada running a poll on privatization. After MTS, Manitobans are justifiably worried.

I want to ask the Premier if he will do what he did not do on MTS and guarantee the people of Manitoba that he will not privatize Manitoba Public Insurance Corporation either in full or in part without first ensuring the people of Manitoba have their say through an election.

Hon. Gary Filmon (Premier): Madam Speaker, I just want to say that I read that article that was put together by a reporter in the Winnipeg Free Press, and I was shocked at the combination of circumstances that led to what I thought was a particularly misleading headline saying that we are studying Autopac. The member should know that at the time of the introduction of no-fault insurance, one of the conditions we made was that we would do a review of the operation of no-fault, period, paragraph, and that is exactly what the appointment of Mr. Uskiw as a review person is for. It is part of the act, and we are fulfilling the mandate of the act, nothing else. The way in which that article was concocted to mislead this as to being a review of all of Autopac under public ownership is absolutely false. We have no intention of doing that, and I want the record to be clear.

Mr. Ashton: Madam Speaker, that was not my question. Indeed, I will be asking about the review of no-fault, which I will be doing in a supplementary.

I want to ask the Premier again, because the fact is the Insurance Bureau of Canada, those publicly minded individuals who either want an increase in commissions from 5 percent currently to 12.5 percent to 20 percent or the privatization of Autopac, are conducting a poll right now. Manitobans do not trust this government on privatization. I want to ask the Premier what I asked him in the first question: Will he please guarantee that he will not sell off MPIC like he did with Autopac, either without putting it first to the people of Manitoba in a general election or a vote of the shareholders, the people of Manitoba?

Mr. Filmon: Madam Speaker, I think that the one thing that Manitobans do not trust is the way in which the New Democrats politically manipulated and mishandled Autopac. In fact, it was an issue in the 1988 election campaign that contributed to the devastation of the New Democratic Party because of their former minister shredding records, because of their political setting of the rates with increases that were intended to be in excess of 24 percent and all of those issues in which they just about brought that corporation to its knees, and we had to restore its credibility and restore it to good management. That is what Manitobans expect from us; that is what we will continue to provide them, is an Autopac that serves

their needs well with high levels of service and the most reasonable rates in Canada.

* (1410)

No-Fault Insurance Review

Mr. Steve Ashton (Thompson): If the Premier once again will not put on the record a guarantee to Manitobans he will not sell off Autopac, will he then explain why they chose the route of a political payoff in the appointment of the review commissioner? Why, given the very serious concerns—[interjection] Well, Madam Speaker, the individual involved is one of the major contributors to the Conservative Party, surprise, surprise. I do not know if he plays golf with the Premier as well on top of that, but I want to know why they did not appoint an individual that could deal with the very serious concerns that have been expressed by many victims. There are hundreds of people in Manitoba who have been shafted by the Conservative government when they brought in no-fault, a good concept, and did it at the expense of many of the people who have been injured in automobile accidents.

Hon. Gary Filmon (Premier): Madam Speaker, I find it difficult to accept that the members opposite do not accept a former New Democrat minister of this House who served here for 20 years, I believe 16 of those 20 years in the cabinet of the New Democratic Party, and they do not think that he is impartial enough to be able to review Autopac. He is a former minister responsible for Autopac, and they do not think he is qualified to review it.

I think, to his credit, he has recognized that there is good government in this province, and if he supports this government that should not be a reason why he has to be rejected as a commissioner. The fact of the matter is he does have the experience, he did serve in this House for 20 years. We do not hold it against him that he was a New Democrat. I do not understand why they hold it against him that he has seen the light and he recognizes good government.

Flooding Safety Concerns

Mr. Kevin Lamoureux (Inkster): Madam Speaker, my question is for the Minister of Education.

Along with spring, we get a lot of young people that are playing outside in the streets throughout the province, in particular in Winnipeg, in Portage la Prairie, which was demonstrated yesterday, and there are a lot of safety concerns that are there. I am wondering if the Minister of Education can indicate if she has sent any sort of correspondence to the school divisions or any sort of notification so that we do get the kids being told of the dangers of playing around the sewers. What might look like a safe surrounding is not that safe, and given the reports we have had coming out of The Maples in particular this morning—if the Minister of Education has done anything to that effect.

Hon. Linda McIntosh (Minister of Education and Training): Madam Speaker, I thank the member for the question. The deputy minister is meeting, now is probably just finishing up a meeting with senior officials from the various stakeholder organizations, superintendents, trustees, teachers, school business officials, et cetera, co-ordinating a whole series of actions surrounding the dangers of the waters that are now flowing over Manitoba. That will include a whole series of items, including the safety of students, their continuing education, school closures, et cetera.

So I thank him for the question. It is a well-motivated one, and I want him to know that those discussions are being done in a co-ordinated way with the leaders in education right now.

Military Resources

Mr. Kevin Lamoureux (Inkster): My supplementary question is either to the Deputy Premier (Mr. Downey) or the Premier. Yesterday, the Deputy Premier indicated that the military was in essence on call, that there were several hundred that were out there. I am wondering if we can get some sort of indication from the government as to when does he intend on having more military personnel being involved in the process.

Hon. Gary Filmon (Premier): Madam Speaker, yes, we have the assurance of the federal government, and I believe that the Minister responsible for National Defence is in the province today to review the situation on his own. We had senior officers from Edmonton, from the Land Forces Command in Edmonton in the province over the last while, and they have actually set up a temporary command post here to ensure that they

will be able to co-ordinate an instant response to all of our needs. As an example, there was a request from Emerson, and it was responded to in less than 24 hours with about 100 people currently in Emerson, about 100 people currently in the R.M. of Ritchot.

We believe that they have relatively instant access, say within 24 hours, to about 1,500 armed forces personnel should they be required, and more will be made available if we exceed demand for that requirement. So we do not anticipate a problem, and we deploy them through Emergency Measures Organization as the Command Centre. A request comes in from the local municipal jurisdiction to EMO, they turn to the military and access the resources, and the system is in place to respond to it. I do not anticipate that we will run short of personnel. It is just a matter of the chain of command taking its effect.

Mr. Lamoureux: Madam Speaker, I would ask if the Premier would see to it that in fact we get maybe some military personnel involved in some of the potential security measures, whether it is from places that have been evacuated to monitoring or watching over some of the dikes, in particular for safety problems. Does he feel there is a role for the military to play with respect to those types of issues based on security?

Mr. Filmon: Again, quite honestly, I accept the advice of the member opposite, but that is not something the Premier should be commanding. There is a chain of command, and there are very, very experienced people in place, and there is an accepted emergency management plan that everybody is aware of. The security is in the hands of the RCMP. In fact, when I was in Emerson, I discussed that with the mayor. Essentially, that will be a ghost town with the RCMP and their security system. They will, I believe, access some military personnel as part of that effort, but they will need specific people who will be able to address it if, for instance, pilot lights went out in furnaces, electrical difficulties.

So they will have people of all different skill categories around as part of that and they will be, in effect, in charge. Once the community has been abandoned and is living outside the ring dike, there will be emergency personnel under the co-ordination and command of the RCMP, and they will access military personnel if they require them.

Health Privacy Act Consultations

Ms. Diane McGifford (Osborne): Madam Speaker, it is not often that this side of the House cites Alberta as a positive example, but today I note that when the Alberta government decided to bring in a health privacy act, they sent an all-party committee throughout the province to meet with the public and hear their presentations. By contrast, this government circulated a discussion paper to a select number of stakeholders and asked for responses. The news for the minister, of course, is that all Manitobans are stakeholders with regard to their private and confidential health records.

I want to ask this minister: Why the secrecy? Why are you so intent on shutting Manitobans out from this process? Why is it not open, public and consultative?

Hon. Darren Praznik (Minister of Health): Madam Speaker, first of all, I am somewhat surprised at the point of view that the member takes because what I have done is something that is actually somewhat unusual for the process in Manitoba. First of all, the stakeholders committee, this is not the first time that they have been involved in the process. They have been involved in it from the very beginning. They are involved in it in the development of the system. They are involved in it in the development of privacy, and what we have done with this particular draft is taken a draft legislative piece back to the stakeholders who worked on it from the beginning to ensure that the legal drafts of this particular bill are reflective of the advice that they gave us. That normally does not happen in the development of most legislation.

Once we are of the view that that draft is reflective of their advice and any other policy decisions are made, we will bring it to this Legislature and this Legislature will hold public hearings after it has passed second reading. So, Madam Speaker, this is a very open process in our own Legislative Assembly and with what has been done to develop the bill so far.

Ms. McGifford: Madam Speaker, I would understand that normally the public would be consulted prior, as well.

* (1420)

Draft Legislation Request

Ms. Diane McGifford (Osborne): I want to ask the minister, since the Premier promised cutting-edge legislation and since the public has been excluded from a secret process, if he would consider releasing his draft legislation as a white paper so that Manitobans might respond to this legislation which will affect the lives and rights of all Manitobans.

Hon. Darren Praznik (Minister of Health): Madam Speaker, again, from the New Democrats, exaggeration which does not, I think, lend itself to good public debate. This is not a secret process. Since when is sharing information with the Manitoba Association of Registered Nurses or the College of Physicians and Surgeons or other members that represent in a formalized way stakeholders, that that is a secret process? When we released that draft, we indicated they should clearly go back to their organizations and have that consultation.

When we as a government want to consult with organizations—well, the former Minister of Health flags the Manitoba Association for Rights and Liberties as being one of those organizations involved. This is a very good way of getting, I think, input on a very important piece of legislation from people who represent a wide variety of views and spend a great deal of their time studying these issues, and we went to that group first to develop the principles on which the legislation would be based. We have had it drafted; we have brought back; we will introduce it in this House, and it will have extensive debate and public review in this Assembly before it is passed. That is the essence of the Manitoba legislative process.

SmartHealth Postponement

Ms. Diane McGifford (Osborne): Madam Speaker, again, I flag the Alberta example. I want to ask the minister if he will do the sensible thing, if he will put SmartHealth, that is the collection of health care information including personal medical records, on hold until a health privacy act has passed the scrutiny of this House and the stakeholders, in this case the people of Manitoba.

Hon. Darren Praznik (Minister of Health): Madam Speaker, I have said very clearly in this Assembly, I believe the former Minister of Health during his time in this office has said the same thing, it is not our intention, our plan or in any way do we want to have the SmartHealth program operational until privacy legislation has been passed by this Legislative Assembly, and part of that process of passing it is public debate, public review, public hearings through our legislative committees, and ultimately this Legislative Assembly passes judgment on the legislation. I can tell the member that the operation of that SmartHealth program will not take place, will not be implemented until this House has passed judgment and provided for privacy legislation. I have told the member that before, even if she does not remember.

ManGlobe Partnership Agreement

Mr. Jim Maloway (Elmwood): Madam Speaker, my question is to the Deputy Premier. In the July 14, '95, minutes of the ManGlobe steering committee, Duncan Jessiman, a private lawyer, reports that, quote, he was asked by the province to see that this deal gets done, unquote, and gives a target for signing the multilateral agreement of August 11, '95, just 28 days later. It is further noted that MTS will, quote, not likely require a board decision to sign the multilateral agreement.

Will the minister tell us who in the government directed Duncan Jessiman to, quote, see that this deal gets done, and will he release a copy of the multilateral agreement?

Hon. James Downey (Minister of Industry, Trade and Tourism): Madam Speaker, the research and development project which the member refers to, known as ManGlobe—which by the way is still operating with some 12 people working and has just brought on a new investment individual and group—I said to the member yesterday that I would check as to whether or not Michael Bessey had been involved in the initial stages or in the program. I took the question as notice. I am informed by the department that in the initial stages Mr. Bessey did have some work that he did, which I have no difficulty with. I am not aware as to any directive from anyone that the member is referring to.

Michael Bessey Role

Mr. Jim Maloway (Elmwood): A supplementary to the same minister is this: Would the minister at this point endeavour to detail the involvement of Mr. Bessey in this project, flesh it out a little bit, give us a little more detail?

Hon. James Downey (Minister of Industry, Trade and Tourism): Having observed the member for Elmwood for the number of years that I have been in here, it might take a considerable amount of time to explain to him. This whole issue may be better dealt with in Estimates so that we can spend a lot of time pointing out that it is a research and development project which will benefit the people of Manitoba.

Mr. Maloway: My final supplementary to the same minister is this: While the minister is doing his research, could he come back to this House and tell us how much Duncan Jessiman was paid by this government for his work on the ManGlobe project? Could he also tell us how much Mike Bessey was paid for his work on this project?

Mr. Downey: Madam Speaker, again, the member for Elmwood never ceases to amaze me. [applause]

That is probably the biggest applause he has ever gotten in this Legislature. Mr. Bessey was paid by the province and is available in the Public Accounts if he wants to check that out. If he needs a little help in going through Public Accounts, we could probably get someone to help him in explaining it to him.

Secondly, I would take the question as notice as it relates to Mr. Jessiman in any charges that may have ensued from that work.

Tourism Advertising Contract

Mr. Tim Sale (Crescentwood): The Minister of Finance (Mr. Stefanson) and the Minister of Industry, Trade and Tourism have both indicated by not answering that the low bid on the contract given to Brown and Biggar in two separate contracts was not Brown and Biggar.

We have asked before. Will the Minister of Industry, Trade and Tourism tell the House today by how much was the contract given to Brown and Biggar communications—two separate contracts, two separate companies—not the low bid?

Hon. James Downey (Minister of Industry, Trade and Tourism): The information that has been provided to us and I am providing to the House is that the contractual arrangement was for \$140,000 to the two companies. That is what we have told the House, and that is what it is. [interjection] Well, that is what the answer is.

Mr. Sale: Madam Speaker, I will try to be clearer for the minister.

By what amount was the contract awarded to Barbara Biggar, Biggar Ideas and Brown Communications for the promotion of tourism in Manitoba not the low bid among the 14 or so companies that were cited by both the Minister of Finance and the Minister of Industry, Trade and Tourism as having bid on that contract?

Hon. Eric Stefanson (Minister of Finance): Madam Speaker, as was indicated on Friday and was indicated again I believe yesterday in this House, on the basis of cost and quality, Brown and Biggar—

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please.

Mr. Stefanson: I will repeat again for members opposite. On the basis of cost and quality, out of originally some 15 submissions, short-listed down to three, these two firms were deemed to be the most appropriate to provide the service.

* (1430)

Mr. Sale: Madam Speaker, will the Minister of Finance simply table a list of the bids on the contract, not necessarily with the names of the companies bidding but with the indication of what the bids were and the indication of how much the winning bid was? A very simple request.

Mr. Stefanson: Madam Speaker, we go through thousands of bids annually. We provide the

information to this House, to the public. This was an open process. Some 15 firms submitted proposals for this. Two firms were deemed to be the most appropriate on quality and cost. The total fee as outlined between those two firms is \$140,000. I believe that compares to a cost back in 1992 of close to \$300,000, so we are certainly getting good value for the services being provided to the citizens of Manitoba.

Madam Speaker: The honourable member for Crescentwood, for one very short question.

Mr. Sale: Madam Speaker, on a new question. We have watched over the last little while contracts being awarded on very dubious rationales: Rimer Alco getting a contract on a two-year bid which was marginally cheaper than the company that was strongly and unanimously recommended on a three-year bid at a \$70,000 savings.

Will the Minister of Finance act to restore the confidence of Manitoba companies in the bidding process in this province by releasing a list of those who bid on this project and showing the amount by which the awarded contracts were higher than the low bid?

Mr. Stefanson: Madam Speaker, the last people we need any advice from in terms of restoring confidence of the bidding system are members opposite. We have a very comprehensive system that allows for open tenders and an open-bidding process on most of the contracts offered. We have also established with the process usually a review committee that goes through an analysis of the qualifications of people bidding.

So it is a very comprehensive process that we have put in place, I am sure unlike any process that was in place under the previous administration.

Madam Speaker: Time for Oral Questions has expired.

NONPOLITICAL STATEMENTS

Celebration of Passover

Mr. Gerry McAlpine (Sturgeon Creek): Madam Speaker, do I have leave for a nonpolitical statement?

Madam Speaker: Does the honourable member for Sturgeon Creek have leave for a nonpolitical statement? [agreed]

Mr. McAlpine: Today Manitoba's Jewish community gathers to observe the remembrance and traditions of Passover. Pesach commemorates the struggle of the Jews to gain their freedom from the rule of Pharaoh, and it is the centuries-old story of the human spirit's ability to overcome adversity and oppression. The prayers and ceremonies of this holiday recall the physical endurance and the spiritual renewal of the tribes of Israel throughout their wanderings in the wilderness after fleeing their captivity in Egypt.

Our Jewish community is joining their brethren the world over in observing the Seder of other Pesach traditions. These are a reaffirmation of the strength of their faith, their heritage and their culture down through the ages, and it is a living bond between a people, their God and their very proud history. Manitobans of Jewish descent have proudly contributed this and other aspects of their heritage to the great multicultural mosaic in our province and in our country. Manitobans recognize that each and every celebration or observance represents a significant contribution to our community and the quality of life within it.

In recognition and respect for the Jewish community of Manitoba for their achievements and their contribution to our province, I ask the members of this House to join with me in extending our sincerest wishes for and during this special holiday, Passover. Thank you, Madam Speaker.

Flooding—North Dakota

Mr. Steve Ashton (Thompson): Madam Speaker, might I have leave for a nonpolitical statement?

Madam Speaker: Does the honourable member for Thompson have leave for a nonpolitical statement? [agreed]

Mr. Ashton: I wanted to take this opportunity on a personal basis to extend my condolences to the people of Fargo and Grand Forks. As we in Manitoba start to deal with the flood, I am sure many of us have been watching with horror the communities that many of us

have come to know well, our good friends and neighbours in the United States, and particularly in Grand Forks. I just cannot imagine what the people of Grand Forks are going through currently.

What I want to do is reflect on the irony because just two weeks ago yesterday my family and I were actually hosted by the people of Grand Forks when we were caught in the snowstorm, and the people of Grand Forks and the people of Emerson on this side of the border were hosts to many of us. We spent two nights in Grand Forks, and despite the difficult circumstances, I can tell you the hospitality of the people in Grand Forks, the efforts that were made towards providing for those of us who were unexpected guests in the city of Grand Forks, was greatly appreciated.

I have talked to people who spent three days in Emerson and were hosted by that community. I want to reflect on that and say that I think I speak for all members of this House and certainly all Manitobans in saying that our hearts are with the people of Grand Forks and Fargo and, I know, with the many communities of Manitoba that are starting to be affected in the same way.

I also want to make a commitment. I know personally that I will be doing whatever I can to help the communities affected both here in Manitoba and Grand Forks. In fact, when we were in Grand Forks, my father-in-law had the unfortunate circumstances of breaking his wrist and received excellent medical care in that community before receiving final medical care in Manitoba. So, from a personal basis, I wanted to thank the people of Grand Forks and say that their plight will not be forgotten by those of us in Manitoba even as we deal with our own circumstances.

I know that many communities are being affected. There will be communities in northern Manitoba affected. I was in Split Lake yesterday; they are potentially going to be flooded. As I head out later on to help my brother, who had the misfortune of moving to Kingston Row as of April 1 this year, as I go and help him with the sandbags, I reflect on the fact that it can affect all of us. Nature is very powerful in this part of the world. I think the community spirit and the international cross-border spirit that we have seen in the last few days bodes well and, once again, I really

extend my condolences to the people of Grand Forks and the rest of the people in North Dakota at this time as we start to deal with the very same sort of circumstances.

Ryan Runearth

Ms. Jean Friesen (Wolseley): Leave to make a nonpolitical statement?

Madam Speaker: Does the honourable member for Wolseley have leave to make a nonpolitical statement? [agreed]

Ms. Friesen: I would like to offer the congratulations of this side of the House and I am sure all members of this House to Mr. Ryan Runearth who was recently awarded a volunteer award by the Province of Manitoba. Ryan Runearth is a 16-year-old young man from both the Ojibwa and Sioux First Nations, and he lives in my constituency and is a Grade 10 student at Tech Voc High School. Ryan is known primarily as a hoop dancer. He is both self-taught and someone who has learned from attendance at many powwows and from learning and observing others. I think anyone who has had the opportunity to watch Ryan dance and to see him teach others is very much aware of the many, many hours that he has spent learning these skills.

* (1440)

Ryan is recognized for living and practising traditional ways and as a volunteer teaching other aboriginal youth things which he knows to be of great importance to them. He has had considerable volunteer involvement at Folklorama as Folklorama's youth ambassador for the First Nations Pavilion in 1995 and 1996, and he has continued over a number of years to volunteer for innovative cultural programs in schools in Winnipeg, particularly Gordon Bell and Hampstead schools. He works at lunch hours, he works after school on a regular basis, and he helps young people to learn ways which they might not otherwise have the opportunity to do and helps young children in particular to make outfits for those who cannot afford them.

His nominator is Mrs. Brenda Longclaws, the vice-principal of Gordon Bell School, and she recognized

particularly the example that Ryan offers to many students within their school. We would like to recognize today not only Ryan but his family as well, and in particular his mother, Vicky Runearth, and we extend our congratulations to Ryan and to all his family.

Coach of the Year Awards

Hon. James McCrae (Minister of Environment): Madam Speaker, might I have leave to make a nonpolitical statement?

Madam Speaker: Does the honourable Minister of Environment have leave to make a nonpolitical statement? [agreed]

Mr. McCrae: It gives me great pleasure to salute three Manitobans who have distinguished themselves through amateur sport in our province and were so recognized at the 3M Coach of the Year Awards Program this past weekend. The first of these individuals is Louis Nelissen of Portage la Prairie who was the recipient of the Vince Leah Award. Mr. Nelissen has been a coach at the recreational grassroots level for 32 years. He has coached young athletes in baseball, hockey, tennis, badminton, and soccer.

The second individual is Marilyn Partrick of Brandon who was recipient of the Dr. Jack Hunt Award for coaches at the developmental level. Mrs. Partrick has been a figure-skating coach for 31 years, the last 26 with the Brandon Figure Skating Club.

The third individual is Roger Meager of Winnipeg who was recipient of the Peter Williamson Award for high-performance coaches. Mr. Meager has been the provincial rowing coach for the past two and a half years after relocating from the University of London, England, where he had been the rowing coach for 10 years.

The partnership of a coach and athlete is the foundation and the driving force of sport. Coaches are the primary custodians and communicators of sport values. Their presence is powerful and constant. The influence a coach has on the lives of our children is sometimes greater than that even of a parent or teacher. Good coaches nurture good people, building strong

characters and building strong communities. The three award winners were selected from a group of 36 nominees, all outstanding coaches in their own right.

* (1450)

I would ask all honourable members to join me in congratulating Louis Nelissen, Marilyn Partrick and Roger Meager on their Coach of the Year Awards and salute them for their leadership, time, dedication and commitment to coaching and the significant contribution they make to the development of amateur athletes in our province.

Thank you.

ORDERS OF THE DAY

House Business

Hon. James McCrae (Government House Leader): Madam Speaker, a couple of clarifications arise from certain agreements and arrangements reached and announced yesterday. First off, in the light of all the circumstances of the present flood situation in Manitoba, we talked about votes being deferred and, of course, we were referring to recorded votes. Appropriations can indeed still pass in our Committees of Supply, and I, of course, welcome that as a matter of fact, but the reference yesterday was to the deferral of recorded votes.

Because no one is certain when the worst moments of the flood situation will pass and when honourable members might be more available for service in this House, it is agreed, I believe, that deferral of all recorded votes would be to a time that would be agreed upon through discussions amongst House leaders.

The next item would be—[interjection]Yes, I just dealt with that item. When would votes be deferred to was the question, and the answer is that that time will be discussed and agreed upon by House leaders.

With respect to attendance upon the House, because of the extremely important circumstances which exist all around us, I would suggest that there would not be any suggestion of any notice being taken of a lack of quorum should that happen to arise in any of our

committees in the Committee of Supply or in the House. I think that if you checked with honourable members, you might find there is agreement with those clarifications.

Mr. Steve Ashton (Opposition House Leader): Yes, Madam Speaker, there is certainly agreement on that, and I would also suggest that we apply the same principle to a request for recorded votes not requiring the minimum support in committee or the House of either four or two so that a member could request a recorded vote that would then be deferred. I think there might be agreement on that as well.

Mr. McCrae: Although that has not yet been discussed, I think it flows from what I have said, not automatically but should flow from what I said, that there will be moments when or times when the numbers may drop, we hope like the water actually, but that could happen. In those cases, I do not think that the required number of supporters for a recorded vote should be adhered to at that particular time. If anyone out of a fit of fancy wants to have a vote, they may have to pay some price for that later on.

Madam Speaker: If I understand correctly the direction of the two House leaders, first of all, is there leave to defer any recorded deferred votes at a time as set by the House leaders? [agreed]

Then is there leave to waive the quorum rule in Supply, and additionally the opposition House leader asked that the number of people requesting the recorded vote be reduced from two to one.

Mr. McCrae: That is agreed, Madam Speaker, but it applies not only to Supply but committees of the House and the House itself.

Madam Speaker: And it will apply not just only to Supply but committees of the House. Is that agreed? [agreed]

Mr. McCrae: Madam Speaker, I move, seconded by the honourable Minister of Energy and Mines (Mr. Newman), that Madam Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

Motion agreed to, and the House resolved itself into a committee to consider of the Supply to be granted to Her Majesty with the honourable member for Sturgeon Creek (Mr. McAlpine) in the Chair for the Department of Rural Development; and the honourable member for Turtle Mountain (Mr. Tweed) in the Chair for the Department of Agriculture.

Madam Speaker: Because of the unavailability of the Deputy Speaker and the Chair, the Deputy Chair of Committee of Supply, the honourable member for Sturgeon Creek (Mr. McAlpine) will be chairing the committee outside the Chamber; and the honourable member for Turtle Mountain (Mr. Tweed), will be chairing the committee in the Chamber and temporarily.

COMMITTEE OF SUPPLY (Concurrent Sections)

RURAL DEVELOPMENT

The Acting Chairperson (Mr. Gerry McAlpine): Good afternoon. Please come to order. This afternoon, with the co-operation of the committee, this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates of the Department of Rural Development.

When the committee last sat, it had been considering item 3.(a) on page 115 of the Estimates book. Shall the item pass?

Hon. Leonard Derkach (Minister of Rural Development): Mr. Chairman, I was asked the question regarding the Canada-Ukraine Business Initiative, and I believe when we ended our session yesterday afternoon, I had not completed my response to the question, so I was wondering if I may complete the response.

The Acting Chairperson (Mr. McAlpine): With the indulgence of the committee, is it agreed that the minister will be allowed to finish his response? [agreed]

Mr. Derkach: I think I indicated to the members of the committee yesterday afternoon that the three provinces, Alberta, Saskatchewan and Manitoba, were participating in that Alberta was looking after the energy sector and Saskatchewan was looking after the

agriculture sector. Our responsibility was the construction sector, and because we do not have a natural venue to attach our symposium to, it was decided that we would actually create a venue for the construction and construction material sector. To that end, we have now scheduled a symposium in Winnipeg which will be held between the 17th of June and the 21st of June.

At the same time, the members might know that there is also another international show being held in the city which is called Export House, and we will be co-operatively working with Export House to ensure that the two events can blend and can intertwine as much as possible.

The problem, of course, is to convince business people in Ukraine to come to Canada. As the members may know, they are now aggressively pursuing opportunities with countries throughout the world. Canada's participation in Ukraine has not been very significant to date, and that is why the Canada-Ukraine Business Initiative was launched.

In trying to promote the event and to ensure that there is some participation in Manitoba on the construction side, in early November I had the opportunity to visit in Ukraine where we were able to visit with many state agencies and city committees, as well as some private sector people regarding construction in Ukraine. It became very evident to us that there is a desperate need for northern-type construction in Ukraine because although there is a tremendous demand for housing, they do not use any insulation materials and things like triple-pane windows or double-pane windows, for that matter, and there is a need for technology transfer to their type of construction.

We have had some people who have been working in Ukraine to try to encourage participants at this conference. We are hoping that we will get 40 or 50 people or perhaps more in Manitoba during that period of time with whom we will be able to establish some meaningful linkages.

I might also say that while we were there, the private sector did sign a memorandum of understanding for the reconstruction of one of the apartment blocks, and there are just literally thousands of this particular style of

apartment block that have zero-insulation, single-pane windows. The structures are literally falling down. They cannot be torn down because they are still inhabited, and because of the shortage of housing, it is felt by the government in Ukraine that they have to be rebuilt. We feel that we have the technology in Canada to be able to do this.

This is more than just reconstruction because it plays into the energy sector, and there will be tremendous savings of energy because at the present time they lose about 60 percent of their energy through the roof, through the windows and through their doors.

It also means that we can probably link Manitoba businesses with Ukraine businesses in doing this massive reconstruction. The one company that we were dealing with had a million and a half square metres of space that they needed to renovate almost immediately. So the task is horrendous in terms of the quantity of work, as well.

So we are hoping that come June we will have some meaningful participation. It is my understanding that the Prime Minister of Ukraine, Mr. Lazarenko, or the deputy prime minister and also the Minister responsible for Economic Development, Mr. Shpek, will be joining the delegates in at least Calgary, and then the delegates will be coming to Manitoba from there.

That is sort of a brief overview of what the CUBI initiative is. We do have a meeting in Calgary on May 7 to finalize the details, and at that time we will also be sending another delegation over to Ukraine to try and do the final paperwork and sign up for the project because, as you know, if they are coming here in June, most of that work has to be done by mid-May. [interjection] No, we are not looking for volunteers right now. But the private sector will be going over to Ukraine in the early part of May to do that.

Mr. Clif Evans (Interlake): I thank the minister for the explanation. The trip to Ukraine in May, is the minister going to be involved in that?

Mr. Derkach: No, I will not, because the House is sitting, and therefore it is impossible for me to get away, but some of the people from the private sector are going. Unfortunately, the flooding in Winnipeg is

causing some of our delegates from the private sector to beg out of the trip as well, so it is causing us a bit of concern.

* (1500)

I spoke to the ambassador in Ukraine about a week ago. He thinks it is absolutely urgent that we go there because, as the member may know, in Ukraine there is still a tendency to deal government to government and not private sector to private sector. So if the private sector goes over alone, there is a reluctance for the people in Ukraine to deal with them directly. They want to deal on a government-to-government basis. So I regret that I will not be able to go, but it just makes it a little difficult when the House is sitting.

(Mr. Peter Dyck, Acting Chairperson, in the Chair)

Mr. Clif Evans: I look forward to the minister providing an update on that and also look forward to the June meetings that are going to be held here. It is unfortunate, of course, that we have to deal with what we are dealing with here in Manitoba right now, to have to put up with and take away from a real delegation to go over there to finalize everything, and I hope that works out. I know that the forum will be successful; I hope it will be successful. So I encourage that, and we encourage the whole process.

The Acting Chairperson (Mr. Dyck): 13.3.(a) Corporate Planning and Business Development (1) Salaries and Employee Benefits \$614,600—pass; (2) Other Expenditures \$81,200—pass.

3.(b) Small Business and Community Support (1) Salaries and Employee Benefits \$189,000.

Mr. Clif Evans: Can the minister enlighten us here with this branch? It is a new part of Rural Development. Can he explain why this part of Rural Development was formed?

Mr. Derkach: Mr. Chair, I would be happy to. The Small Business and Community Support branch was created in June of 1996 to work in partnership with community leaders and small business people in assisting and supporting the grassroots business development through the provision of marketing and information-communication services. The member

may know that we did not have a branch of this nature in our department, although it is very common in most departments to have in marketing or communications a small business support branch. So it was for that reason that we created this branch.

This branch has responsibilities to work with small business throughout Manitoba to ensure that their products can get to the markets that they are designed for, that we assist manufacturers, small business people, in the promotion and the marketing of their products and that we basically support them in their marketing efforts.

Specifically, the objectives of this particular branch are to continue promoting the climate of growth in our rural settings to ensure that Manitoba and our small businesses remain a vital and growing part of our province. It is to improve partnerships with the community through co-ordination and co-operation among the various regions and communities of the province through work in round tables and local economic development agencies, environmental groups, our education and research organizations, business, labour and local government.

It is also to inform rural Manitobans of the quality of services available in all areas of the department, so that rural Manitobans can help themselves in terms of being able to launch their businesses, and it is to promote and support the department's role as an advocate of rural needs and a catalyst for the co-ordination of various activities that take place throughout the province.

We also respond to requests of small rural businesses in assisting them in developing market opportunities, and I guess I could use some examples, but I would like to indicate that a few years ago we were approached by a grower of peas who grew a particular kind of pea that was being exported, I think it was to China. The peas were processed in China. They were processed in such a way as to make them into a snack food. They were roasted, then they were flavoured, and then they were shipped back in little packages and were sold in many of our health food stores and our specialty stores for a significant value-added price.

So we were approached to help develop a food product where we could take this pea and process it

into a finished product and add different flavours to it. Through our food lab, we were able to do that, and then once we have done that, this particular branch would work with that business to ensure that we could get the product onto the marketing shelves of various stores in our province but, additionally, to export this product to other provinces and to other parts of the world.

I could use another example, and the member may have heard of the individual who launched a business in salsa, and his product, although it is just a fledgling business, was incubated at the Food Development Centre. Now the individual is marketing this product, and this product is finding its way onto the shelves of our Safeway stores and IGA stores and that sort of thing. Our responsibility is to work through this branch with companies like that to promote their product to ensure that they, in fact, can make their way into the marketplace, because that is one of the most difficult parts in trying to get our products either into an export position or onto the shelves of stores in this province and throughout.

We work in other areas as well. If you look at communities, I would like to reference one, and unfortunately that community is experiencing extreme difficulty right now, and that is the community of Emerson where we helped in developing their site project in terms of the historical benefits of it. That is the RCMP site of Fort Dufferin.

So this particular branch works with a community to not only promote but to set out a business plan on how they can promote that particular site and can attract development to restore a site like that and to create that site into not only a historical site but also into a tourism site.

The restoration of that particular site has many ramifications. As a matter of fact, it is seen that perhaps corporations like the Disney Corporation can, in fact, be involved because they own the RCMP logo, and there might be some interest from them.

So we work with communities, with agencies, with outside groups, to try and ensure that we give the best possible benefits of marketing a product, a community, a site in the province of Manitoba.

Mr. Clif Evans: I look at the Activity Identification, two paragraphs: produces the departmental newspaper. I have never seen that. I have not seen that, and I guess Rural Development is getting into—I hope not—the newspaper industry and a radio show. Can the minister explain that?

Mr. Derkach: Yes, I would be happy to. First of all, it is the same publication that there were questions in the House about just prior to the election, I believe, and the issue was the number of times the minister's photograph appeared in this particular newspaper. It is called Rural Developments, and I was proud to be in that newspaper because the department was indeed doing work in it, and as a matter of fact, the opposition critic, I believe, was even in Rural Developments as well. It is a widely distributed quarterly that we send out to, I believe, 15,000 businesses and households throughout the province, mostly businesses, and municipalities. We do it on a quarterly basis.

Basically, the stories in there are the success stories of businesses throughout Manitoba. They may or may not have accessed programs from government. Some of them are independent businesses who have achieved success on their own without any support from government, but it is basically messaging what kinds of things are happening throughout the province, giving hope and incentive to those who have ideas and have dreams to take up the challenge and to create their own success.

* (1510)

This came out of the Neepawa forum. If you will remember years ago, there was a call for us to message what it was we were doing in government more accurately and more effectively. I think that has happened, particularly with this particular quarterly. It is not just Rural Development stories in the paper. We use stories that are of interest to the social side, the economic side, just some human stories in there which are of interest to readers throughout the province. I will certainly make a point of adding my honourable friend's name to the list to ensure that they, indeed the NDP party, get a copy of this instead of trying to get it in other ways.

Our next edition will focus on the rural youth of our province. Through you, Mr. Chairman, I would be happy to share these copies with the opposition members and certainly add the opposition party to the mailing list. I regret that you have not been added to that list.

In terms of the radio show, you may have heard a couple of the ads lately on the hometown clip. As a matter of fact, it is young Manitobans talking about their hometown. It is all third-party stories. It is not a radio show where I get on and talk about the merits of rural development and the benefits, although I would like to, but this is actually third-party characters, real people who are talking about their communities, their businesses and what they have done in their communities to promote their towns, their communities. The latest news or radio clips are of young people who are in business.

The youngest individuals, I think, are 11 years old who talk about their hometown. As a matter of fact, one is from Winnipeg Beach, I believe. One is from Minnedosa, and then there are some from Flin Flon. The 10 regions of the province are really covered by these. So that is basically what the radio show side of it is. So it is part of the strategy of ensuring that Manitobans know what is going on in their communities and that we message some of the activity that is taking place in the rural part of our province.

Mr. Clif Evans: I must say that this is the first time that I have seen this. I can honestly say that, and checking with my colleague, I do not think we have seen it in our caucus unless it has come there and someone thinks it is such good news that they take it and take it home so nobody else can see it, I am not sure. Maybe they might think that it is just government propaganda, I am not sure, but I would certainly appreciate being on the list with this, and hopefully it will benefit and this branch will benefit. So basically what we have done here is created a branch to assist any company in their marketing strategies or potential marketing strategies for their products, as the minister has said, for either export or for on-shelf sales within the province or within Canada.

He has indicated a few of the dealings that the branch has already had, and I would hope to find out more

about this branch as it grows and progresses and find out exactly from the minister just what it is doing and with whom at the time.

Mr. Derkach: Just to add to what I said, Mr. Chairman, I failed to mention that this particular branch is at the present time creating a handbook that is scheduled for release in May to assist rural small business people with a framework for developing a basic marketing plan. This handbook includes a directory of rural Manitoba communications consultants. It also is going to, I guess, give a step-by-step indication or process of how a marketing strategy can be developed. This is just another, I guess, duty that has been assigned to this particular branch.

In addition to that, I might say that this branch has also been involved very heavily with Rural Forum and ensuring that our communications is done properly and effectively for the upcoming forum as well.

Mr. Clif Evans: Mr. Chairman, just looking through the publication here, very quickly, I would encourage the minister and the department to perhaps use this more towards the pluses for the communities themselves and what they are doing. I would also want to encourage the minister that in my community, my constituency I have a business feeder machine that has expanded tremendously in the last five years. Articles such as that to tell Manitobans just what is going on in different areas, not just specific areas where it is always hurrahs and good things happening, let us deal with some of the things that in the smaller communities to them is a big deal but maybe not in the scope that some of the other articles are indicating.

Mr. Derkach: Mr. Chair, I would have to say to the member that at every meeting that I speak to, whether it is the chamber, the municipalities, the communities, the conservation districts, I encourage everyone to submit their stories or at least let us know what their success stories are. As a matter of fact, we found one in Oak River I think it was, a manufacturing business that I had no knowledge of, and they certainly were showing us that they started from humble beginnings and had created quite a little enterprise employing about 26 people. I invited them to write to us and tell us about their story or, if they could not, just to at least contact us and we would have somebody go out and

talk to them. Each Rural Development's release issue carries with it a block where we invite communities and individuals to tell us their stories. If you look at this particular one on page 2, at the bottom it says: Tell us your story.

We invite, whether it is individuals or companies to come forward. They do not have to tell us the detail. We can get that by contacting them afterwards and getting the details from them, but we try to cover the entire province with the stories that are in there as much as possible. The publication has been very, very well received throughout Manitoba, and I regret that the member did not have a copy.

Mr. Clif Evans: Just about on every page, though, maybe we could see more pictures of our entrepreneurs and our rural people as compared to the number of ministers that we see in this publication. I would encourage that. I know that from time to time the government likes to express its good news, but I would like to rather see—

Mr. Derkach: We will even include the critic.

Mr. Clif Evans: Well, if you include the critic, that might be okay. Like I say, I would sort of like to see more of the rural, of the grassroots. Right now, I will encourage this publication.

Mr. Derkach: Mr. Chairman, it is not often that you will see that many pictures of ministers in a publication. I think this was an exception. From time to time you will when there are stories to be given. For example, if there is a budget, you want to ensure that the budget highlights are included. When there is a new minister in a particular portfolio, we will ensure that we write about the new minister, and I think there is coverage of that.

We are not opposed to putting anyone in the publication, and as I said, I have even seen the critic's picture in one of them. We will try to ensure that he stands in an appropriate spot and gets a picture taken from time to time.

Mr. Clif Evans: I thank the minister for that and the explanation, and if the publication is accepted

throughout, then I do not have a problem with it. We will certainly look forward to more.

* (1520)

Mr. Tim Sale (Crescentwood): In both the paper and apparently on the radio show, advertising is solicited?

Mr. Derkach: No. There is no advertising solicited either in the newspaper or on the news clips, I do not believe.

Mr. Sale: Is there no revenue generated by the paper in terms of advertising?

Mr. Derkach: Not at this time, but that is something that is being explored. We wanted to dedicate the paper as much as possible to putting information about communities and individuals and businesses and as much as possible to limit the amount of advertorial in the newspaper, and, basically, that is the approach we have taken up to now.

Mr. Sale: I just note the ad from Athabasca Airways on page 8 which it would be very hard to understand that as anything other than an ad, if you are looking at it. If it is not an ad, it is sure as heck wonderful free publicity.

Mr. Derkach: I guess that is an anomaly, Mr. Chairman, because I am advised that that was an agreement that was reached as a result of the airway doing some work for us as a department for the Rural Forum, and there was an agreement that we would include an advertisement for them in Rural Developments. But it is not a matter of course.

Mr. Sale: Mr. Chairperson, I think the minister can see and I am sure that other committee members can see the difficulty when we start having agreements to publicize certain businesses as a result of those businesses doing certain things for the government. The potential here for misunderstanding, let us say, on the part of the public as to why certain businesses are being promoted in government publications while others are not is fairly large.

I doubt that the minister would be comfortable saying in this newspaper, the following ad appears as a result of an agreement between the department because the

company involved did something for us, so we are doing something for it. I do not think the public would find that a very good explanation, Mr. Chairperson.

Mr. Derkach: That is a fair comment and it is something that we will pay attention to, but this was not for, necessarily, the department. This was done, as the member will see, for Rural Forum rather than just for the department. We do have sponsors for Rural Forum, there is no question about that. This resulted as an agreement, I guess, for Rural Forum, not for the department.

Mr. Sale: Just one other question about Rural Forum. The newspaper highlights the country and western concert quite prominently and it is being put on—at least the corporate sponsor is Paquin, I guess, who is the ticket seller. Is there any subsidy or crossing of funds for that concert, other than the obvious promotional effort here for that headliner or for any part of that paid entertainment?

Mr. Derkach: There is cost promotional advertising that is done, as is evidenced in the paper here, but there is no subsidy to the concert itself by the department.

Mr. Clif Evans: Just one final question on this. So then the cost of the paper and the radio show is funded by the department. There is no sale of advertising whatsoever for the radio portion of this.

Mr. Derkach: That is correct.

The Acting Chairperson (Mr. Dyck): Okay, moving on to 13.3.(b) (1) Salaries and Employee Benefits \$189,000—pass; (2) Other Expenditures \$58,900—pass.

Resolution 13.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$943,700 for Rural Development, Small Business and Corporate Planning Services, for the fiscal year ending the 31st day of March, 1998.

Then moving on to 13.4. (a) Executive Administration (1) Salaries and Employee Benefits \$104,900.

Mr. Clif Evans: Under this branch, who is the department head for this Executive Administration branch?

Mr. Derkach: Mr. Chairman, I will introduce the head of this branch. It is Ms. Marie Elliott who is the ADM for the Local Government Services side of the department. Maybe I should at this time as well introduce our provincial assessor who is Mr. Ken Graham. Mr. Graham has been around for many years and is probably familiar to many of the members. He heads up the Assessment Branch of the department.

Mr. Clif Evans: Can the minister just briefly provide the committee with an overview of the latest assessment that was done?

Mr. Derkach: I would be happy to. I guess in doing reassessment, one has to pay attention to the impact that it has on the property owners of the province to ensure that there is a good understanding of why we do reassessment and what the objectives are and not to mislead individuals to thinking that reassessment is another form of increased taxation. Rather, it has to do with the legislation that was passed regarding market value assessment and the need to reassess on a three-year cycle. However, as the member knows, we did amend the act to extend the cycle by one year. The purpose of reassessment is also to ensure that there is equity among taxpayers so that we do not have a shifting of taxes from one particular class to another and to assure that values of property in this province remain current, or as current as possible, and to try and ensure that taxpayers feel confident that in fact their property values are current, both for marketing and for taxation purposes. So those are what the objectives of assessment are.

In terms of this year's reassessment, I would have to say that, by and large, the process has gone on extremely well and without a lot of glitches. We have undertaken as a department to ensure that our first, I guess, motto is service to our clients, and the entire Assessment branch has really taken this to heart and very seriously.

First of all, we sent out an information piece that would let individuals know what assessment was all about. After we did the assessment, we then had meetings with individual municipalities. I might say that newspaper articles were also used to explain the reassessment cycle.

Then we did a centre spread in Rural Developments to ensure that the message was getting out through that medium as well. A brochure was prepared, and this brochure covered all the elements of reassessment and what it really meant. In addition, on the back of this we also had the times when various meetings could be held in various regions. I think every municipality here is covered, are they not?

Then of course we have had open houses to ensure the public had access to our staff and to municipalities. The open houses were ones where we had the actual assessors present. They were equipped with either laptops or computer systems which would allow them to access information for any individual who wanted to come forward and see how his or her assessment compared to assessments in their neighbouring area.

* (1530)

Mr. Clif Evans: Well, as yet, I have not had anybody coming to me with any complaint or concern. Does the minister know how many appeals to date there have been with the assessments?

Mr. Derkach: To date, Mr. Chairman, I am advised that about 50 percent of the appeal deadlines have passed, and the appeal rate is exceptionally low, about 1 percent of the tax roll or the assessment roll is under appeal at the present time. So that is very, very low.

Mr. Clif Evans: Yes, it is.

I guess a concern that was presented to me is the slow pace of the reinspection schedule. Has the minister been approached to improve this process?

Mr. Derkach: Absolutely, Mr. Chairman. Although there is concern about the slow pace, I guess it is the southeastern side of the province that needs to be reinspected at this point in time. But, you know, three-quarters of the task is done. I go back to a few years ago when I first came into the department, or a little earlier than that, where reinspections had not happened at least in the city for, what, 15 years or more? So we are certainly trying to do our best to ensure that we are on track.

Municipalities that come to us and ask us to speed this up are told that, well, remember that you pay three-quarters of the cost of this, so do you want us to hire more people? As soon as you tell them that they pay three-quarters of the cost and that if we hire more people they will be liable for that too, they say: Oh, no, no, just work faster. So I think there is sensitivity to ensuring that we do the last quarter as quickly as possible, but these things take time. When you have a reassessment cycle, that takes staff out of the field, if you like, to do the reassessment. So I think they are working as hard as they can, and they really are doing a fairly adequate job as can be seen by the few appeals that we have to date. We are quite pleased with the effectiveness of the reassessment as well.

Mr. Clif Evans: The minister mentions the southeastern area. I only briefly read that, the article that was in the paper, the media, last week or the week before—can you help me out with that—about the hogs. I did not get a chance to fully read that, nor did I get a chance to speak to anybody from the area, but why do they have these concerns?

Mr. Derkach: There are two reasons. One, I would suggest that back in 1992 when we did the reassessment—'91 when we did the reassessment—there may have been an undervalue of barns. Then this year, of course, I think we have seen what has happened in the whole hog industry. That is that there certainly has been a rapid expansion. When you have that, you are going to have, you know, the value of these barns reflected in an assessment.

So basically that is what has happened. We are on market-value assessment, and some of these barns are \$4-million barns. I mean, the cost of them is the easiest way to assess them, because that is the market value of that particular barn. I think we moved some way a few years ago when we took the equipment that is in the barn that used to be taxable, I believe, and assessed at a taxable rate, is now exempt from that.

Mr. Clif Evans: So then the minister is saying that just basically the barn itself in the operation is assessed. But then does that not—according to these folks—also create a problem for the value of their property being assessed way up also? If it is a mile away or a mile and

a half away, would that not affect the assessment of those farms and land values?

Mr. Derkach: The assessment may go up because you are assessing the actual value of a property, but that does not mean that their taxes will go up. So, yes, if there is a concentration of hog barns in a particular area, the total value of assessment in that municipality will be considerably higher. But it simply reflects the value of those barns or those structures that have come up and, as the member knows—I was reading today that the one plant for Boissevain is about \$4 million. I think the Souris one was about the same. So these barns are costing a significant amount, and you cannot go in there and assess them at a million dollars when someone has paid \$4 million to construct the barn. So it really reflects the market value of that structure.

Now that does not mean that the taxes are going to go up in that municipality, because that is something that is within the purview of the municipal council to ensure that there is some equity in the taxation.

Mr. Sale: Mr. Chairperson, I do not think the point is any concern about market-value assessment. There are problems with market value assessment, but that is not the issue. I believe the issue was complaints from nearby landowners that their land was being assessed higher simply because they were adjacent to pork industry developments which were causing their lands to be higher in value when, in fact, they were not in the pork business and did not want to be in the pork business and, in fact, likely could not be, given the existing density of the hog barns. That was the concern I was hearing.

Mr. Derkach: Well, Mr. Chairman, the reality is we assess properties based on their market value, and market value is arrived at by sales that occur in that region. So in a region where you have land selling at a thousand or \$1,200 an acre in the previous three or four years, it is certainly going to be recorded, and it is on that basis that the assessment will go up. The hog barns that are being assessed are assessed at their value, not at the land's value.

Mr. Sale: But the problem with that, Mr. Chairperson, is that if people who are producing a relatively lower value from their land assets are faced with an increase

in their assessment of their land on the basis that nearby land is more valuable because it is being used more intensively for barns, what you are really doing is driving the pattern of land use in a way that may not be in the best interests of the local community or even of the province as a whole, because we do not want every last acre to be converted to that kind of intensive use. The infrastructure of our province and the environment would not stand it.

Mr. Derkach: Mr. Chairman, I am advised that raw agricultural land is valued separate and apart from agricultural land that is used, for example, for hog production, so, therefore, the value of land is based on sales of raw agricultural land, not land that has intensive livestock operations on it because that is usually a smaller piece of land. So if we are talking about agricultural land for crop production, that would be valued on the basis of the sales that occurred in the last three years.

So I think the issue in the newspaper was a little inaccurate in that there was a feeling that the hog barns were driving up the land values when, in fact, it was the history of sales that was really reflecting what the assessment on the land was.

* (1540)

The Acting Chairperson (Mr. Dyck): 13.4.(a) Executive Administration (1) Salaries and Employee Benefits \$104,900—pass; (2) Other Expenditures \$32,600—pass.

4.(b) Assessment Services (1) Salaries and Employee Benefits \$5,515,500—pass; (2) Other Expenditures \$1,207,200—pass; (3) Less: Recoverable from Education and Training (\$1,680,700).

Mr. Clif Evans: Could the minister explain this line, please?

Mr. Derkach: This is recoverable from Education on the basis that they pay 75 percent of the cost of assessment on their properties, and their monies are paid to General Revenue. We recover this through General Revenue from the Education system. [interjection]

Mr. Chairman, a correction, it is not recovered from General Revenue. It is recovered, I am sorry, from the Department of Education, and they billed it in as part of their Estimates.

Mr. Clif Evans: And that is for 75 percent of what cost?

Mr. Derkach: It is 25 percent of their cost, I am sorry.

Mr. Clif Evans: Of assessment.

Mr. Derkach: Yes, of assessment.

Mr. Clif Evans: So will this line be added at assessment time, or is it going to be continuous? Will the Department of Education and Training be providing cost-sharing of day-to-day assessment, or it is just going to be every four years? If I may just continue, I find it is not in the '96-97 departmental Estimates, but it is here at a figure of 1,679 for '96-97—just an explanation on that.

Mr. Derkach: This is a cost that is levied every year, and as I had indicated before, that it is 75 percent of the cost of assessment, it is not; it is 25 percent that is recovered from the Department of Education, whereas municipalities pay for 75 percent, and this is done on an annual basis.

Mr. Clif Evans: I know I am going back to the '96-97, but it is a force of habit—

Mr. Derkach: '95-96, you mean.

Mr. Clif Evans: No.

Mr. Derkach: Okay, '96-97.

Mr. Clif Evans: To the '96-97 Estimates book. It is not there, yet in the now Estimates book, '97-98, we are showing that under '96-97 it was there. What happened to it between '96-97 and '97-98?

Mr. Derkach: In the past, this used to be a cost that was borne by the Department of Rural Development. To better reflect where the costs really were, this was separated out, and each department or each group, then,

has to pay their own costs. It is on that basis that we now reflect that cost in the Estimates of the Department of Education, and we recover it.

Mr. Clif Evans: Maybe it is just accounting practice or whatever, and there are parts in Estimates that this same type of thing is reflected, that when I go back to the '96-97 assessment, something is not there even under the '96-97 line, and then when I look in here, something appears that was not there.

So if you are budgeting in the '96-97 Estimates, you are telling me now for '97-98 that it was there in '96-97 when, in fact, it was not there, at least not on paper.

Mr. Derkach: Mr. Chairman, it was paid by the Department of Rural Development last year, but all we are doing in this particular Estimates book is showing what the cost of that was in 1996-97, although you did not see it there in the line last year. It was not there; it was borne by the Department of Rural Development.

Now we are trying to reflect where the cost is, and therefore this year the Department of Education and Training will be paying that cost for assessment. It just simply reflects where the benefit lies. It is not with Rural Development; it is with Education.

Mr. Clif Evans: Then what, I guess, we should have known last year during Estimates—when we were at this point, the minister should have indicated that that would have been the case. [interjection] Well, you see numbers and you do not see numbers, and to me, if there is a logical explanation to it, fine, but when I see it—you know, if I gave my accountant numbers to do my year-end, and he brought me back my year-end with different numbers, saying, well, that may be something that might happen, I would not like that.

I am just asking why it is in one and not in another, that is all.

Mr. Derkach: Mr. Chairman, in the past, not only this government but previous governments used to pay this cost out of this particular department, and it was never reflected as a—you never took that cost out and showed what it was. It was just a cost that was picked up for all assessment from the department. To reflect where the cost truly is, it has now been taken out and apportioned

to the various departments or the entities that have to pay that cost, so it shows where the benefit is.

It is just a simple matter of doing proper accounting practices to show what the true costs are. Although it was not reflected in a separate line last year, we are doing it this year for the first time. All we are trying to do is show you a comparison of what the costs might have been last year, so that you have something to compare it to, although it was just handled out of a pool last year and was paid for by the department.

This year, we are not paying for it anymore. It is being recovered from the Department of Education and Training, and you will see this particular number show up in their Estimates, as well, as a cost.

Mr. Clif Evans: I do not have a problem at all with what the minister is explaining, and I am not jumping on the minister. All I am saying is that I would have liked to have been informed during our Estimates process that when we were here on page 43 of the Estimates book for '96-97, that the minister would have explained that this was coming into play.

That is all I am saying. Someone who does not understand the process would look at this and say, well, basically, okay, then my question would have been did the Department of Rural Development receive \$1,679,000 in the year '96-97?

Mr. Derkach: No.

Mr. Clif Evans: Then why is it there? I mean, why put it in?

Mr. Derkach: Mr. Chairman, we could have a blank there.

Mr. Clif Evans: Yes, leave it blank.

Mr. Derkach: We could have a blank there, and that is probably what should have happened. However, for comparison purposes, I guess there was an intent to show what the cost was last year as compared to this year, and that is the only reason it is there.

We just received approval from the Department of Finance to be able to show this and to be able to charge

it back in this particular year. That number, if the member wishes he could strike it out, was just done for comparative purposes, so that when you ask the questions next year you will know.

* (1550)

The Acting Chairperson (Mr. Dyck): 4.(b)(3) Less: Recoverable from Education and Training (\$1,680,700)—pass.

4.(c) Local Government Support Services (1) Salaries and Employee Benefits \$747,800—pass; (2) Other Expenditures \$232,400—pass; (3) Transit Grants \$1,444,100—pass; (4) Municipal Support Grants \$1,045,700—pass; (5) Less: Recoverable from Rural Economic Development Initiatives.

Mr. Clif Evans: Mr. Chair, with all due respect, I would appreciate it if we would slow down a little bit. I have notes, and we are whipping through this like a hot knife through butter, so I would appreciate it. I would like to ask a few questions on 13.4(c)(1) and (2).

The Acting Chairperson (Mr. Dyck): The honourable member for Interlake, please proceed with your questions.

Mr. Clif Evans: Under Local Government Support Services administration, there has been a small change in funding. The transfer line shows under Other Expenditures in '96-97, 44.4. It was a loss. What does that line represent?

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

Mr. Derkach: We were asked to find the funding internally for the small business development branch, and it is for that reason that you see a transfer from here to that branch, because it is an internal transfer. As I indicated previously, we had to fund it internally, so we had to reprioritize some of our funding, and that is why you see a transfer here.

Mr. Clif Evans: I also see that the department has dropped it in funding in the last couple of years from a high of 1.1 to this year's expenditure of \$980,000. Is there any particular reasoning for the drop? I do not

see it in staff; probably in some of the expenditures, of course.

Mr. Derkach: Yes, the cost of The Municipal Act review has been taken out, and for that reason we have a decrease.

Mr. Clif Evans: We do not have a grants line as we did in last year's Estimates. Can the minister just explain why last year's Estimates book had a grants—there was nothing there. There was a drop of \$54,000 in grants. This year, there is no line at all of grants.

Mr. Derkach: That was for the Churchill economic development committee which was receiving funding from the department, and that has been phased out. That is why there is a reduction there.

The Acting Chairperson (Mr. McAlpine): Item 13.4.(c)(5) Less: Recoverable from Rural Economic Development Initiatives.

Mr. Clif Evans: I would appreciate that we would just go back to 4.(c)(3) for one very short question and then another question for 4.(c)(4).

The Acting Chairperson (Mr. McAlpine): Is there leave of the committee to revert back? [agreed]

Mr. Clif Evans: On this line, I just want to have the minister—it says: To assist municipal governments with providing public and handi-transit services to its citizens.

I would like to know a little bit more about this branch and how it helps and/or affects our handicapped people in rural Manitoba.

Mr. Derkach: Mr. Chairman, each year we try to support the mobility disadvantaged and senior people of this province with a program that provides handi-van services to these communities. It is not a total grant program because there is an expectation the communities will contribute as well.

In addition to that, communities largely operate these programs on a volunteer basis either through volunteer drivers or board members or in a way in which they can

provide these services at the least possible cost. We provide a start-up grant to a community that has made its intentions known that they want to get into the program. The start-up grant is \$6,000 which assists the sponsors in the establishment of the new services and also helps to defray some of the start-up costs.

Then when they purchase their handi-van, we supply a grant of a maximum of \$10,000, and then if they require another vehicle we could participate in that as well. We provide for 37.5 percent of the gross qualifying operating costs to a maximum of \$20,000 a year and to a maximum of \$30,000 for operators with more than one vehicle, so basically that is the extent of our participation in that program.

It is a program that there is an extreme amount of demand for right now because more and more mobility disadvantaged and senior citizens are living in our rural communities. They require those services.

This is unlike the urban Handi-Transit program which is supplied in large part through operating grants by the provincial government. We do expect a significant contribution from our rural communities to deliver these programs, and there is a large volunteer component to this program as well.

Mr. Clif Evans: So then the Recoverable, which is on the next page, of \$75,000 is used toward the same program. Can the minister explain that, just how that works?

Mr. Derkach: As I said, this was a program that was in great demand in rural Manitoba, and to assist in meeting some of the outstanding demands, we actually transferred \$75,000 from REDI to help fund this program.

The Acting Chairperson (Mr. McAlpine): Item 13.4.(c) Local Government Support Services (5) Less: Recoverable from Rural Economic Development Initiatives (\$75,000)—pass. 4.(d) Grants to Municipalities in Lieu of Taxes.

Mr. Clif Evans: First of all, recoverable from other appropriations. The minister is indicating in the Estimates, then, the grants in lieu of taxes are being paid for from other departments and through the

Department of Rural Development to administer those payments.

Mr. Derkach: Mr. Chairman, the grants to municipalities in lieu of taxes amount to \$14.886 million. We recover \$14.791 million, which leaves us with a balance of \$94,700 to pay. The recoverable grants are basically from three departments: Government Services for \$13.099 million, Highways and Transportation for \$875,000 and Natural Resources for \$987,900.

*(1600)

Mr. Clif Evans: Would this be the line that—the minister is aware, his department is aware of the request by the now R.M. of Armstrong to pay grants in lieu of taxes on some properties within their R.M. During Bill 54, during The Municipal Act committee, the reeve brought it to the minister's attention here in committee. Also at a meeting, one of the rural meetings in Eriksdale a couple of years ago, the minister's staff sat with the R.M., then LGD. Does the minister have an update on it? What is happening with that?

Mr. Derkach: Mr. Chairman, when all of these areas were transferred to the various departments to pay taxes on, Natural Resources were charged with the responsibility of unpatented land, and, I guess, legal advice was that they should not be paying taxes or grants in lieu on unpatented lands. But there is not a large number of parcels in that. As a matter of fact, it is tiny little pieces of land, and I think the total amount is about \$8,000. It is land that is really not productive or land that is not really useful or desirable by too many people, and so therefore Natural Resources felt that they should not be paying taxes on it or grants in lieu either. That discussion is ongoing, and I believe that a resolution is being sought as to whether or not there will be grants in lieu paid on that land or not, but the verdict on that is still out. I think there is still ongoing discussion in that regard.

Mr. Clif Evans: Mr. Chair, I guess this was brought to my attention at least four years ago, and I would hope—well, of course, it is not this minister's department—but I would hope that the R.M. is coming to the Minister of Rural Development for assistance with this. I would hope that the minister and his

department would try to speed the process up to settle this issue because whether the minister feels that it is, or the department, I am sure, but the R.M. could certainly—and from what I understand they have every right to ask for this money they feel. They have sought legal advice, too. I mean, that money would do well for them if it was given to them like they think it should be. So I would hope that the minister would encourage his colleague the Minister of Natural Resources (Mr. Cummings) to deal with this and settle it, and have the R.M. receive what is coming to them.

Mr. Derkach: I will address that with the minister at my first opportunity after the flood is done.

The Acting Chairperson (Mr. McAlpine): Item 13.4.(d) Grants to Municipalities in Lieu of Taxes (1) Grants \$14,886,100—pass; (2) Less: Recoverable from other appropriations (\$14,791,400)—pass.

13.4.(e) Information Systems (1) Salaries and Employee Benefits \$684,300.

Mr. Clif Evans: Mr. Chair, there have been some changes in funding with this branch. In reading the activity identification, this Information Services branch works in co-ordination with the Assessment branch then. Is that what this branch of Rural Development does?

Mr. Derkach: Mr. Chairman, I would like to indicate that the operating costs of this branch will go up and down depending on whether we are into a reassessment year or not, and as you get into a reassessment year your costs will increase. When the reassessment is done, your costs will decrease. So that is why you will see a variation in costs in this particular branch.

Mr. Clif Evans: The total subappropriation for this branch—again the minister, well, maybe not the minister but the Estimates have done it again, the books have done it again. It has thrown numbers around again that come out of the air and appear and disappear. The '95-96 total subappropriation for this branch was \$2,367,000, and, again, we go back and then we see the bottom line in this '97-98 book, it shows at '96-97 with Recoverable from Education and Training, again, shows \$1.7 million. Yet, last year's Estimates book showed \$2.1 million. If it is the same explanation that

the minister has and I can appreciate as he says, that the expenditures of the branch go up and down with assessment years, but then '95-96 was an assessment year.

Mr. Derkach: Mr. Chairman, if, in fact, the member were to strike out those numbers, and I can see where they are causing some confusion for the member, because if you look at the '95-96, it was 2.367; in '96-97, it was 2.183; and if you take those recoverables away, it ends up at 1.771. Therefore, I would ask him to ignore the right-hand column, and the reasons are the same.

Mr. Clif Evans: Will this recoverable now be in?

Mr. Derkach: Yes, it will continue into the future.

Mr. Clif Evans: So, if I might, this branch and the Assessment branch, there is a co-ordination between them, of course. Is there a problem as to why they are totally separate? I mean, can they not be under one umbrella?

Mr. Derkach: Mr. Chairman, we try to show the functions that the ADM has responsibility for, and although the Assessment area reflects a very narrow area, the Information Systems not only serve the assessment function, it also serves other areas of the department. Therefore, it would be unfair to try and reflect those costs in the Assessment costs.

Mr. Clif Evans: So there is more to this branch than just the assessment part.

Mr. Derkach: Oh, yes.

Mr. Clif Evans: Okay, that was my query. Thank you.

* (1610)

The Acting Chairperson (Mr. McAlpine): Item 13.4.(e) Information Systems (1) Salaries and Employee Benefits \$684,300—pass; (2) Other Expenditures \$1,471,400—pass; (3) Less: Recoverable from Education and Training (\$409,700)—pass.

Resolution 13.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$10,415,200 for

Rural Development, Local Government Services, for the fiscal year ending the 31st day of March, 1998.

13.5. Rural Economic Development (a) Executive Administration (1) Salaries and Employee Benefits.

Mr. Clif Evans: Under this line, would it be appropriate to talk a little bit about The Sustainable Development Act or would there be a more appropriate line to discuss that?

Mr. Derkach: We should probably have discussed this under The Planning Act, because there is some crossover, but The Sustainable Development Act is actually being brought forward by the Minister of Natural Resources, so it would probably be more appropriate to ask him questions on The Sustainable Development Act, but I will, for that matter, if there are general questions as they relate to planning or a function of that, I would be pleased to answer them.

Mr. Clif Evans: The planning part, is that further on?

Mr. Derkach: No, that is something that we passed yesterday, but I am open to going back and having some questions posed regarding the act if they are appropriate for this department. If not, I will tell the member.

Mr. Clif Evans: I apologize for missing it yesterday. I did not have my information here. As far as The Sustainable Development Act, and we know that it is being revisited, but there are many comments and recommendations and concerns with The Sustainable Development Act, the proposed development act that affects rural Manitobans and affects the Department of Rural Development.

I am curious to know what the minister's reaction was and where he was with the UMM's and MAUM's discussions with him in support of their comments and recommendations as to how The Sustainable Development Act, the one that was presented, white paper was presented, had the concerns. How did the minister react? Were his department's concerns brought to cabinet on behalf of rural Manitobans as far as implementing some of the regulations that would be put in? What did the minister and his department—how did they respond to the discussions?

Mr. Derkach: This has been a fairly long, ongoing process and not only did we discuss it with municipalities, but we also had our Round Table on the Environment and Economy lead some discussions as well, and we knew from the very beginning that UMM had a difficulty with the appeal process for planning and, although The Sustainable Development Act speaks to allowing municipalities to make decisions about development, just as we do with the Municipal Board, we recommended that there be an appeal mechanism to protect both sides, the municipality in some cases, the developer in others, so that there was always a third party that could be appealed to make a decision on development.

That quasi-judicial board or body would have similar functions to the Municipal Board, where they would hear both sides of the argument and hopefully that that mechanism would not have to be used very often. But as the member knows, sometimes, and we have seen this over the recent past, where decisions were made on emotion rather than on fact, and there was a great deal of debate, discussion, petitioning and all kinds of things that occurred as a result. In the end, decisions were taken, sometimes to the benefit of the municipality and sometimes not.

So we thought that through our discussions we would allow for an appeal process to protect both sides. This would be a quasi-judicial body that would act in a similar way that the Municipal Board does now. That is still an outstanding issue. That part of the act is not going to be introduced at this time, because I understand that there are still more discussions that need to be held with affected parties in that regard.

Mr. Clif Evans: I thank the minister for his comments.

I think the minister would be well aware that the issues and concerns of the white paper that was presented before, and people coming to me and even in my areas where now, as you are aware—and my opening comments were that we have to be concerned with the grassroots, the economic development, yet people having the availability to take care of business themselves at the grassroots level, the elected officials. There are processes that are ongoing now where municipalities are revisiting the fact of changing their by-laws within the system—and brought it to my

attention and concern that, you know, we are going through this process and then we are not going to be able to do anything with it anyhow, because The Sustainable Development Act is going to be a one-stop shopping centre and the minister is going to decide for us whether we—it was in. Those are the concerns, and that there was no basis of appeal. Those were the issues brought up to my attention.

I am concerned, and I am hoping that the Minister of Rural Development when The Sustainable Development Act comes out will of course share the concerns with me that the people will come to him with, and to myself, vice versa—I will too, if there are—with the changes. There may not be, but this member doubts that. I think there will still be concerns when it comes to Rural Development, and I think we have to make sure that we do not do anything through any other legislation or regulation that will affect what we are striving for and doing for rural Manitobans.

We cannot put a chain or a collar on these people. We cannot babysit them, but we cannot put a collar around them and say: This is the way it is going to be, and this is what you have to have in your community; this is what you have to have in your municipality; this is the way you have to operate—because I feel that could, down the line, put a tremendous strain on a lot of areas and a lot of communities. Under the white paper or The Sustainable Development Act—I mean I know that it would tremendously affect my area when it comes to the bottom line of water and land use, tourism.

So I am just putting on record that I hope that once the new legislation does come out for review that the minister and I and his department—that I would appreciate working with the minister and with UMM and MAUM to address all the concerns that they might have at that time, if that is the case. If it is not the case, then we will certainly work alongside with rural people, rural Manitobans and abide by their wishes, I would hope, and not by the wishes of new legislation.

* (1620)

Mr. Derkach: As I indicated, the reason those two parts of the act are not being contemplated for this session is because we want to ensure that there is

opportunity, adequate opportunity, to discuss that part of the legislation, if you like, so that when we move ahead we will have indeed met the concerns that have been expressed by the affected parties and that it will be meaningful legislation when it is introduced and something that municipalities do want to work with. To that extent, I agree that there still needs to be more discussion in that regard.

The Acting Chairperson (Mr. McAlpine): Item 13.5. (a) Executive Administration (1) Salaries and Employee Benefits \$104,900—pass; (2) Other Expenditures \$30,700—pass.

13.5.(b) Infrastructure Services (1) Salaries and Employee Benefits \$1,305,400—pass; (2) Other Expenditures \$323,500.

Mr. Clif Evans: The Infrastructure Services and this is the Water Services Board, it is a board that, I guess, just helps out communities deal with problems they have with any type of water, whether it be in their communities or on farmlands. The communities of Fisher Branch and Ashern, with their water problems and with their plans, et cetera, would they have gone through this department or this branch of the department? How much assistance was available to them during the process? Of course, they have gone further now, the plans are in place. I just also ask the minister if there are any other communities that have come to this branch, to this board, from my area or the vicinity for assistance?

Mr. Derkach: Maybe I would like to pause for a minute here before I answer the question and introduce the ADM for the economic development side, Mr. Larry Martin, who is at the table now. In addition, joining us are Mr. Peter Mah, who is well known to the member, who is now the director of the community development area, and Mr. John Melymick, who is the manager director of REDI and the Grow Bonds Program.

With regard to the question, which was the Water Services Board and whether the communities of Ashern have participated, I have to say that I do not have that specific information, but I can commit to get that information for the member.

The Water Services Board works with each community across rural Manitoba. Now the northern communities, which fall under the jurisdiction of the Minister of Northern and Native Affairs and Energy and Mines are under that particular minister's jurisdiction and we do not participate in those communities. However, all other communities, incorporated villages, towns outside the city of Winnipeg for that matter, we do in fact participate through the Water Services Board in extending water services and sewage treatment facilities to those communities.

So to that extent, yes, we have worked with the communities that the member references, but I will get the specific information for that member and it will be in his hands very soon.

Mr. Clif Evans: I do not know whether the minister received an invitation to Arborg's official opening for their treatment plant, which is on Thursday. Would this department, would this branch be a part of, as it says here, and I am not really sure myself, but the 35 water treatment plants that will be operated in an efficient manner. Will this branch and this department be involved in that in Arborg?

Mr. Derkach: Mr. Chair, we have been involved in the establishment of that particular project, and although I would love to be at that opening, as the member knows, I have to be in the House, and so therefore I will not be able to be at the opening. It is part of the PAMWI agreement and PAMWI project which has federal participation, community participation and provincial participation. And, yes, I would dearly love to be there, but because duties of the House demand our presence here, it will be impossible for me to be there at the opening.

Mr. Clif Evans: Mr. Chair, I just received that invitation myself yesterday via fax, and I too am sort of caught in the middle of whether I am going to be able to attend, but I am pleased to see that it is on, that it is going. Well, perhaps we can work out a deal, I do not know. We will have to discuss it later.

The Acting Chairperson (Mr. McAlpine): Item 13.5.(b)(2) Other Expenditures \$323,500—pass.

Item 13.5.c) Community Economic Development Services (1) Salaries and Employee Benefits \$2,648,300.

Mr. Clif Evans: Mr. Chair, I just noticed through some of the footnotes on staffing that this branch had 59 employees in '95-96, has lost four within that period of time. It says transfer of a position and deletion of one position due to workforce adjustments, but that only accounts for two since 1996-97. Yet again, there are those numbers again; I do not know if the minister wants me to delete that too.

Mr. Derkach: Mr. Chairman, yes, in response to the question, two staff were transferred to the Small Business Development branch that we spoke about earlier, one staff year was transferred to Finance and we had a reduction of one, which is a total of four.

Mr. Clif Evans: Mr. Chairman, just to make another point with these numbers again, and it has happened again. I mean, 59, 59, and yet 57 in this year's Estimate book. I do not think that they are big deals either.

* (1620)

Mr. Derkach: I will send that message back to the Minister of Finance.

Mr. Clif Evans: Please, yes. I would appreciate if you would do that, and that way we would not have to query every time we came to these numbers that obviously are there one minute and not there another minute.

Under the Expected Results section of the Community Economic Development Services branch, applications for departmental economic initiatives under REDI and Grow Bonds will be expedited through regional delivery systems. Is this something new? I did not notice it, unless I missed it, in other explanation.

Mr. Derkach: I do not understand the question.

Mr. Clif Evans: Well, it is under Expected Results.

Mr. Derkach: Yes?

Mr. Clif Evans: The third from the bottom of the page, "... through regional delivery systems." Is that a new-

Mr. Derkach: No, Mr. Chairman, sort of the first point of contact for communities is through regional offices throughout the province, and we have nine or 10—we have 11 regional offices in the province, and they are the first point of contact between the department and the community, and these regional offices have been there for as long as I have been in the department.

Mr. Clif Evans: Mr. Chairman, and that is for both the REDI and the Grow Bonds.

Mr. Derkach: Yes.

Mr. Clif Evans: Anything else? Any other incentives?

Mr. Derkach: Well, we have our planning offices in these regions. In addition to that, we have some draftspeople in some of the offices, and, yes, the Community Choices program is run from these offices as well as the Community Works Loan Program, which is our newest one, would also be delivered through these offices as well—so all our programming basically.

The Acting Chairperson (Mr. McAlpine): 13.5. Rural Economic Development (c) Community Economic Development Services (1) Salaries and Employee Benefits \$2,648,300—pass; (2) Other Expenditures \$695,000—pass; (3) Grants \$545,000—pass.

13.5.(d) Food Development Centre \$985,000—

Mr. Clif Evans: Mr. Chair, the minister and I—well, I have not had the opportunity as yet to visit this facility.

An Honourable Member: No?

Mr. Clif Evans: No, still not. I think my colleague for Crescentwood probably has. He likes that kind of food, I guess, I do not know. He did not take me along either. He did not tell me he was going.

An Honourable Member: He did not tell you . . . Was there a reason?

Mr. Clif Evans: I do not know, but I would just like to ask—there has been a very, very slight decrease in the funding for this development centre and I wonder, of

course, why, and basically what does the minister expect for a future from this branch from the Food Development Centre? What are we looking for in the future with this?

Mr. Derkach: Mr. Chairman, as the member knows, we recently acquired or took responsibility for the Food Development Centre. This was sort of the best kept secret in the food processing industry in the entire province, and if you spoke with people who were in the food processing and the value-added processing business, nobody seemed to have a very good knowledge of what the Food Development Centre did. It was actually called the National Agri-Food Technology Centre and very few people involved in that industry had any knowledge of what was happening there, what the purpose of that particular facility was.

As a matter of fact, when we took it over, there were pieces of equipment there that were extremely outdated and actually the place was in need of substantial upgrade in order to meet accreditation standards as well, I might say, and so a significant number of dollars had to be invested into this facility in order to bring it up to speed.

Mr. Chairman, we created a special operating agency in the food lab, hired a manager and have allowed the food lab to actually operate as an independent special operating agency who can actually go out and respond to needs much more quickly than you could through a department of government. Although they still have a long way to go in terms of having their name out in front of the food processing industry, I would have to say that with the kind of work that has been done by our economic development officer who was stationed at the food lab, by the manager of the food lab, by the people who were actively employed at the food lab, there has been a remarkable turnaround in a very short time.

So I am very high on the food lab. I think it has enormous potential. I just wish that our federal counterparts would understand that this centre could actually perform many of the duties that are now being developed at Southport through the nutrition centre, because I see no sense in having two entities like this in a community, where they could actually be working to

complement one another. A lot of the research could be done out of the one facility because we do have space there. Unfortunately, I was unable to convince the federal minister to, in fact, complement the services of the special operating agency by including the nutritional centre, or whatever it is called, in the food lab as well.

Mr. Clif Evans: Mr. Chairman, I will make every effort to visit the organization, hopefully, once we are out of here. Maybe I will ask another one of my colleagues, someone who would want to go with me.

Mr. Derkach: I would certainly invite the opposition critic to in fact take a morning. The food lab would love to host you, because they want to ensure that Manitobans know what they are about. I think it is a very important function for the critic to understand what their function is and to, in fact, come back from there and ask questions about it. Because if there are ways that we can improve it, we do not have the wisdom of Solomon in terms of this industry. But we are certainly trying to learn as quickly as we can. The staff out there are very motivated and eager to do whatever it is they can to promote value-added processing in Manitoba.

As a matter of fact, I might mention that last year at Rural Forum they produced a product from one of our berry farms that was I think enjoyed by everyone. It was a saskatoon juice that they produced right at the forum. They took their equipment to the forum. Actually rural Manitobans were impressed that you could actually move a piece of equipment to a setting like that and produce a product right before their eyes. So there is not a lot of knowledge about what this particular plant can do and how it can help in the whole food processing industry.

Mr. Clif Evans: Mr. Chair, who is the general manager?

Mr. Derkach: Mr. Gerald Offet is the manager who was the former manager of CEDF.

The Acting Chairperson (Mr. McAlpine): Item 13.5.(d) Food Development Centre \$985,000--pass.

Resolution 13.5: RESOLVED that there be granted to Her Majesty, a sum not exceeding \$6,637,800 for

Rural Development, Rural Economic Development, \$6,637,800, for the fiscal year ending the 31st day of March, 1998.

Mr. Clif Evans: I am wondering, Mr. Chairman, before we continue if we might take five minutes for just a quick break.

* (1640)

Mr. Chairperson: Is there leave of the committee to call a recess for five minutes? [agreed]

The committee recessed at 4:40 p.m.

After Recess

The committee resumed at 4:48 p.m.

(Mr. Peter Dyck, Acting Chairperson, in the Chair)

The Acting Chairperson (Mr. Dyck): I call the meeting back to order, and we will proceed under 13.6(a) Grow Bonds Program (1) Salaries and Employee Benefits.

Mr. Clif Evans: Mr. Chairman, if I might just go back for one question on sustainable development, if the minister will allow that.

I have just one question. Can the minister indicate to us if he is aware whether The Sustainable Development Act will be presented to the House this session?

Mr. Derkach: I do not know that. That is a question that he should ask the Minister of Natural Resources (Mr. Cummings).

Mr. Clif Evans: Well, the minister did indicate that the act was going to be brought back with some changes, indicating to me that it was going to be coming.

Mr. Derkach: I said if The Sustainable Development Act will be introduced in this session, then it will be introduced in all likelihood without the last two parts because those are the two parts that pertain to The

Planning Act, and those are the two parts that need some discussion with the municipal corporations. I think the municipalities know that already, that they will be given some time to discuss those issues that they had difficulty with.

Mr. Clif Evans: So, then, is the minister indicating that it is going to come back now, this session, in one part and at another time with another part?

Mr. Derkach: Well, if it is introduced this session, it will come in as The Sustainable Development Act, but I believe in the white paper or the discussion paper there were seven parts to it, and I believe that the difficulty right now or the outstanding issues are with the last two parts of The Sustainable Development Act.

So if it comes in this session, I do not see it coming in with the inclusion of those two last parts. Those two parts may require additional discussion.

* (1650)

The Acting Chairperson (Mr. Dyck): 13.6.(a) Grow Bonds Program (1) Salaries and Employee Benefits.

Mr. Clif Evans: We have arrived at a section that the minister in his opening remarks indicated how strongly things like Grow Bonds and the REDI program have created jobs, created economic flow, but, of course, we are aware and the minister is aware that there are some difficulties. There have been some difficulties in the last couple of years, and, of course, these difficulties have been increasing in the past year.

But before we get into any of those—and I will just indicate to the minister that my colleague from Crescentwood will be asking some specifics on different Grow Bond issues. I would like to during this time also ask the minister about some of the concerns I have with the Grow Bond in my area and, of course, some of the other Grow Bond issues.

In the past year or so or since the Estimates last, can the minister indicate how many issues have been applied for in the past year?

Mr. Derkach: Mr. Chairman, in an approximate number I would say that there were about a dozen

projects that staff from the department are working on or have been involved in. I think there were two or three that were approved in the last year. It depends, but I think there were approximately two or three.

Mr. Clif Evans: Of course, the footnote for increase in staff years, and the minister mentioned this, the Grow Bonds Compliance Officer position, what is this position? What is the mandate of this position?

Mr. Derkach: The primary responsibility of a compliance officer would be to work with the different companies that we have under the Grow Bonds Program; to monitor those companies and to work with the bond corporations that are established for each of the companies; and to ensure that, in fact, the regulations and the legislation is complied with as the companies grow and progress.

Mr. Clif Evans: Last Estimates, when the minister was approached about the Grow Bonds issues that were, I guess, questionable, if my memory serves me correct, he had indicated that up till last year, one had failed totally and that two, I believe, he said were in some difficulty and that the department was dealing with them. Can the minister indicate, if there are, how many more issues are in trouble or having difficulty? Have any others totally failed?

Mr. Derkach: Mr. Chairman, Mass Technologies, as the member knows, was the one that we spoke about last year that had failed, and the company where we had paid out the bond. Since then, Woodstone Foods of Portage la Prairie has failed, and we have paid out the bond in that regard.

In the case of Crocus Foods, although we paid out the bank, we have, through the Manitoba Development Corporation, taken over the company. The company is continuing to operate with the same numbers of jobs, as a matter of fact, an expanded number of jobs, at the plant at this time. The company is operating at, at least, a break-even, if not a profitable situation. So that company, we are confident that we will recoup all of the money that was paid out by the province. In addition to that, the revenues that have accrued to the province as a result of the taxes paid by people working there and so forth. Those are basically the ones where we have paid out the bonds to date.

Now, when the member asks: Are there other companies that are facing difficulty? Yes, there are. There is at least one that we know of that is facing some extreme difficulties. I do not know if there is any hope of it actually surviving, and another one, or two I guess, where we are working with the companies and other partners to restructure and to allow them to continue.

Mr. Clif Evans: Can the minister indicate, the difficulties of these Grow Bond issues that have been incurred by them—and you say difficulties—basically I guess in layman's terms: Why? Why have they come into difficulty? What is the problem? Were they not properly researched? Did they not do their homework before applying for these issues?

Mr. Derkach: I do not want to speak about any particular company, Mr. Chairman, but from the research that we have done on the ones that are in difficulty, there are a variety of reasons why they find themselves in that position. In some cases it is because of marketing. That is one of the common problems that we are finding in these companies. That is why we have endeavoured to put in the marketing branch of our department to help these companies market their products, and to ensure that the markets that they have are ones that are profitable for the company, so that they are not just producing a product and losing money on an annual basis.

Some of our companies, unfortunately, have some serious management problems, and are failing as a result of bad management. Once again, here we have worked with other companies or other partners to try and bring in some expertise management, if you like, to help these companies out of their dilemmas. In some cases it works, and in some cases it does not.

* (1700)

As the member knows, this is all part of that venture capital program where there is no guarantee. If you go into a venture capital program in any other area other than Rural Development, there is no guarantee on the principal. If you look at the history nationally of venture capital companies, 60 percent of them fail. Out of 10, six will fail; two will barely survive; and two will do well, or will survive. We have 20, in total I guess 22

out of the number that we have had, the three we have paid out, but one is operating. I would say that our statistics are actually two, because the one that is operating under Crocus Foods, for example, is showing tremendous potential.

But, once again, I speak about management and I speak about markets. I think those are two of the key areas that one has to focus on. This is a new program, as I have indicated before. This is a program. If you look at the comparable program in other jurisdictions I think, by and large, this program has not done that badly. But we are learning. I think that we are putting in processes.

The reason we asked for the Auditor to come in in 1994 and look at Woodstone was for the precise reason of knowing whether or not the practices that we had implemented were right, whether we had to make adjustments, and what those adjustments had to be. The Auditor did comment in 1994 about some of the areas of change that we had to undertake, and those were undertaken.

Then we asked for the Auditor again in 1996, and once again the audit was done. The Auditor did bring up some new areas of concern that he wanted us to address, and those were addressed as well. Now, there is no point in pointing fingers at people. The issue is that we had a company here that had, I think, both management and marketing difficulties, and unfortunately it did not survive. I guess the saving grace is that we have a company that looks like it will continue to operate in the Portage area and we will have jobs in that area as well.

But compare that to other venture capital initiatives, and I tell the member that the former administration of his government, of his former government, had a venture capital program as well, and if you compare the results of this venture capital program to that, I think that we have come a long way. I think we have learned, I think we are showing some successes, but let us remember that this is a venture capital program where, I think, there are changes that are occurring on the landscape. If you look at our problem areas, they are in the value-added food processing area. That is one area where there is fairly stiff competition and, when you have big competition in an area like that, it is

going to be more difficult to access markets, more difficult to crack new markets.

I think we have had some extreme successes, and I look at the company in the member's own community, in Arborg, who, I would have to say, are finding new market niches for their product. They had to change their product and they have had significant difficulties, but I think with some patience and time and, you know, some patient capital, that company has a future. I think they have some solid markets that will be there for the long term but, as I say, we have to be patient and we have to support that company because there are important jobs in that community and we have to protect them as much as we can. If we find that there is no hope of that or any particular company surviving, we have to make the decision that our first loss is our best loss and then carry on from there.

But by and large, I have to say that the Grow Bonds Program has done its job, it is doing its job. If you look, I mean, we are focusing on the negatives here, but look at the successes, look at the success stories. We have had at least two companies that have gone for their second Grow Bond. We have a third company that might be looking for a second Grow Bond. We have a company now that does not require the Grow Bonds Program anymore. It has now grown to the point where it can go to a financial institution and get its capital requirements rather than to the Grow Bonds Program, and that is exactly what we want to see. We want to see the company growth and we want to have them move on to the regular, traditional lending institutions rather than depending on the government or the community to support them.

If you look at the overall number of programs that we have and our projects that we have under the Grow Bonds Program, I think that we have done extremely well. I do not like losing a dollar, there is no question about that, and if it is unnecessary I do not like losing a penny. However, that happens, regrettably, and it will continue. I mean, we will never be in a position where we can say we have 100 percent success under a venture capital program, but as long as we learn from the ones that fail, we then can advise new projects that come to the scene that these are some of the areas that we have to be careful about to assure them that they will stand some chance of success in the long term.

I have to tell the member also that last year the total gross sales for the Grow Bond companies that we have amounted to \$26 million. Now, that is not insignificant in rural Manitoba, and 500 jobs is 500 jobs in rural Manitoba. That is significant too. Do we have problems? Sure there are problems but, overall, I think our successes far outweigh our problems, and we hope that will continue.

Mr. Clif Evans: I want to put on record again—and I have put this on the record, and we have put it on the record—that we support the Grow Bonds Program. There is no doubt about that we support the Grow Bonds Program. We know that it was started in Saskatchewan, I believe. But a question or comment, the minister indicates that some of the difficulties that some of these Grow Bond issues are having has been through lack of marketing—or perhaps not the lack of marketing—maybe so, perhaps the marketing of the product that they were proposing to make.

He talks about management. I talk about that; I can say that, yes, there are successes. I am happy. We are happy that there are successes in there. We are certainly pleased. So obviously those successes had to have been doing something right, had to have had the proper plan in place, had to have the proper marketing strategy in place, the proper management, a product that could be marketable. So when that success story comes and applies for a Grow Bond, okay; then we can appreciate the fact that it is going to be successful because it is there, and it has done its homework.

Not only that, I would say the government of the day and the minister of the day are responsible to make sure that to the best of his availability and—the word misses me, but what I am trying to say is there is a responsibility of somebody. We are talking about quite a few million dollars of investment by rural Manitobans in Grow Bonds. The people have to feel confident that they are going to invest their \$1,000, \$5,000 or \$10,000. People have to feel confident and be made to feel confident from the department and from the government, because that is who is guaranteeing the principal to them. Now, if they are made comfortable and it is not a success, then who is at fault? Is it the company did not do their homework? Is it the government of the day did not do their homework? I do

not want to put a blame really on anybody. I really do not. I think that this is too important of a program.

* (1710)

The minister has indicated he has got \$26 million of gross sales, provided 500 jobs, but there are failures. He indicates that there cannot always be 100 percent success. I am not saying that there should be either, or can be. I have been in business myself long enough to know that. But I also know that I am not going to be asking for people's taxpaying dollars, nor am I going to go to the bank and ask for funding to expand my business, to expand a potential of jobs without doing my homework. If I go to the bank, the bank is going to tear me inside out to make sure that my prospectus or my plan is going to work or else they will not invest in me.

So there is somebody that is then responsible for my applying to the bank just as my applying for a Grow Bond issue. My applying to the Grow Bond issue is the government's responsibility then. It is your responsibility, or it is ours as elected people, to make sure that what I put in place for a Grow Bond issue is going to be successful.

So what I am also saying is perhaps we are learning, perhaps we are learning, but when it started out, there were successes that we could fall on. All of a sudden we are having difficulties. We are having difficulties—again, I support what the minister said—but I feel too many difficulties when we are dealing with taxpayers' investment dollars. I also feel that perhaps we are not being up front enough with the whole Grow Bond issue. I want the minister to appreciate, because I have said, the Grow Bonds Program is something that I support. I am glad to see that the community of Arborg has got a Grow Bond issue, but I am worried about it. I hope that Gilbert International does the best that it can to provide the jobs. All I am trying to make a point here is that we have to somehow be able to provide a better guarantee when it comes to the investment of our communities in a business or development that is going to prosper and is going to assist the community in being economically viable as well.

I am disappointed that some of these companies did not have the proper marketing plans before they went

ahead with the Grow Bond issue. I am disappointed that the management, as the minister had indicated, in some of the difficult companies that we have, was not satisfactory. They have had to change. The minister's department has gone and done whatever they could to ensure some of the companies can still maintain and stay on their feet. That is well and fine too. I do not want to put a blame, I want an answer or perhaps a suggestion or perhaps come to a common conclusion as what the problems have been and how we are preventing that from occurring again.

Mr. Derkach: The member has said that when we offer a Grow Bond it is our responsibility to ensure that it succeeds. However, I have to point out to the member that this has always been a venture capital program. Normally venture capital programs do not have any sort of guarantee. However, because we try to stimulate economic development in rural Manitoba, we provided the guarantee under the Grow Bonds Program, because the member knows full well that rural Manitoba was depopulating at a progressive rate and that in fact if we had not done anything, today the landscape would look much different than it does at present.

This was not sort of a brainchild of Manitoba. As a matter of fact, the program was not copied but was initiated in our neighbouring jurisdiction. We looked at that program and then modified our program to meet the needs of Manitobans. We knew that there was substantial capital in rural communities that was leaving those communities and being invested in eastern Canada and indeed out of the country. By keeping that capital in our communities it meant that there would be an attachment of the people in that community to a project, that indeed that would be managed by and large by the local Grow Bond corporation and that there would be a need for people to ensure that a project would succeed as much as possible.

By and large that worked, but, as I say, you experience things as a program grows and as it matures. If we look at Saskatchewan, they are abandoning their Grow Bonds Program because of complications and because of administration and because of the large number of failures that they have in Saskatchewan, far, far exceeding anything we have come close to, but I am

not criticizing them. I am saying these are venture capital programs and that from time to time they will run into difficulty.

We try to do the best job possible, and for that reason we have had our staff do analysis on projects. We involve the Department of Industry, Trade and Tourism through their financial management branch to do analysis of the program. We involve the Economic Development Board. We involve the Grow Bond review committee, and there is a due diligence process that is gone through.

As a matter of fact, the Federal Business Development Bank has also been used to ensure that an analysis of the project is made by them and a recommendation is made by them in some cases, and besides that, the local municipal corporation has to pass a resolution that says they are supportive of this project in their community.

Now, what more can we do besides that? Well, every corporation has to file a prospectus. They do projections in a prospectus, but projections are projections, and today the Securities Commission is revising their procedures because they realize that projections are just that, and it is difficult to use projections to provide any certainty that indeed those projections are realistic or not, but we try to look at the projections and try to make our best estimates as to whether or not those projections are realistic. But besides using all of these internal people in doing the analysis of a project, we also go outside of the department, outside of government, and we bring in external consultants to take a look at projects and give us their professional opinions as to whether this is a project that has any chance of survival.

So we try to cover all of those hurdles, but as the program grows we are becoming more sophisticated. There is no question about that, and through our experiences we have learned of some of the things that we have to pay attention to, and I might say that the valuable information from the Provincial Auditor has allowed us to adjust our procedures, and for that reason we are bringing in extra people on to staff, into our Grow Bonds office. We are bringing in a compliance officer. We now have a director who has 28 years of experience in the banking field and certainly in the

financial field in terms of business, so therefore we have people now who are senior, who do have a lot of experience. I am confident that their assistance in this program will allow this program to succeed and thrive in the future.

That does not say that we do not have problems, and I might say to the members that we exert extreme, I guess, diligence in trying to help a project when, in fact, it faces difficulty. In the case of Woodstone, I do not think anyone would deny that we tried to bring in outside sources of funding as equity partners in the project. We tried to seek out interested parties in the local community and abroad to see if anyone was at all interested in taking on this project and leaving those important jobs in the community, because that is what the bottom line is, is the jobs that are so important to those families.

At the end of the day, we were not successful. However, I am pleased, as I said before, that we do have a company that has now taken over the plant and will at least retain 10 jobs in that community to begin with. I am sure that as they become successful, they will employ even more people. We can go round and round and round on this one. If the member has some constructive advice as to how we can amend procedures, I am happy to listen to him and take that advice under consideration. If we can improve it by implementing some of his advice, we will do that.

Mr. Clif Evans: Prior to my colleague from Crescentwood (Mr. Sale) I would like to deal with this issue too. The comment I have and a question is, the minister had just gone through telling us what they have been doing to make sure that companies are going to be viable. He went through a list. Has that been since the first Provincial Auditor's Report on the Grow Bond issue? Has that been something that they have been doing since '91? Because it seems that if they are doing and have been doing since 1991 the things that he is telling me, I cannot understand then how some of these difficulty Grow Bond issue companies have gone under. Why, if all of this has been done, was there not anybody checking up on the management or checking up on the marketing or whatever?

So what he is telling me, what they have been doing the last year or so with new companies applying, I can

honestly say that I feel that is probably very good, but what about since '91? Obviously, the minister said that they have been learning. We have all been learning about this. Why was this not all picked up since 1991? With Woodstone, with the others that have gone under, there had to be something there that was missed.

* (1720)

Mr. Derkach: The member will know that in 1994 it was at our request that the Auditor was brought in. The reason we brought the Auditor in was to give us an overview of how the implementation of our processes was perceived. Recommendations were made. Then those recommendations were implemented. But I have to say that, regardless of what types of measures you take to do due diligence on any project, this is still a private company. It is not government running it. So, therefore, the department is not responsible for managing that company on a day-to-day basis. As a matter of fact, we have no right to manage that company on a day-to-day basis.

Today if you look at the bankruptcies that are happening around the country where banks are involved, I think if you compare the successes and failures in that atmosphere to these, you will find that we are not doing that badly at all. Overall about 13 percent or less, if you take an overall view of things, of our companies have failed. Now, that is not a bad statistic for a venture capital company.

As the member indicated, we have been learning through the processes that we have put in place, through the Auditor's comments, and we have added staff. We have added, as I said, the experience of a director who has a wealth of experience in that field. We are adding a compliance officer. As I say, we can go around and around on this topic. I think that we have actually done everything humanly possible to try and keep as many of these companies profitable as we can, afloat, and keep those jobs in those communities.

Mr. Sale: Mr. Chairperson, just a couple of comments before some of the more detailed questions I wanted to ask. I think it is important to put on the record that the minister probably was just confusing two audits when he made the comment that in 1994 he brought in the Auditor to look at Woodstone. In 1994 it was to review

the overall procedures, I think, and to ask for advice about strengthening the program.

Woodstone was one company but yet at that point was losing money badly, but it had not had even its first-year audited statement under the Grow Bond that was issued. The Woodstone audit of course was '96, and the Woodstone audit did not come about because the department asked the Auditor out of the blue, the Woodstone audit came about because the opposition requested day after day after day in the House that there be an audit and advanced a great deal of information to the Auditor and in raising serious questions about the appropriateness of that company's management. So I think it is important to put on the record that we are glad those audits were done, but the first one was done at the request of the department, the second one was done at the direction of the Minister of Finance in response to many, many questions raised about what was happening in Woodstone.

So with that just, I think, clarification of the history of what actually happened, I wonder if we could start with a positive question. The minister indicated that there are several companies that have gone on to become very effective. Could the minister indicate, of the 22 that I have on a list, specifically which companies have repaid their bonds in full and gone on their way to prosper?

Mr. Derkach: Mr. Chairman, one company has been in existence now for five years, and that is Rimer Alco. Their five-year term came up in March and there was an agreement between the company and the bond corporation to extend that bond for an additional five years. Care Corporation is coming up in July. Their company is working with the bond corporation there at extending the term. I understand that the objective is to extend the term in that bond as well. The other companies have not matured at the five-year at this point in time.

But, Mr. Chairman, I want to also comment on the remarks that were made by the member for Crescentwood regarding the two audits. In 1994, although we requested the audit of the Grow Bonds Program, one of the specifics of that audit was Woodstone. The comments that were made by the Auditor at that time were specifically with regard to

Woodstone as well. In 1996, yes, the opposition asked questions and asked that an audit be done. The audit was in fact a joint audit that was requested by myself as Minister of Rural Development. That request was made of the Minister of Finance who then asked that the audit be done.

If the member wants to take credit for it, that is his prerogative. I do say that we were sincere in wanting to get the audit done so that we would get a better understanding of the processes that we needed to improve to ensure that this program continued and was a success. No one wants to see a program fail, and if we can learn something through an audit that will allow us to improve procedures, processes and will allow a company, whether it is one or the group of companies that we have, to be successful, that is the objective in the end. We have no argument with the Auditor. The Auditor has made recommendations, and we intend to fully implement every recommendation that was made by the Auditor.

Mr. Sale: Mr. Chairperson, could the minister tell us whether all of the bondholders in the Rimer Alco situation have renewed or whether the government's guarantee has fallen as a result of partial redemptions? The current guarantee showing on the books I think is \$127,900. I would assume that some bondholders indicated a preference to have their capital refunded, and that somehow that capital had to be refunded, whether it was refunded by a direct payment from government or whether Rimer came up with the money and the government guarantee was reduced. Could the minister clarify?

* (1730)

Mr. Derkach: The government has not had to redeem any of the bonds with Rimer Alco. There were \$40,000 of bonds, I guess, where redemption was requested. However, the bond corporation resold those bonds. I think there is a small amount outstanding yet, but the corporation is confident that they can remarket those as well.

Mr. Sale: Mr. Chairperson, I have got correspondence from a couple of different bondholders in regard to the Teulon Care Corporation. The indication there is that

the company—well, let me ask the first question first, and then we can go on to this.

Rimer and Care, according to bondholders, neither was current in its interest payments on the bonds outstanding. Is that still the situation, or have they caught up?

Mr. Derkach: Rimer Alco is current with their interest payments. There is an arrangement that has been agreed to between Care and the bondholders in that particular project with regard to a plan to pay the interest over time.

Mr. Sale: At least one of the bondholders who has got a fairly significant interest indicates that there is an intention in principle to do that but was not informed as to what the payment plan would be in regard to Care Corporation. I think it is in arrears now for about—it would be about 20 months, I guess, now in total.

Mr. Derkach: Mr. Chairman, I am advised that as of February 20, all bondholders were advised of the repayment plan and that a letter was sent to all the bondholders. So if some bondholder did not receive that letter, if they let us know, then we could ensure in fact that that letter is sent.

I know that there was a bondholder from I think it was British Columbia, an individual who had moved to British Columbia, who had asked some questions of me when I was on Peter Warren and wanted some information. That information was provided to him almost immediately and I have not heard from that individual since then. So whether this is the same individual or not, I know that there was one bondholder from outside the province who had some questions. Perhaps this is the same one, where I am hoping that if he did not receive his letter, if we are advised, we will get that letter off to him or the corporation will immediately.

Mr. Sale: Mr. Chairperson, I will contact this bondholder and ask whether they have received that information subsequent to their most recent correspondence with me, which was March 31. I would have thought that if the letter went out in February that they would have it by that point. So I will check with them and, if they have not received it, I will

bring it to the minister's staff and see if that can be done.

Mr. Derkach: Absolutely.

Mr. Sale: In the case of Ski Asessippi, that is a promised bond but has not yet been issued. Is that correct?

Mr. Derkach: That is correct. Mr. Chairman, for the member's information, that project has been on hold now for about four years. As the member knows, there is kind of a history to that. I believe on March 20 or thereabouts the federal government did sign an agreement with Ski Asessippi to provide their share of the funding for the project. Now, the agreement between the federal government and Ski Asessippi allows us now to be able to enter into an agreement and to establish a bond corporation and to begin the process of raising funds for that project. However, as the member knows also, there is a condition placed on the corporation that they are not allowed to begin any physical work on the site until such time that I think the bird has nested or something of that nature, and I am not sure what the date on construction on that is. I mean, all of those conditions are set out in the environmental licence.

Mr. Sale: Just one further question on Care. Care's most recent statements indicate that it is not servicing any of its debt—those are the statements for the last fiscal year-end, which was July 31, '96—and that their accumulated deficit is about \$1.8 million. On the other hand, they are appearing to make their sales targets for the most recent quarter according to information that was provided to shareholders.

It would seem that one of the other problems that many of the companies have, in addition to marketing and, perhaps, questionable management in a couple of cases, is that they tend to be undercapitalized. I mean, one of the problems of venture capital all over the continent is that venture capitalists want to invest as little as possible. On the other hand, if you do not invest enough to see the company over the hump, then companies fail not because they are necessarily bad ideas or badly managed or anything; they simply do not have the depth to be able to survive that ramping up to profitability.

What worries me about a group of our companies that I have looked at is that a number of them are coming up to their fifth year and bondholders are going to have to be persuaded to maintain their positions for another five years, or else the companies are going to face an even greater capital challenge because, unless they go under, they are going to have to find the money to refund the bonds.

The ones of whose financial statements I have seen do not have that money. It is not around, so I am very concerned about that issue. I am concerned about it specifically with CARE, because CARE appears to have no assets, a great, fairly large liability and significant debts that are not being serviced.

Mr. Derkach: The member makes a good observation with regard to undercapitalized companies, and he is right about the fact that venture capital companies do tend to get into difficulty because they are undercapitalized. I guess that is one of the issues that we recognize, and companies that we are working with now, we are trying to ensure that they are properly capitalized so that if they hit a bump in the road, it does not cause a nervousness, either in the bondholders' eyes or in the bankers' eyes or whoever else is funding them.

I would also have to say that we are trying to attract as many equity partners into some of these venture capital programs as we can. In the case of CARE, we have a fairly solid company that has taken an equity position in this particular project, that is backing the project. Although the project still has a long way to go, I think there is—and this is someone who has experience in the field of marketing and management and apparel, so it is not a novice.

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

In the case of Gilbert International, for that matter, we have also a new player, if you like, in the whole agri-food processing industry. Once again, I think they are learning as well because it is a new venture for them, but I do think that they have the capability to withstand those hurdles that these companies do come up with.

In terms of the long range, we are watching these companies carefully, and we know that the five years is

coming up for several of them and that we are going to have to address the issues as they arise and make some arrangements. We understand that, but in an overall sense these are companies that I think in the long term have a future in this province and should be supported.

* (1740)

Mr. Sale: Is the partner that is being referred to in the CARE situation MWG Apparel?

Mr. Derkach: Yes, it is.

Mr. Sale: That company has been involved for some time. This is not new. They have been there for quite a while. In terms of this company they are not a new partner. Are they a new investor with substantial new capital coming in? Because they were already owed more than a half a million dollars, plus the Grow Bonds they hold.

Mr. Derkach: No, this company is the one that I was referring to, but they have been involved for some time—that is true.

Mr. Sale: Well, Mr. Chairman, I am sorry, I do not want to be nasty to the minister, but he is talking about somebody new or at least that was the implication of the statement to me, and this person has been involved for some time while the company has been losing big money for some time and increasing its indebtedness to this person's company, MWG Apparel. So I think the minister was trying to suggest that there was some hopeful new presence, and I do not think this counts.

Mr. Derkach: Well, the member may have his opinion on whether it counts or not, but the reality is that when this company started, that individual was not a part of the company, and in restructuring that company, we were able to attract this individual to the company. Now he has been a player, he is owed money—no question about that, but I think he has shown his staying power and his trust in that company or his confidence in the company, and their sales are improving, and yes, they are in debt; there is no question about that. My reason for indicating that there was a player, an equity partner in that company, was to further the point about the need for proper capitalization of a company like that.

Mr. Sale: I would like to talk now briefly about Gilbert. Mr. Chairperson, the Manitoba Pool is the current, essentially the operator of Gilbert. I think my honourable colleague has indicated that its operation—in fact, Manitoba Pool has indicated also to me that its operation is on a sort of—if an order comes in, we crank it up and supply the order, and then we shut her down until we get another order. So the employment is pretty episodic, and much of the time the company is essentially not operating to produce product. Then it gets an order, usually from Safeway, and then produces product for a while again until that order is filled. It was indicated recently to me that serious decisions had to be made about this company in the very near future, and the near future was measured in terms of weeks. Can the minister shed any light in terms of the current plans for this company?

Mr. Derkach: Mr. Chairman, yes, the staff of the department have had several meetings with the management of Manitoba Pool. I have met with the board of Manitoba Pool and the president. I think there is general agreement that this company is producing a product that there is a fairly good market for; however, it is a new product just recently accepted into the marketplace at Safeway, there is no question, but they are also now producing a different product as well that they are doing some testing with that is showing, I am told, impressive promise. In addition to this, they are, I guess, in the final throes of some potentially significant contracts that could certainly enhance the situation as it exists with the company.

We have asked an independent firm to come in and do an analysis of that company for us because decisions have to be made. The member is right about whether Manitoba Pool and whether we, through the Grow Bonds Program and CEDF, will continue in supporting the company for the long term, but those decisions have to be made in the next short while. Additionally, I would have to say that we have had the food lab in the company as well to ensure that there is consistency in the way that the orders are filled, because, as the member knows, in that kind of industry, the margins are not large and there has to be consistency to ensure that in fact you are not throwing away or you are not overfilling or allowing your profit to go out with the product.

So we have taken steps to try and ensure that we cover all of the bases in terms of trying to make the company successful. We will also be working with the company in terms of the marketing and closing some of the, I guess, sales that are out there potentially. But at our last meeting I think there was a level of comfort that once we get the analysis done we would be able to then make further decisions about supporting the company into the future.

Mr. Sale: Mr. Chairperson, I thank the minister for that answer. Is Gilbert current with its interest payments to the investors or not?

Mr. Derkach: No, Mr. Chairman, they are not current. They are two years in arrears with their interest payments and, having said that, I would have to put on record that the community has been very patient with the company. They have supported the company and they have been willing to stand aside and give every opportunity for that company to survive if that is at all possible, and I would just like to extend my congratulations for the community's patience and their willingness to stand aside while the company is restructured and continues to operate.

Mr. Sale: Mr. Chairperson, what did the province have to pay to acquire Crocus from the bank? What was the cost to MDC?

Mr. Derkach: Mr. Chairman, I do not have the exact number, but it is \$400,000 plus or minus, you know, a matter of tens of dollars I guess. But that was the price that we paid to take the bank out and give us an ability to operate the company until such time that we can find a buyer for that company.

Mr. Sale: Mr. Chairperson, the minister has indicated that this company is, I think he said, at least breaking even and probably profitable. He indicated previously that this one was a puzzle to everybody, that it seemed to be able to be bankrupt while being profitable, which is a trick, I guess, if you can manage it. Could he shed some light on what happened here?

An Honourable Member: It can be done.

Mr. Sale: Well, I guess it was done in this case.

Mr. Derkach: Mr. Chairman, I do not want to talk about bad management or anything of that nature, but this was a mystery to all of us, because here was a company that was showing a profit in at least three of the previous months, I believe, a break-even or a profit in three of the previous months when they filed, and they were hiring extra staff to try and to get the orders filled, because the orders were coming fast and furious.

* (1750)

They had a solid customer base that they were supplying, but they needed to inject some equity in the company in order to be able to have the company function properly. I do not know what was in the minds of the individuals who put the company up into bankruptcy. All kinds of scenarios were looked at, and I will not speak about the motives of the individuals who put the company into bankruptcy, but we looked at the financial situation as it related to that company and the product that it was producing and the demand for the product. We could see nothing but an up side for the long term of that company.

Now, those decisions are not arrived at easily. The last thing you want to do is to start buying out the private sector, as a government, buy out the private sector, and start operating companies, but this one showed so much promise that it would have been foolish, foolhardy for us to allow the company to just be disbanded and those jobs taken away when the company was showing so much future.

So we have taken over the company. The strange thing is, now we are being approached by growers and other companies who want this company to process their products. It will mean expansion of employment in that company, which is certainly welcome, but it would make one wonder why the former proprietors did not foresee this.

So we are exploring opportunities now to expand the operations of that company, and I might say that we are now seeing some interest in people who may want to purchase or take over the company once it has stabilized and once our customer base is secure.

Mr. Sale: Mr. Chairperson, were criminal or civil charges investigated against the previous owners in

terms of any questionable financial transactions involving the company? Were discussions held with the appropriate authorities provincially?

Mr. Derkach: Mr. Chairman, yes, we did in fact pursue this particular project and did discuss it with legal counsel to see whether or not we had a case that we could pursue. The advice that came back to us was that, no, we did not have a legal case to pursue. For that reason we decided to take the course that we did and acquired the company by taking out the bank.

Mr. Sale: Mr. Chairperson, I want to ask a couple of other just general questions about specific companies, and they may be easily answered and they may not. I am not sure. Operation Fire Fly, which is really quite innovative—as a former pilot myself, the idea of fighting with an old Harvard would be great fun. I would probably scare myself to death but, nevertheless, it sounds like fun. I think the difficulty the company encountered was getting people to come to it. It is hard to market something like that where your market is a lot of miles away, and it seems like the company maybe has to take the planes to the customer rather than bringing the customer to the planes.

Mr. Derkach: The member is right. This one was a very innovative, creative kind of project, but, once again, we did the same analysis on it as we would have done on any other company, and the markets seemed to dictate that there was a chance for survival. This is one where they have expanded their operation now beyond the Souris area. They are marketing in the other western provinces as well, and the winter months, as you know, are not months where we can market that kind of a tourist industry. [interjection] Well, no, but I have looked inside one and the insulation factor is questionable.

So I understand they took their planes to British Columbia and have been working in British Columbia through the winter season and then coming back for the summer season. I am told they have expanded the marketing of their enterprise, and it looks like we have a good summer coming up for Operation Fire Fly, and we are hoping it is a darn good summer.

Mr. Sale: Is Fire Fly up to date with its payments?

Mr. Derkach: Yes, they are.

Mr. Sale: The next one that obviously is an unhappy story is the greenhouse in Waskada. My understanding is that the company is in bankruptcy, and the bond will have to be paid out unless the government takes some kind of equity position or does something else. Even more, I think, sad for everybody is that the family that risked a lot to do this is at risk of losing their farm as well as their business. Can the minister just indicate what the situation there is at present?

Mr. Derkach: I guess every one of these companies has its own story, and I have lived every one of them, I guess, in a sense in knowing what their operations are about and the problems that they have encountered. As the members may recall, I do not know if they had an opportunity to taste and sample some of the product from RCS Greenhouse, but it was some of the best product that you could flavour. As a matter of fact, everywhere you went in rural Manitoba where the tomatoes found their way to the stores, everybody grabbed them up very quickly.

Unfortunately, what happened was I guess a combination of things. It was management, it was marketing technique, and I guess undercapitalization perhaps, but I do not think that was the big problem. I think the bigger problem was the marketing technique and the method that was used for marketing the product.

There are some rules in that food industry about marketing, and I guess as a new fledgling company the proprietors decided that they would alter the marketing rules, and it backfired once the product from gardens started coming in. The sales dropped off and, as the member knows, this is a perishable product, and there were just thousands of pounds of tomato that were ready for market, but there was no market for because of—I think the market was there, but I think the technique of marketing had irritated some of the brokers, and there was a problem in that regard as well. So the company did signal to us that they were in difficulty. We tried to do our darndest to find equity partners, to bring the community in, and for one reason or another, every attempt that we made at trying to keep this company afloat seemed to meet with difficulty.

We have met. I think we had 25 meetings in total to try and save this company. The Mediation Board was called in. They certainly looked at the company and put some restraints in terms of when the company could be closed down, to give it time to restructure and refinance. We worked with the company during that period of time as much as we could. Unfortunately, to date, we have not been able to do that, and my understanding is that the time period has elapsed and the company will be, in fact, going into bankruptcy unless something happens that I am not aware of at this point in time.

The Acting Chairperson (Mr. McAlpine): Order, please. The hour being six o'clock, committee rise.

AGRICULTURE

The Acting Chairperson (Mr. Mervin Tweed): Would the Committee of Supply please come to order. This section of the Committee of Supply has been dealing with the Estimates of the Department of Agriculture. Would the minister's staff please enter the Chamber.

We are on Resolution 3.4 Agricultural Development and Marketing (a) Administration (1) Salaries and Employee Benefits \$129,700.

* (1450)

Ms. Rosann Wowchuk (Swan River): Mr. Chairman, the livestock industry is a very important industry to the economy of Manitoba. We have seen a lot of changes with different species coming into production in this province, but we have also seen a difference in techniques that are being used. One of the techniques that is quite new that has come up in my area of the province is using chips and bark and, in fact, waste from the Louisiana-Pacific mill for livestock bedding.

There has been a lot of discussion on the merits of this as bedding, and I would like to ask the minister what work had been done by his department with respect to this product, whether there was testing in other parts of the country where it was found as a valuable source of bedding, or whether his department had any input into this decision to use it as a bedding

product, or if that was just a choice of producers. Has any research been done on this as a source of bedding?

Hon. Harry Enns (Minister of Agriculture): Mr. Chairman, I believe that the answer to that question from the honourable member is simply that livestock producers who found that product available to them as other livestock producers, particularly for instance in the poultry sector, have for many years availed themselves of the use of wood processing by-products, sawdust, the likes, for floor coverings in the old-fashioned kind of poultry barns that I know my colleague—not to be unkind to her, but I am sure that while sitting at her mother's knee she might have learned of that practice that poultry farmers used to find it very convenient to contract or to buy or to sometimes get for nothing, simply for the removal, bales or loads of sawdust, wood particles for this kind of use as litter for livestock, poultry operations. More recently, the situation in the Swan River Valley with the event of the Louisiana-Pacific people coming into that part of the world, obviously some of the livestock producers are continuing that practice. It is a convenient, easy-to-handle, absorbent material that lends itself to that use.

What we have not done—and I will take this as good advice or suggestion—two things. I do not think we have done any testing or research as to what occurs when some of this material is subsequently spread on the land. Is there any additive value? Is it putting back some organic matter into the land that could be of value? We would want to be concerned, of course, if there are any toxic problems that might be associated with this particular waste, particularly coming from an operation that is being carried on at Louisiana-Pacific. To that extent I will ask my officials to take that question as notice. It may be worthy of doing some research to ensure that the product, when combined with the waste manure of livestock operations, can in fact be beneficially applied to the land, as has been the practice when more conventional straw is used for bedding purposes.

Ms. Wowchuk: There are actually two separate issues here that have to be raised. One of them is the use of this material for livestock bedding. I have to say that those livestock producers who are using the material are quite happy with it, and I have no problem with its being used for livestock bedding if there is not a

problem with water, but I do not agree with its being stored or used in areas where there is water.

I guess yesterday I was at the citizens liaison committee. As the minister is aware, I raised this issue a few weeks ago in the House, and Department of Environment staff went out to check the sites where the material was being spread. I was quite surprised that the Department of Environment is using the livestock waste management regulations to determine where this material can be spread. They are saying that, if this is now being used for livestock bedding, it can follow the same guidelines as the livestock waste, which say 50 metres from water.

As I say, I have no problem with its being used as a bedding, but I have a concern when we start to play games with guidelines which say this falls under the livestock waste material because what they are actually doing is moving it off the Louisiana-Pacific yard and into areas where water is running; for example, areas that were flooded. I have a concern with the way the livestock regulations are being used to now say it is okay to move this material off the Louisiana-Pacific yard because it is now a livestock waste.

I guess I would ask the minister how he would read this act; whether this act was actually intended where it could be used as an excuse to move material off the yard. It is not a livestock waste, and it will not be considered the same as manure until sometime later when it has been used as bedding, so I would ask the minister for his opinion as to whether he believes that it is acceptable to use this act or these regulations as a way to move the material into cattle yards and consider it a livestock waste rather than a waste from a mill.

Mr. Enns: Mr. Chairman, we have to in Agriculture to some extent rely on the judgment that the environmental officers from the Department of Environment make with respect to the nature of this material, if in fact in their judgment it is equal to or no different in terms of composition other than instead of straw fibres there are wood fibres involved. Then I would assume that the same regulations ought to apply.

I am prepared to acknowledge, I know that there should be a determination and a satisfaction, determine that there is in fact no toxic issue involved. I am aware

that unlike the particle board plant that is being constructed in the Elie area from cereal straws—that operation proposes no chemical uses, no uses of the chemical formaldehyde for instance, which is used predominantly in the conventional processing or manufacturing of particle board, which is the case with the Louisiana-Pacific operation. The use of that chemical in the manufacturing process gives us reason to be concerned that any product coming out of that plant is free of that potential source of difficulty for the environment.

I think we will take it as notice within the Livestock branch and I certainly will ask staff to take note of the question that we have that confidence. I must say that I assume that that is the case. I honestly believe that the Department of Environment would not have given us a clear signal to use the guidelines for the distribution of this material on the land that make it equal to the conventional manure disposal on land, that those conditions in fact comply that the material is benign.

* (1500)

Ms. Wowchuk: I do not want the minister to assume that I am saying that there are contaminants in this. What we are concerned about is the natural leachates in the material and that material getting into waterways. We had a good example of this last weekend where material had been put in the cattle yard in a low area. The river flooded and the material got washed down the river, but I am not saying that this is material that is processed material. It is the natural leachates that we are talking about.

Going on from that, one of the recommendations from the Department of Environment, a request had been made by Louisiana-Pacific to use it for spreading on soil on cultivated fields. My understanding is that that request has gone to the Department of Agriculture to ask whether it can be put on soil. Studies are apparently being done or the Department of Agriculture is looking at this as whether it is a viable option to incorporate this into the soil.

There has been a concern raised that the decomposition of this material requires more nitrogen than is actually in the soil, and perhaps I should—I see the minister looking up and perhaps I should just save

this for under the Soils section, and we can deal with it there. If that would be better, I will just leave this question for it to go under the Soils section, Mr. Chairman.

Mr. Enns: Mr. Chairman, I am aware that my director of the Soils and Crops branch is quite prepared to respond and provide me with some advice on that matter when we proceed along the schedule of Estimates before us. I do not have any further information at this point to provide.

Ms. Wowchuk: Mr. Chairman, after I had started to ask the question, I realized that it was the wrong staff that is down here, and I will raise that a little bit later.

I want to ask the minister then going into another section, and that is one that we have had lots of discussion about. That is the minister's proposal to start the elk industry in this province. The minister brought forward regulations early in the year that caused farmers, hunting associations and, in fact, the livestock growers' association concern because a clause was put into the regulations that the people who were involved in the drafting of the regulations were not aware that this was coming in. One of the regulations allows for those people who were holding elk without licence to have an amnesty period and have the ability to register these animals without having any consequences, without being charged for having taken illegal animals or holding animals without a licence.

That issue was raised with the minister. The minister indicated to the Elk Growers' Association that he would address it and it would be changed. Can the minister at this time indicate whether that regulation has been changed or whether those people who were holding elk without a licence were allowed to register their animals?

Mr. Enns: Mr. Chairman, I well recall the meeting that I had with representatives of the fledgling Manitoba Elk Growers' Association that met with me and expressed some of those concerns that the honourable member for Swan River (Ms. Wowchuk) is expressing. The concern really boiled down to was not so much a question with the regulation, but it was a question of what they considered equity in terms of how animals and at what costs were they going to be registered with

the Department of Agriculture for the commencement of domestic elk farming.

As I stated on some other occasion—I do not recall whether it was in a response to your question at Question Period—there were, in fact, no elk captured that could then avail themselves under the thousand-dollar clause to be simply registered with the Department of Agriculture for inclusion in the program. There were two types of animals that we are talking about. Number one were the ones that have always been known to exist and permitted by government in one form or another by the Department of Natural Resources. These are what we refer to as elk that were held in captivity under some kind of permit. I have to expand a little bit about in describing these animals. These animals were, rightly or wrongly—and I do not want to rehash history. It is a 12-, 14-, 15-year history that involves not just my government but the government of the honourable member's party that is now in opposition. That is of no avail, but they consist of animals that a handful of individuals were allowed to have in captivity. They were allowed to breed them and to maintain these animals. They fed them, of course, looked after them all these period of years.

They also included, I might say, animals that these permitted holders were allowed to purchase from different areas. A number of them purchased some of the animals from places like the Winnipeg zoo, for instance, who found themselves with surplus animals and then made arrangements and purchased animals from the Winnipeg zoo. I also believe there was no doubt some animals might have been purchased from places where the purchase of elk was legal like Saskatchewan, and that some of them might have moved into these herds.

The bulk of the animals that these permits hold are a result of the natural growth of the their own progeny that somebody was permitted to have four or five, seven, 18 elk legally back in 1984 or '85, today reported to us their numbers which are being carefully checked, catalogued, placed into our inventory, and they are being treated entirely separately. They simply have to pay a modest certification fee for the farm itself of some \$100, I believe, and for each animal simply to recover the costs of some \$50 that makes the program reasonably cost recovery.

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

Now the other set of animals we contemplated catching and taking from the wild. This is where the controversy has stirred up. These animals that are currently being held in captivity—I believe I offered the member some numbers earlier on; she has that sheet—those animals we are currently in the process of making application forms available to would-be elk farmers in the province of Manitoba. We have not quite yet decided, as we speak, exactly the final details of what I will refer to as the Manitoba formula perhaps of how we are going to make them available to these ranchers.

I have been authorized, as I have indicated before, to sell them at somewhat below market price, 80 percent. It is not that easy to establish what is indeed a fair market price, not quite the same as just looking at the sales that have occurred in Saskatchewan, Alberta and elsewhere that have had legalized elk farming for a number of years, because those animals coming through those sales reps have a track record. Not unlike cattle or beef cattle, the females are being sold as bred or pregnancy tested. The males have a track record of the kind of performance that genetically that one can expect from the antlers, the velvet that they consistently produce. No different than a good purebred bull has a track record of dropping a type of desired calf and consequently his price is considerably inflated.

* (1510)

These animals coming out of the wild will be sold gate run. There will be no guarantee of pregnancy of the females. We are working with the industry right now, with the Elk Association, seeking their advice. We have talked originally, maybe in groups of four, three females and a male. Some say that that is too small a grouping in terms of giving the elk farmer a chance to really get started, that we should be thinking of a minimal of five or six animals. Then we have to look at what is the make-up, should we be putting two mature animals with perhaps a couple of younger heifers together in that package.

We have a number of male animals, spikers they call them, young yearling bulls. We have unbred young

yearling heifer calves. We have calves born in captivity. So it is somewhat complicated to—not complicated, but it takes a bit of thought to come about and establish a fair Manitoba formula.

That price could range—I am just using the figures—from \$3,000 to \$8,000 or \$9,000 depending on the kind of animal, you know, \$3,000 for calves maybe or \$4,000 for spikers or in that range, \$7,000 or \$8,000 for a cow. Remember, we do not know whether she is pregnant or whether she can conceive, but let us assume that we are going to be in that range, let us say, \$7,500.

My commitment to the Elk Growers' Association was, nobody is going to get into the program without being more or less in line with that program. In other words, somebody that has mistakenly thought, and this is just rumour, that he went out and captured or closed a fence around some animals and now could register for \$1,000 would be in the same category. That is my commitment that I made was not going to happen. I am pleased to report, Mr. Chairman, that that in fact did not happen.

We had a few cases, two or three cases where individual families had taken in an individual orphan elk, and they reported them to the department. They have been put into our compound, and for them, if they want to do that, if they wanted to retain them, a registration fee of \$1,000 is not unjust. I am advised that they do not particularly want to keep the elk. You know, for one elk it is not worthwhile to get into the costly business of fencing. They would not get approval from the Department of Agriculture to keep the elk. But they may wish to put that elk, because they have a personal attachment to it, in with a neighbour or somebody in the area that in fact is going to go into elk ranching. So this was meant to accommodate that to some extent.

The parties that have made some headline news about it, I will name them, put them on the record, Mr. Pat Houde, for instance, who, it has been suggested, has been receiving favoured treatment, that is simply not the case. We have documentation from him that indicated that he has purchased his elk, did not capture them from the wild. That purchase price that he purchased plus the application of the \$1,000 I am

satisfied will make his registration of his animals come into the program at the Manitoba formula, not at \$1,000, but at something that approaches \$7,000 or \$8,000 or 9,000, depending again on the class of animals.

Now, I said two kinds of animals. I should have said three. The third group of animals, and that is an area that has presented and continues to represent a challenge, although I happen to be pretty positive about resolving some of the issues, is the group of animals that were held in captivity by a First Nations group. That will be the Keesee group at Elphinstone, right beside the park. We were aware of that.

The Department of Natural Resources was aware that they were assembling a significant group, 40-odd-plus animals. The Department of Natural Resources on several occasions when making enquiries with the Ministry of Justice whether or not there was—I mean, they had a concern about these animals who technically were not permitted. They had never asked for nor were they granted a permit from the Department of Natural Resources, yet they had these animals under captivity.

The advice that the then Minister of Natural Resources and the current Minister of Natural Resources received from Justice is that there was possibly nothing under the law that could be done about them. The First Nations people could argue, and it was believed successfully, that these animals were being held in captivity for food production at some future date, and the interpretation of the courts of treaty and constitutional rights of First Nations would sustain that belief.

On the other hand, I wanted to bring them into the elk program, because I wanted to ensure that if we have an elk farming program in Manitoba, it has to be just a single-tier program. We cannot have a set of rules that apply to non-native people and work on a separate and a different elk program for the aboriginal community, a position that spokespersons for the First Nations people have tended to support. They indicate that they are more than prepared to play within the rules that have been passed by this House. The act, the regulations that have been drafted by the department, those will be the regulations that will apply to any elk

held in captivity in the business of domestic elk farming.

But how do I bring them into the program? I want to be careful, because it gets so easily to be misinterpreted in this area, but I happen to believe genuinely, and that was the motivation, quite frankly, for the \$1,000 regulation fee, the \$1,000 figure put into the regulations fee. So, in realistic and practical and doable terms, I could say to the Keesee people at Elphinstone, look it, come on into the program, register your animals, get them tagged, inventoried by our Animal Industry Branch people, and it will cost you a thousand dollars per animal or kind. You do not have to give us the cash because we will be for the next three years in the business of distributing elk to would-be elk farmers. If coming up with \$40,000 or \$50,000 in cash is a difficulty, as I can well appreciate it may well be a difficulty for a First Nations band, then provide us with four or five animals that come close to that figure in value, and we will consider that acceptable for the purposes of registration.

That, Mr. Chairman, is what is happening. That is how I am trying to introduce the business. If there is to be—let me say it up front—certainly for those numbers who have for whatever reasons which, again I do not want to attempt to defend or get into, have been permitted to hold elk and, in effect, begin a domestic elk program, even though domestic elk farming was not legal in the province of Manitoba, they certainly have an advantage in a sense that they are being brought into the program. But remember, they did not take these animals from the wild; in some cases, they purchased them. Originally, they may have come from the wild, but that was permitted for one reason or another by the ministers of Natural Resources from this government, ministers of Natural Resources from the New Democratic Party government when it was in power. It also must be remembered these people have nurtured, cared for these animals for many, many years.

Most of the animals were born in captivity, were not taken out of the wild. Some of them were purchased from different sources, as I mentioned, from places like the Winnipeg zoo for whatever prices, I do not know. That is not for me to be concerned about. Again, they were not from the wild. Mr. Bill Hart, for instance, I think, just last summer purchased three or four animals

from the Winnipeg zoo. It is really not, in my opinion, government's business or Department of Agriculture's business to try to place him in the same category of what the controversy was. The controversy was that we were creating a situation where people were running out there capturing animals from the wild during this so-called amnesty period and then letting them get into this program at a bargain price. That is not happening at all.

* (1520)

I want to assure the honourable member for Swan River, because I really want her co-operation for several reasons, that we do this right and we get this program started. We do want to, hopefully, in the next two or three years, get our act a little bit better together and substantially reduce the resident elk population problem that is causing some of her farmers so much difficulty in the valley and at the same time enable that to kick-start this industry in a serious way. That means the capture of 300, 400 or 500, 700, 800 animals over the next three years to reduce that problem, not all from that area, understandably, but so that we can say we have materially reduced the crop depredation that is taking place, remembering that it is costing all of us who take crop insurance a considerable amount of money. In excess of a million dollars is being paid out. So we solve that problem.

I want to do this as equitably, as fairly, and take this moment to refute absolutely the thought that, if you have connections through the Ministry of Agriculture, if you happen to be a friend of this government, there are any separate or special or favourite deals being worked out. It is simply not happening. I would not tolerate it; my government would not tolerate it; and my Premier (Mr. Filmon) would not tolerate it. I would not subject my staff to the indignity of having to work or introduce a program under those circumstances. Regrettably, there has been some loose talk and a lot of gossip and a lot of coffee shop talk about what in fact was taking place. I do not have to repeat all of that here. I mean, I read it in the paper in shock that upwards to a thousand animals were being captured in this manner, but none of that is true.

The member for Swan River (Mrs. Wowchuk), particularly the member for Swan River, and the

member for Dauphin (Mr. Struthers), despite the fact that you do not have to be in agreement with domestic elk farming, can help in ensuring that not disinformation but correct information is, in fact, introduced into the debate rather than some of the very wild and very unsubstantiated gossip, quite frankly, that currently dominates the question in too many quarters.

Ms. Wowchuk: Mr. Chairman, I would like to assure the minister that it was neither myself nor my colleague the member for Dauphin who put those figures on the table or into the media about the number of elk that were being held in captivity and were assumed to be illegally held elk. People had come to us with a concern when the regulations were brought forward, and, as I indicated to the minister, it was members of the Manitoba Elk Growers' Association, who want to see the industry grow and who are part of drafting the regulations, who were concerned with the regulation that gave an amnesty to certain people

Now the minister said there was a feeling that there was going to be elk captured during this amnesty period. I do not think that that was the feeling at all. The concern was that some people had elk that were not registered, and many had assumed that these elk were illegally taken elk. They did not expect that they would be taking more elk during the amnesty period, but that they would be given special treatment because they had elk that were not registered, would be able to register them and not pay the consequences, as would other people.

The issue that was brought to our attention was that there were people, one person in Roblin and another person in Foxwarren, who had taken a calf elk, an orphan elk, and were raising it, not that their intention was to get into elk ranching, but this was an orphan elk. They took it and they were then being—not by the minister's department, it was through Natural Resources—told that you are not supposed to have this animal and you could be charged with \$10,000 and the animal was taken away from them.

Now, I do not know if those animals have been returned, but it appeared that there were two standards, two sets of rules. There was a set of rules for those people who had taken elk from the wild, and the minister says that all of these people who have

registered these elk have not taken them from the wild, that they have purchased them. Well, it would be interesting to know whether they had purchased Manitoba elk that were taken from the wild by somebody else or under what circumstances they got those elk.

So there is a lot of concern out there, and we brought that issue to the minister's attention because what we said is that, if this industry is going to get started, then it has to get started on a level playing field, that there should not be certain advantages for some people who happen to have animals by whatever way they got them and other people having to get them either by auction or being part of a draw, and that is something we want to discuss.

But that was the reason for raising the issue and wanting to ensure that everything was above board because the information that was coming to us by people in the industry was that things were not above board, and certain people were having certain advantages. We do not want to see that. If this industry is going to go, it has got to be on a level playing field for everybody.

With that I would like to ask—the minister says he has checked the list of all the animals that are registered here, or declared, I should say, and can the minister indicate whether or not—he says the ones that are held outside permit holders—whether those animals were brought in from outside the province, or were they purchased within the province? Did these people purchase them? Because the minister also had said that animals could be brought in from other provinces. I did not know that we could bring in animals to the province.

There are three of them in particular on the list: Richard Bone, Mervin Farmer, Hans Spies and Pat Houde. The other two just have two animals. Is the minister quite comfortable that those animals were purchased? Were they purchased in the province, or were they brought in from other provinces?

Mr. Enns: The honourable member has the list that I, too, am reading from at this moment. I can indicate to her in response to her first question is that the individuals that she was speaking about—Margaret

Jerome and I believe it is a Mr. Swereda—the individual cases where they were looking after the orphaned calves—one was taken in '96; the other one was in the fall of '95. But you see that opportunity to register brought them to our attention, or else they would not have been.

This is important—although I cannot speak for the Department of Natural Resources—but it is my understanding that henceforth there will be only two kinds of elk by definition in the province; hopefully our herds in the wild and the domestic program. The Department of Natural Resources, I do not believe, has intention to continue some form of permitting in between. The distinction will be wild or in the agricultural program.

So people like the ones that have looked after this orphaned calf, the Jerome family up in the Roblin area, the Swereda family—I do not know exactly, but I believe they are also from the same area—who had one animal taken in '95 under similar circumstances. They would be in difficulty with the law because I think from here on forth the enforcement will be easier for Natural Resources, and the future of these animals is that we are certainly prepared to deal with them and recognize the fact that they would not be alive if they would not have taken them and nurtured them to their present state of health and development. They were found as very young orphaned calves in the wild, mother possibly shot or what have you.

I know at least in the one case, the Jerome case, they have expressed an interest just as I described. They do not want the animal back, but they would like very much to be able to follow the animal, would like to have the animal placed and know where the animal is placed with a domestic elk farmer so that they can have some continued enjoyment. Now just how we will recognize her ownership—and of course with the kind of very specific identification and inventory—it would not be difficult to have that animal in there registered to Mrs. Jerome but in the care of a registered elk ranch that meets all the other regulations. That, for me, seems to be an equitable way of dealing with it.

I do not think I feel fair in demanding of that person, this Mrs. Margaret Jerome who took this little baby elk and no doubt saved it from dying, bottle-fed it, nurtured

it, raised it for two years. Now a government comes and swoops it away. I am not prepared to charge her the same prices I am charging everybody else that is bidding the \$7,000, \$8,000, or \$9,000 that wants to get into the elk ranches. I am prepared to acknowledge that. That is only two cases that we have like that, involving two animals.

* (1530)

My understanding in the case of Mr. Farmer, for instance, who is known to me in the south Interlake, I believe, is that he will become one of our premier elk farmers in due course because most things that he does, he takes on very seriously. I have not been to his facilities, but I have heard reports that they are first class. He has been involved in the purchase of elk, not in Manitoba but in northern Ontario. My understanding is that these 12 animals that he is involved with, some of them at least we know he has purchased from a permitted holder, not from the wild. Some he may also have purchased, I understand, from the zoo. So it is a combination of things again.

Again, these animals were not taken from the wild, and so I will argue very vehemently that they ought not to be treated as though we are treating the animals from the wild, and there is nothing unfair about that. We will have and we are getting this kind of information that indicates that obviously they paid market prices for these animals if he is purchasing now. Some are female heifer calves, where he was paying \$4,000 or \$5,000 for them. That is probably the range that he was paying for.

Mr. Houde is the same situation. The 23 animals that he reports, he has one animal raised that was from an orphan state. It ran around his feedlot for three or four years and is well documented. The department knew about it but, because he is not a permitted, they did not do anything about it. He then purchased an additional 18 animals, I believe, and I think there are about three that were born now, so that is what makes the numbers 23. I can report to you that Mr. Houde has co-operated with the department. He has paid his \$1,000, is allowing his animals to be tagged. When we add that together with the purchase price for these animals, we will find that his cost of getting into the elk farming program runs around the \$8,000 or \$9,000 an animal,

and that is the commitment that I am making to all Manitobans, that nobody gets into the program with a bargain, a deal.

Mr. Bone is Keesee. That is the Elphinstone band, the First Nations herd of animals that we are talking about. I want not to avoid being as open and direct as I can, but the responsibility of arranging an acceptable and satisfactory set of, a protocol if you like, about how First Nations people will access this herd and how they will deal with the possible, some additional accessing of additional animals from the wild will essentially be the responsibility of the Department of Natural Resources and the Minister of Natural Resources (Mr. Cummings).

The Minister of Natural Resources is responsible for the administration of The Wildlife Act; the Department of Natural Resources is responsible for the jurisdiction of wildlife. It obviously would be a government policy about how we address this situation, but it will be led by the Minister of Natural Resources. I would encourage the honourable member to pursue further questions directly with the Minister of Natural Resources with respect to the First Nations entre, if you like, into the elk program.

Once they have been accepted by us in Agriculture, then they will play by our rules, strictly by our rules. Everything will have to be in terms of health, in terms of transportation, in terms of sale, prohibition of sale, in terms of how the velveting procedure will be done, in terms of where they can bring animals from. The prohibitions will be there from certain jurisdictions, not from the United States, not from Ontario. They have to play it totally and strictly by the Department of Agriculture's rules, and there is in my opinion some very good thinking taking place.

A small committee has been struck that involves—we did that in co-operation right with the most senior people of the First Nations people, involvement of the Grand Chief, Mr. Fontaine. They are discussing the possibility of having a First Nations group, whether it is Keesee or somebody else, two in fact so that the arrangements do not have to be duplicated with five or 10 or different ones, that one First Nations group or a tribal council or a group of them be involved under the direction and with the supervision of the Department of

Natural Resources, be permitted to bring together a herd of elk from which other First Nations can then get their requirements.

If Crane River wants elk, if Pine Creek wants some elk and qualifies, after upon inspection they have the appropriate fencing requirements, equipment requirements that would qualify them for a domestic Manitoba elk farming certificate, they could then access through an arrangement that has been agreed to by the Department of Natural Resources to First Nations people into accessing this program. As I said otherwise, I am hopeful and I am very supportive of being able to provide a sound economic opportunity for some of our First Nations people through this program.

Ms. Wowchuk: Mr. Chairman, I wonder if the minister could just clarify what he has indicated. The minister has indicated that through Natural Resources there would be a capture of a pool that would possibly then be distributed amongst various bands that were interested, but will the people who then establish these elk ranches fall under the same guidelines as other people who elk ranch in Manitoba? There is an attempt through Natural Resources to establish a special capture and the question is whether or not after the capture and they are established as elk ranchers, whether they will fall under the same guidelines as everybody else in Manitoba.

(Mr. Mervin Tweed, Acting Chairperson, in the Chair)

Mr. Enns: That is very much the case. What is being discussed with Natural Resources people is the possibility, again, to be sensitive to and to have an understanding of the economic capability of some of our First Nations people, that in managing or in acquiring this herd with a First Nations group that they can earn some sweat equity, if you like, that if in the maintenance, if they help and they assist in the capture of future elk, that some will be provided to the provincial pool. Others, they will have earned the right to some elk if they are holding—and I am certainly wanting to, we have some of our elk being held at Crane River and others at Pine Creek—that, again, just as we have, we will provide essentially the same terms of contract type of payments that we are making to the person who is holding the elk for us in Grunthal, for

instance. But the First Nations people have told us that they are more interested in kind in return rather than money, but by this means earn their way into their first actual elk animal.

* (1540)

So I think this is positive, but I want to emphasize again and the proof will be in the pudding, but they will find out to their distress, quite frankly, we are not about to in any way allow for some different set of rules to apply because we believe that we are on very sound legal grounds—if I may put it this way—because we are not now talking about First Nations people being able to access game for their immediate food requirements, which is quite a different issue. We are now talking about them running a commercial agricultural enterprise, nothing that is in their treaties nor in their constitutional kind of rights, if you like, and we are satisfied the courts will support us in the strict administration of the regulations that this Legislature has passed and the act that this Legislature has passed and that Dr. John Taylor is going to have to administer on behalf of this exciting new industry in Manitoba.

Ms. Wowchuk: I thank the minister for the information. One of the reasons I raised the issue about a special capture and who is going to do it, is the Pine Creek Band, I believe, contacted the minister. They were very frustrated because they were trying to be the people who would be doing the capturing in the Duck Mountain area, and they did not get a response. It ended up being someone else.

Now, the Pine Creek Band tells me that they talked to the Minister of Agriculture about it and the minister says it comes under Natural Resources. Could it be that the Pine Creek Band should have been talking to the Department of Natural Resources if they were interested and not the Minister of Agriculture? If that was the case, why did the minister not put them in that direction when they sent the letter to his office some time ago and got nowhere with it?

Mr. Enns: Mr. Chairman, I am just questioning myself about that last comment about the letter from Pine Creek. I am aware Pine Creek has been involved in a program, but I will double check. I do not recall that piece of correspondence coming to me in that kind of

a direct manner. If they were part of the, what is it, the western travel group that has talked to us about it—but in any event, I will double check.

The member is absolutely correct. Quite frankly, I share some of the frustrations about the capture program. My hope, my understanding is that the learning curve is now over, and that we will be able to address it in a more effective and efficient manner.

Certainly, let me repeat, although I have senior staff that co-ordinates and works with the Department of Natural Resources, the issue is strictly under the jurisdiction of the Minister of Natural Resources (Mr. Cummings), the Department of Natural Resources that has full and sole jurisdiction over these animals that are covered by The Wildlife Act, animals in the wild. It is not really until they get transferred formally onto the property of a registered elk farm that they become, henceforth, the sole responsibility, in terms of administration, in terms of supervision, of the Department of Agriculture. My advice to anybody that wants to offer advice and services in terms of a future capture of elk, is those arrangements will have to be made by the Department of Natural Resources.

Ms. Wowchuk: I will also endeavour to get that piece of correspondence, because that was the information that was given to me, that they had been in contact with the Minister of Agriculture's department and had no response and were feeling as though the Department of Agriculture was saying they wanted them to be involved in the industry but they were not included in this particular capture. So I will try to get a little bit more information on that.

The minister says that the responsibility for the animals is now—even those that are being held at Grunthal and Crane River and Pine Creek, they are still the responsibility of the Department of Natural Resources until they are distributed, or does the Department of Agriculture have some responsibilities such as paying the costs of maintaining these herds?

Mr. Enns: I suppose, to answer more fully would be now that they are in captivity, there is a kind of co-operative responsibility. Regrettably, we are paying the bills, but officially, because they are not transferred out,

they are still classified as wild animals. Officially, they are still under the jurisdiction of Natural Resources.

I think Agriculture will want to take a more, you know—but I think it is fair to say that it was Natural Resources that made the arrangements for housing the elk in the various places like Grunthal and places like that. Natural Resources wrote out the terms of the contract. In the future, we may want to take a little further interest in those contracts if we are, in fact, paying for them.

Mr. Chairman, I want to take this occasion to remind the committee that we speak of costs, and certainly costs are being incurred, and they are not insignificant. These are animals that require special care, and not a great deal of feed, but they also require feed, as you would imagine, and so forth. But all of these dollars we have obligated ourselves. Well, more specifically put, my fine and capable deputy minister Don Zasada has obligated himself to our Treasury people that we can do all of this with our share of the funds when we begin selling some of the elk.

I repeat just for the record, the provision is that 50 percent of the proceeds will be returned directly to the taxpayers of Manitoba, back to general revenue. The other 50 percent is to be made available to the departments of Natural Resources and Agriculture to do several things, to provide the necessary dollars for their start-up costs of this program, to provide the Department of Natural Resources for some enhanced programming, particularly in the big game field of wildlife extension, perhaps future programs that would help keep elk out of agricultural lands in Swan River Valley, with feeding programs or some clearing programs or other wildlife enhancement programs that would do two things, ensure the continued end of development and maintenance of healthy herds in the wild, and, hopefully, programs that will mesh more closely with agricultural concerns and try to, in the long haul, bring down the level of crop depredation.

Ms. Wowchuk: Mr. Chairman, as we look at the numbers of elk that were in captivity, unless I am calculating it wrong, it only appears that there were 23 calves born last year. I want to ask the minister whether or not that is an accurate number and whether his veterinarian staff or Dr. Taylor had a chance to

review that as to whether this would be the normal calving rate, or whether there was not a good calving rate because of stress of capture and whether or not it appears that those animals that are in captivity, now going into their second calving season, whether it appears that there will be a better calving rate.

If that is the rate of calving, if I am looking at it accurately, then that causes serious concern because our understanding is that the calving rate should be a lot better than that.

Mr. Enns: Well, Mr. Chairman, the honourable member raises an issue that probably better than I describes why it is a little bit more complicated to establish what constitutes a fair market price for these animals.

It is one thing to have, say, a female elk animal that has for the last two or three years consistently dropped a fine healthy calf on a Saskatchewan elk farm and is then put up for sale in Lloydminster or at the Regina Agribition, two of the areas that I know have regular elk sales, and commands very strong prices of \$11,000, \$12,000, \$14,000, \$15,000 or to have an animal like this, to fairly ask a Manitoba resident to pay for an animal that comes out of the gate, has no track record.

* (1550)

If she is familiar with livestock production, it is not a given that every female animal conceives. You can easily end up having a barren cow that is not capable of conceiving and birthing a live calf. It is a big difference to be charging somebody \$12,000 for that kind of an animal or a more realistic figure that reflects figure that reflects not much more than the meat value, quite frankly, or in the case of the male, the value of the antler.

These animals, of course, were also, you have to acknowledge, moved around, shipped at times, whether that contributed to a lower calving rate. Regrettably, we had some mortalities, and also we do not have the full—we tend to talk about males and females. I do not know the exact history, how many unbred, yearling females we are talking about. I would certainly think that that average under domestic conditions can be

considerably improved. I am advised by people from Saskatchewan, from Alberta, that fairly close to domestic cattle conception rates and successful calving rates can be achieved.

I am looking at my director of the Animal Industry Branch to see whether I am close to being correct. Can an elk rancher with a 20-elk count or with some reasonable assurance look to achieving 80 percent and 85 percent or 90 percent calf crops? He is shaking his head, and he is saying yes. So I think that what we have here really is the kind of circumstances under which this group of animals in captivity were captured, and it is a little better than what the member puts on record.

I have just been told that we have 29 calves born out of 48 females. Now we are talking about a 60 percent rate, and you have to consider that these animals, captured in the wild, are under a pretty stressful situation. Some animals, one or two animals, as you know, wounded themselves, hurt themselves, in the capture, got trucked long distances and then brought into strange circumstances, and I do not know, that may be a fair average in the wild, running around. It is, after all, different.

In domestic circumstances, we will ensure that the proper bull power or stag power is there with the right number of females and that they are under the right circumstances, that they will be fed or flushed a little bit at the appropriate time after calving—at least I do that with my beef cattle—to maintain conception rates. That is all part of the management that good livestock farmers and managers will bring to this industry, and then those figures, I am advised, can be 90 percent, 85 percent, 95 percent, not unlike what good managers of beef cattle can expect.

Ms. Wowchuk: It is my understanding that applications are going to be ready this spring, and information provided to those people who are interested in purchasing animals will be available.

Can the minister give an indication of what is happening right now? I think he said earlier somebody had their fences up, when he talked about Pine Creek, and their fences met the requirements. Can the minister indicate where the process is right now? How many

people have made application? What process will be used to determine whether or not they qualify or meet the requirements, because surely you cannot expect everybody to put up their fences and then have them inspected if you are not going to be getting any animals?

Also, what has been the decision on purchasing animals? The minister talked about putting the animals into lots of three, four or five, and that has not been determined yet. Is the minister still looking at auctioning, or is the price going to be fixed on them?

The other issue is, there are people who already have elk and have been established as elk ranchers. Is the minister looking to allow these animals that are now available to go to different people to start up operations, or will the people who already have elk also be able to qualify to purchase some of the animals that are in this pool right now?

I have put several questions at the same time, but I thought I would do that, Mr. Chairman, since the minister tends to cover a lot of areas and give very long answers. I thought I would try to get as many of my questions in at once, and maybe he can give a well-rounded answer as to how he proposes to dispose of these animals and how people will qualify.

Mr. Enns: Well, I accept the compliment when the honourable member suggests that I give well-rounded answers to her poignant questions.

The member would be interested to know that we have some four—I see four, but my director calls that five—elk ranches established in Manitoba. I do not mind putting them on the record; one Mr. Bruce Johnston in the Hamiota area and Mr. Kevin McIntosh in the Eriksdale area. We have a Rene Cadieux in the Binscarth area, and we have a Glen Steinwalt in the Russell area.

These farms have elk on them that they imported from Saskatchewan, likely, or other places. They had been issued conditional licences. Upon inspection, they had been advised that some additional changes had to be made to their premises. [interjection] Well, I am told that in all, 12 farms are licensed, so the licensing process is beginning.

Some enterprising individuals in Manitoba proceeded with doing the fencing last fall, last summer obviously, on the faith and the hope they had that this Legislature would pass the legislation and the following regulations. There had been fairly widespread discussion about the regulations, about such things as the nature of the fencing required under the regulations. I know we had quite a debate whether or not it ought to be nine feet high or seven feet high. We chose the eight-foot level as the regulations called for and so forth, so this information was out there among those who were interested. I was aware that there were a number of these people proceeding in the hope that this time the government of Manitoba would persevere and bring this to a successful conclusion, even though we had not dotted all the i's and crossed all the t's.

So, Mr. Chairman, we now have 12 licensed elk farms in Manitoba. My hope is to see that number grow. I do not fool myself. This is not for everybody. We will not have thousands of them, but we will have, I think, in relatively short order, several hundred elk farmers in the province of Manitoba, we hope. That is why we are running the capture program, to get them kind of kick-started.

* (1600)

The question that she asked about the permanent holders, out of a sense of fairness in getting these new start-up people a little break or a better chance, the current holders, that is the people that have been permitted and have elk, will be excluded from the draw, will not be permitted for the draw, at least in the first stages of it. If we find ourselves with more elk and not enough applicants to take up the inventory of elk that we have, then, of course, I think we would reserve for ourselves the right to dispose of them as well, because we do not want to keep them any longer than we have to at government expense.

But my intention is, in fact, to have a bit of a revolving thing, if, in fact, we have more applicants than we have elk, that we will have our first draw. That first draw could take place fairly soon. It could be within the next month, not necessarily that the animals will move, because they will be in a stage of late pregnancy or just calving, and the animals, in all likelihood, will not physically move, at least not the

new mothers. The late pregnant mothers will not move until fall. Lighter animals could be moved earlier. That is the thinking.

But if we have more applicants and we draw out more names than we have animals for, then, again, in the sense of fairness, those who got some animals in the first draw will have to wait their turn until next year's people's names get a chance in the draw. Believe me, I want to make this as fair as possible, and, of course, my object—my object is sublime; I shall achieve in time—is to use this opportunity to get as many started as possible.

I want to see the birth of 150, 250 elk farms starting in Manitoba. That is why I rejected the concept of going to a public auction and having Jane's husband come down here—you know Jane's husband; you know him well—and buy all the elk, just like that. Jane's hubby, that fellow Turner that runs the CNN network, he is the biggest bison farmer. He runs 10,000 bison in Montana, you know, and I did not want him to come and buy up all our elk, even though that money-conscious colleague of mine the Minister of Finance (Mr. Stefanson) with his glinty blue eyes suggested that that is exactly what I should do, and it would have saved me, quite frankly, a lot of trouble.

Public auction sale—nobody can accuse this minister or the government of showing any favouritism. It is a very fair and open way, a normal way of disposing of particularly public property. But what would have happened—and I took the advice from my own senior staff; I took the advice from other people who knew something about the elk-ranching industry—is that if we would have offered our premium elk at the public auction sale, very few of them would likely have stayed in Manitoba. The ranchers who were aware of the genetic superiority of our elk, the established ranchers in Alberta, in Saskatchewan or the United States, would have been there buying our elk, even if we would have required that they would have to be Manitoba's residents only. It is not that difficult to get a Manitoban to front for somebody if someone else is putting up the dollars.

We put some very specific regulations in that included—the most prohibitive one, quite frankly, is that these elk that are being provided at somewhat less than

market costs to Manitoba ranchers cannot, in fact, leave the province for a period of years, three years or four years. Again, the regulations I am not quite sure of, but five years perhaps that they cannot leave, because, first of all, we want to maintain that edge that we have with, what everybody tells us, the superiority, the genetics of our elk. We want to get a good basic herd established in Manitoba before they get sold off to Saskatchewan or the United States or Alberta or elsewhere, and we want to do everything possible to give Manitoba—even though we are the late entries into this field, that five years from now, 10 years from now, Manitoba will be the premier jurisdiction with respect to elk farming.

Ms. Wowchuk: To the minister, is the minister saying that the four or five people who have conditional licences are people who, in anticipation of elk ranching getting started here, put up their fences, and then when the legislation passed, they then purchased elk from Saskatchewan and brought them in, and that is how they got their conditional licences once the regulations were passed, because if they purchased the elk before the registration and before the February 1 deadline, they would have probably shown up on this other list here? Is it after the deadline?

Mr. Enns: Yes, Mr. Chairman, these are outside of any listings that the honourable member has there. These are people who since February 14 were eligible, because of their circumstances are eligible for inspection and registration. In all cases, all these animals are imported, and with many of them, there are very specific conditions. They are under a 60-day quarantine, cannot be moved for 60 days to meet Ag Canada's and our Manitoba health requirements under our regulations.

Persons engaging in this industry will come to realize and some, quite frankly, will be upset about the degree of regulation and supervision that will accompany the business of elk farming, but we do it for the very good reasons that this industry has been attacked for. We want to ensure that health is not an issue with the introduction of domestic ranching into Manitoba. We want to ensure that we are not importing health problems into the province, not just for the elk herds, but for the multimillion-dollar livestock industry that we have flourishing in this province. So there are very

specific and some would call restrictive regulations that will govern the business of elk farming in Manitoba.

I can answer the honourable member though that all of these come in that category of not having—that is why they were able to be in it now ahead of the draw. They are even ahead of the established permitted owners because we have not quite concluded our examination of all those animals that we will enter into the program as I previously described.

If some of the permanent holders, including a Mr. Eisner or a Mr. Taylor, some of these, cannot satisfy us that the animals on their premises can be traced and tracked to the animals that were originally permitted or allowed or by purchase or can somehow be tracked in that manner, if there are an additional four or five or half a dozen animals that cannot be so tracked, then they will have to come in at the Manitoba formula price, not at \$50 or \$1,000. In fact, they would be returned. They would be removed from their premises and put into the compound and put into the draw for distribution when the draw takes place.

Ms. Wowchuk: I thank the minister for that because that is one of the issues that has been raised by people who are feeling that there is a two-tier system and there are unfair advantages for people who have been holding elk under permit, and I am pleased that the department is going to do the tracking on those animals and ensure that they actually do come from the lines that they are supposed to come from and that we have the ability to track that.

There are two people who are capturing elk, who were under contract to capture elk, so they were given a share of elk for their capture, but they do not appear on this list anywhere, and that is Jerry Dushanek and Les Nelson who had contracts. So they now have the ability to hold elk. Can the minister indicate why then they would not appear somewhere on these lists as people who are now holding elk in captivity for agriculture purposes?

* (1610)

Mr. Enns: Again, not to avoid the question, but it would more appropriately be directed to the Minister of Natural Resources (Mr. Cummings).

My understanding is that they were asked by the Department of Natural Resources to assist them in the capture program. My understanding is that there is an arrangement again worked out, not unlike the kind of arrangement that I am talking about for the aboriginal people, that there would be an opportunity for—obviously there is a cost involved to persons doing this and that either dollars exchange hands or they earn the retention of some elk in the capture program.

But I am simply not responsible, and I am not apprised of what the details are, and I would invite the honourable member to pursue it with the Ministry of Natural Resources.

Ms. Wowchuk: I can appreciate that. If it is a Natural Resources issue, I will take it up with the Minister of Natural Resources, but I would assume that if we have an elk ranching program in this province, that any elk that will be held in captivity will have to come under this program.

I guess what I was looking for from the minister is will every elk that is held in captivity, other than elk that are being held for viewing purposes in zoos and in similar things, will all of those elk have to be registered under this program?

Mr. Enns: Mr. Chairman, I think I indicated earlier, clearly with any and all animals that are being held in captivity for the purposes that we describe as domestic elk farming, that is for the sale of female breeding stock, for the sale of velvet potentially in the future—and the act covers this even though it is in the future—there will be elk from time to time that will have to be put down for different reasons, injuries and so forth, so the act also contemplates the kind of regime that would be necessary with the sale of elk meat. All of those activities, any elk kept anywhere in Manitoba, would have to fall solely and comply totally with the regulations that apply to the elk farming program.

Again, the Minister responsible for wildlife will, as he does now, make the decision with respect to any form of other elk that might be held in captivity. I suspect that there would be some special class created for zoos, an established zoo, but even there, I think the honourable member is familiar with the fact that a too loose definition of that kind of got us into some of the

difficulties here, what things were called. If I read through some of the old permits, they were viewing licences, educational purposes, something like that.

It is my discussion with representatives of the Department of Natural Resources that they, quite frankly, want to get out of that business, and that other than for well-recognized, pretty acceptable criteria for somewhere like the Winnipeg Zoo, they will not be handing out permits or starting another class of animals held in captivity that would kind of hover in between our domestic elk farming program and the wild herds. I simply do not see that happening, and, quite frankly, I would object to it because it would make our job more difficult to enforce the regulations of the program, and, Mr. Chairman, my staff and I recognize that that will be a constant challenge to those who administer this program.

We have good, healthy elk herds of superior quality, superior genetic quality. There will always be the temptation on both sides of the issue; for instance, for some who will see it as an opportunity of turning a fast dollar by capturing elk in the wild and for somebody that is involved in the program trying to acquire an animal perhaps under the table, in the black-market trade, for something considerably less than the market value of these elk. That situation will exist.

I am satisfied that the penalties that are contemplated, not contemplated, but are, in fact, law, are such that it will not be a difficult issue to enforce. I say this for several reasons and I can say that, I think, with some greater integrity in Manitoba than I could if I were the minister of the Saskatchewan program or the Alberta program, because we have taken the issue of identity one quantum leap further by going through not just the physical identification of ear tagging or some kind of branding that could be altered, but we have gone through the DNA testing for inventory, which really cannot be tinkered with. Increasingly, people's lives are at risk on the integrity of the DNA method of identification.

So it is not going to be any great problem for the Department of Agriculture who, the regulation says, once a year at least can come onto the premises of any elk farmer and do an inventory check, and if there is an animal there that should not be there according to the

inventory records that we have that they are compelled by law to file with us, that farmer is in deep, deep trouble. Again, I think the honourable member should be aware of it. That should form part of the coffee shop gossip and rumour because entire farms can be lost if that occurs.

So I honestly believe and senior management people in the Department of Natural Resources believe that with the introduction of elk ranching under these circumstances, under these rules, it will make it considerably easier to cut down on poaching in elk; that is, poaching particularly for animals that we cannot prove but animals that have been poached knowing that there was elk ranching going on in other parts of the country and in the States, that other than poaching for meat slaughter—I cannot stop that—but elk poaching for trade in live animals will be considerably easier to control once the domestic elk farming is in full progress.

Ms. Wowchuk: Mr. Chairman, I hope the minister is right, that poaching can be controlled because, certainly, that has been one of the concerns, but what it also takes is the will to enforce the law and ensure that regulations are followed. When I see what has happened over the last little while with the disposal of waste in sensitive areas and the way the regulations were being enforced there, I have a little bit of concern.

So I hope that the minister is very firm with his staff and ensures that the law is enforced and we do not see poaching because, as I say, that is one of the concerns that people have, and the minister has heard people across the province say that this will increase poaching. I hope that the regulations are there to control it because, certainly, we do not want to see what we have seen with other species, for example, bear. We do not want to see that happen with elk.

* (1620)

I had raised the issue of how people were being compensated for capture, and the minister says that comes under Natural Resources, but the housing of the animals comes under the Department of Agriculture. Can the minister indicate whether the animals at Grunthal or Pine Creek, whether there is a cash payment for housing these animals, and if it is a cash

payment, what the rate is, or is there any agreement that there will be a sharing of the calf crop as payment for housing those animals?

Mr. Enns: Let me report to the honourable member that, no, with the Grunthal facility it is like a commercial custom feedlot holding of animals. They are being paid at the rate of \$1.50 a day, I believe, and I do not have those figures before me. I think the Department of Natural Resources in this instance initially helped with some additional fencing that was required, but that is the arrangement with Grunthal, and there is no capacity on the part of the owners at the Grunthal facility to earn, in kind, elk.

But with the Pine Creek situation, that, I am just being advised, is under negotiation. They are talking such things like a minimum cash payment of \$50 a day for the group, and what they are looking for is to earn 10 elk. Pardon me, they are holding 10 elk for us. But the aboriginal community would like—I am aware that whether it is Crane River or Pine Creek, they would like in the future and even with the ones that they are holding for us now to earn some opportunity to acquire animals.

So I think what you will find happening is that they would be satisfied to take kind of the minimum requirements that they need in cash that they actually require to lay out for food, for hay, for feed, or for some minimal maintenance or fencing cost and then reserve the rest of their earnings from holding cattle that they can convert to elk. We obviously would have to make a deal with anybody else, First Nations people, that would be commensurate or would more or less equal the arrangement that we made in Grunthal. We will not be able to have discriminatory rates, nor should we.

As a cattle person, I think the arrangements with Grunthal are fairly generous, but then I also understand it is an onerous responsibility. It is not like keeping a herd of a hundred of your neighbour's beef animals in captivity. These things have the potential of having harassing neighbours come in or animal rights interveners. There is the responsibility of heightened security that is very real. It is of particular concern to all of us. There is a different regime, fencing requirements and so forth, that is required. So I believe

the arrangement is fair and one that will replicate itself with others.

I want to indicate to the honourable member that when I indicated the Department of Agriculture would take a little more hand in this co-management, if you like, of these animals in this in-between stage, I am not particularly pleased. In my opinion, we have too many animals in the one compound. If we are going to capture 200 or maybe 250 or 300 animals in the future, I would like to see them in lots of 40 or 30 or 50 spread in different parts of the province for several reasons, but one of the most important ones is that, you know, they all go through tests. They all go through TB tests, brucellosis testing and things like that.

As the member is fully aware, if an animal should show positive and goes down, then I am in trouble with the entire herd, and that causes me as a cattle producer of some experience some concern. I have indicated and passed it on to the department and particularly Natural Resources that I do not think we should be lumping too many of these animals in one group. We have really no way of knowing when we capture them what is out there.

Those of us who propose this kind of domestic use of the animals from the wild, we are sometimes challenged that we are going to bring all kinds of disease to the wild herds. Well, quite frankly, there is just as much of a case to be made for it to be the other way around. We know what disease levels we have to cope with in our domestic herds, whether it is cattle, swine or poultry. We have done a magnificent job, thanks to the works of the kind of people like Dr. Jim Neufeld here in the Veterinary Services branch, in eradicating some of the principal diseases in our livestock industries, that we are not plagued with something like hoof and mouth disease that the little island country of Taiwan is facing up to right now.

We have for so many, many years. I can recall I was just commencing my livestock career on a south Interlake farm when the brucellosis eradication program was just in its final stages. We, in Manitoba and Canada, now count ourselves as brucellosis-free which is of tremendous import in the movement of cattle. Cattle can move more freely between jurisdictions with us and the United States. We have

eradicated in essence—eradication is probably too strong a word. There are occasional outbreaks that occur—the tuberculosis, TB disease in cattle. When an isolated outbreak occurs, the full forces of Ag Canada and the Department of Agriculture come to bear on the issue. The problem is isolated, and we maintain our status. So, in this case, we are making sure, and you would expect us to make sure since these animals are being sold under the auspices of government, that we are not knowingly or willingly passing on diseased animals, that these animals have tested TB-free, have tested brucellosis-free, and can to that extent provide some confidence to future purchasers.

Ms. Wowchuk: Indeed, we do want to see a disease-free herd. The minister talks about disease. One of the concerns when the herd was being put at Grunthal was the possibility of brain worm in the deer in that area. I wonder whether the minister has taken that as a serious consideration and whether any testing has been done, or whether the minister feels that there is any risk to that herd because of the possibility of the carriers of brain worm being in the soil in that area.

Mr. Enns: The member is correct. The issue of brain worm is an issue that involves a species. It is one of the reasons why we have been careful about from whence we will allow importation of animals, which jurisdictions where we feel there is a higher incidence, although that is in dispute to some extent. Some say there is more of this prevalent than in Ontario; others say it is not that serious. But I can report to the House that all these animals in captivity have undergone the test for brain worm, and all have passed with a clean bill of health.

Ms. Wowchuk: Mr. Chairman, the minister earlier indicated that when they were looking at where the various animals came from, I think he indicated that one of the people who have elk in captivity had brought their animals in from Ontario. Ontario is one of the areas where the regulations do not allow them to come in from. So I want to ask the minister, what steps have been taken to address that, whether those animals that did come from Ontario will have to go back, or whether the testing has been done to ensure that they are not a risk to the other animals in captivity?

* (1630)

Mr. Enns: I think I may have misled my honourable colleague by indicating in the instance of the one party that we referred to, a Mr. Mervin Farmer, who has interests and has been involved with another gentleman in Northern Ontario with elk, but he has not brought any elk in. The elk that he has acquired here are purchased, to the best of our knowledge, and we have it from a Manitoba permit holder, Mr. Peter Kalden, who I think is known to her, and from the zoo, I believe, from the zoo. None of these animals have come in, and they are not permitted to come in from Ontario. I have a request, quite frankly on my desk requesting that that be permitted, but we simply cannot accommodate it.

Mr. Kevin Lamoureux (Inkster): I was listening actually to the debate downstairs, got somewhat sidetracked because I had a visitor, and so the minister will have to excuse me. No doubt he has probably answered, maybe in different forms, these questions.

Elk farming has been somewhat of a controversy over the last little while, as many avid hunters are watching very closely in terms of what the government is doing and how they are capturing the animals, how many have actually been captured and so forth. I had a couple of fairly specific questions. Some of it is just strictly confirmation.

From what I understand to date, the government has 234 elk, is it, that have been caught? Actually, not caught; 212 were caught, of which we now have 234 because of birth?

Mr. Enns: The honourable member is correct, roughly, although that number changes because calves are being born while in captivity. We had 29 calves born from the captured animals last year, and I suspect—I am looking at my Australian expert on elk and all manners of livestock. When do the elk mothers normally calf? In May, June? Mid-May and June. So within another month or two we will again increase the numbers of elk that we have in captivity.

Mr. Lamoureux: Is the government currently capturing elk, or is that complete? We have caught the elk that we are going to be catching?

Mr. Enns: Again, Mr. Chairman, there is a right time and a wrong time to capture elk. Obviously, we do not

want to disturb elk. If we were to capture them at this time of the year in the wild, they are late in pregnancy. The stress put on late, heavily pregnant female elk would not be advisable. It would run contrary to our concern for animal welfare. So the ideal time I think to engage in a capture program is mid-winter, maybe earlier in winter. But the problem is it is mid-winter, particularly if it is a hard winter, the elk start coming out to feed, deplete and feed on farmers' feed supplies that makes the capture possible.

So I think our capture concluded pretty well on about the 1st of March or a few days thereafter. We extended it a bit. We were probably pushing the time line a little bit. Wildlife specialists on something like that would like to say that we should not be disturbing those animals any time after February.

Mr. Lamoureux: Does the government have an overall number of wild elk that they anticipate on catching over the next number of years?

Mr. Enns: Mr. Chairman, no, we do not have a specific number. I have been given, or the elk ranching farming program has been given specific cabinet direction and authority to entertain a five-year capture program. We have been involved now in two years, so that, by my count, will enable us to conduct a capture program for an additional three years.

I can also tell the honourable member that in certain specific areas, like the Swan River Valley, where our Crop Insurance Corporation is paying out very significant dollars in crop loss because of big game damage, wildlife damage—just to give the honourable member an idea, we are paying likely \$1,400,000 in cash compensation for bales of hay that have been and ruined crop. Regrettably, it is also in that area, because it is in the northern part of our agri-Manitoba land, that all too often, sometimes because of early onslaught of winter, still has a significant amount of unharvested grain lying in swaths in the field. These get severely damaged during the winter.

Wildlife, deer, elk find that very convenient, restaurant style, to have the farmers roll out the hay and the big bales, put them in nice rows, the barley and the wheat in nice rows. That can be well identified by even a blind elk walking through, because he stumbles onto

the stubble. Then he just has to nuzzle the snow a little bit, and he has got fine feed in front of him.

We are paying out a \$1,400,000 in that kind of damage. Different experts tell us that there are anywhere up to 700 to 800 elk that are resident on that farmland. These are animals that are not going back into the parks or into the bush. They have become accustomed to that environment, are dropping their calves in that environment. We see this as an opportunity of doing two things at once, of starting an industry and at the same time reducing those costs that are significant, that have to be borne by all farmers in their crop insurance premiums.

So, if you are asking me for a target, my personal target is, yes, to capture in the neighbourhood of a thousand elk in this five-year period. We are not going to do that if we capture them at this rate. We have captured, I think in the first year, something like 127 perhaps, in that area. This year it is somewhat less; we have about 92, 93 animals. So we will have to do a bit better in the succeeding years.

I want to assure the honourable member—and I want to assure those interested in recreational sport hunting of elk; I want to assure those who simply enjoy seeing these majestic animals in our wild—that we have, and wildlife biologists report, a healthy population of elk numbering in the 10,000 to 12,000. They are propagating themselves, maintaining themselves, dropping calves. Taking several hundred elk out of this 10,000, 12,000 herd of elk, in my humble opinion, is not in any way seriously jeopardizing the future of the wild herds, is not in any way significantly reducing the hunting opportunities for those who find a great deal of pleasure and satisfaction in engaging in that activity. For those who want to simply enjoy coming upon some of these animals in the wild and do not do either of those things, there will be opportunities for them to continue enjoying them as well.

* (1640)

Furthermore, I say this advisedly because in some instances some of the kind of indiscriminate taking of these animals, and whether it is, in some instances, by our aboriginal community; regrettably there have been

some serious instances of this. They know it, and we are not, of course, intruding on their aboriginal rights and treaty rights to do so. An aboriginal person can hunt an elk 365 days of the year, and some of them do. I suspect—and it is just a feeling—that some of them might look at that elk a little differently before they carry out that treaty right. They may want to say, well, you know, I have a different attitude about that animal. That animal is worth considerably more money if I engage in elk farming, or if I use the animal in that way, rather than hunting in excess of what they may need or hunting under circumstances where it is not really a matter of food, as is their traditional right, but simply sometimes a case of demonstrating that they have the right to hunt and to take the animal at any time. I think you might see a little shift in that attitude and create a further conservation measure for the species themselves.

Mr. Lamoureux: Mr. Chairperson, during the throne speech, I had indicated to the minister that one of the things that I heard was—and, again, it is more rumour, but I would not bring it if I did not think that there might have been some credibility with respect to it—that we have elk that are being brought from the province of Manitoba, in particular, into Saskatchewan. Has the ministry heard anything to the effect of elk being taken out of Manitoba into Saskatchewan?

Now, whether there are dead carcasses or if they are transporting them live, I am not really too sure, but I was definitely given the impression that we have had elk, not walking across the border, but being taken across the border, and if the minister might be able to address that particular concern.

Mr. Enns: Well, Mr. Chairman, I cannot speak with certainty, but certainly, I think, one of the impelling reasons for Manitoba to consider that it was now time for us to get into elk farming was that it was legal and had been legal for some time in Ontario; it was legal in the United States; it is legal in Saskatchewan and Alberta—in other words, legal all around us. Yet we have what? It is not Harry Enns saying this, but what our animal biologists say and, more importantly, what the marketplace demonstrates, we probably, by an act of geography, partly due to our isolation, something like that, have the best elk on the continent.

It is safe to say we have the best elk in the world because elk are not indigenous to all countries of the world, and with those circumstances, I would, and I know, I mean I cannot document it, but we were setting ourselves up, if you like, for animals being poached, taken out of the province of Manitoba and trucked, transported, sold to these other jurisdictions. To what extent that took place, I do not know, and, as I say, cannot document it. Certainly, Natural Resources was in a position and did. If elk were being transported without permit, without the necessary papers, they were in defiance of all kinds of regulations in The Wildlife Act, but I am not from Missouri, I do not fool myself. I am sure that some of that did in fact take place.

Today, now, whatever elk is transported to other jurisdictions is under the full and total control of the regulations that have been approved by this House, and I can report to the member that there are some animals, there is one animal right in the last little while that is moving from Manitoba, under permit from a permit holder, to a Saskatchewan buyer. There are animals coming, as I indicated earlier, 77 animals that have been purchased. Some of our would-be elk farmers, eagerly awaiting for the completion and the passage of this bill, have purchased elk in Saskatchewan, and under our regulations they are now being held in quarantine for a 60-day period before they can be moved into Manitoba.

I can report to my friend that none other than my former good friend, Ken Foster, the chairman of Manitoba Pork, not that he has given up or lost any confidence in pork, but is moving into the elk farming business with his sons. He is one of those gentlemen, one of those parties, that has purchased elk and now was inquiring, could he move them at any time now? I said, no, they have to comply with the quarantine regulations, and when they have fulfilled the quarantine regulations, meet all the health inspections, then they will be moved onto the farm.

Mr. Lamoureux: Mr. Chairperson, I would be somewhat concerned if in fact the department is aware. This particular constituent indicated that it is a significant number of elk, and there are some people from within the department that are familiar potentially with what is going on. I think that there is an onus on the department to at least investigate this, see if in fact

it is a legitimate complaint, and if so take some sort of action to rectify it, especially if you have a relatively small group of individuals that might be doing it.

I was wanting to move on to asking some questions with respect to the number of elk in captivity. The government has caught elk. We used to have elk farming a number of years ago. Were all those elk, for example, disposed of in some fashion? How many elk would we actually have, what we would classify as in captivity, on a farm, outside of the 200-plus that the government currently has? Can the minister indicate whether it might be on reserves, private land, how many elk we are we talking about?

Mr. Enns: We have a total of some 250 elk that are held by the kind of operations that the member for Inkster (Mr. Lamoureux) describes; people that were at one point in time encouraged, in one specific case, to do a pilot test run in elk ranching in 1985, and then the program was withdrawn. But we have in total some one, two, three, four, five what we call permit holders. They have some 250 elk under those permits.

They are a Mr. John Eisner, in association with a Mr. McKay, I understand, who possess some 82 animals on their premises; Bill Hart, who possesses some 47 animals on his premises; Mr. Janz, the gentleman that is housing our animals in Grunthal, has also had, under permit, five animals, always has had them; a Dr. Peter Kalden, who is in the north Interlake, Davis Point outfitters—I think they call themselves—have different wildlife animals, or nontraditional livestock animals from wild boar to bison and to elk. He has some 48 animals registered with us. Mr. Kelly Taylor, who has come from the south central and southwest Oak Lake area of the province, has some 73 animals registered with us.

These are, what I call, the kind of residue, or the leftovers, from a previous attempt to start elk ranching. But these operations all were doing this with the awareness of government. They had a permit to keep these animals. In many instances—and this is what is going on right now—they had seven, eight, or five or six original animals, of which they were allowed to keep progeny, but this in some cases dates back to '73, '84, '85.

This is now 1997, and we are determining whether or not the numbers that are now accounted for can be traced back to those original numbers. So the bulk of these animals would no longer—while some of the originals came from the wild, where else do they come from—the bulk of these numbers were born in captivity, raised, nurtured, and fed at the expense of these individuals.

Mr. Lamoureux: So using the government's numbers then, we have in captivity, approximately, through the private sector, if you like, somewhere in the neighbourhood of 255; the government, somewhere in the neighbourhood of 234, which account for about 489. Is it then safe to say that in Manitoba we have 489, approximately give or take 10, 12 depending on calves and so forth, in captivity? The remainder or the balance would be in fact in the wild?

* (1650)

Mr. Enns: Just about, but not quite. In addition to that we just had a discussion. We have the four or five elk ranches that we have just permitted. As we speak they are out buying elk, some of them, not waiting for our draw program or not waiting to inquire. They have made purchases of elk in Saskatchewan or in Alberta, and, certainly, the list that I had here indicated that there were another four or five operators with about six or seven animals each. These were not Manitoba animals; they were Saskatchewan animals. So we would have to add that to it.

Essentially, the honourable member is right. We have that 250-odd—55 that belong to the original permit holders, the original people that kind of started elk ranching years back, you add that to the ones we have now captured, the 220 or 230. So you have your 400-plus animals that are in captivity today. The balance of the 10,000, 12,000 elk in the province are in the wild.

Mr. Lamoureux: Does the minister believe, to any extent, that there are wild elk that might have been captured from people outside of the programs, for example, that the minister has talked about, that are in captivity? The reason why I ask that is one of the numbers that at least had been reported in part from the media was that Manitoba has probably closer to 900 wild elk in captivity. So I would ask if the minister

could maybe just expand if he believes there are, in fact, other wild elk that maybe his department is not aware of in captivity.

Mr. Enns: I cannot say with certainty that there are not additional wild elk that somebody may or may not have captured. I would suggest that they are going to have some problems. First of all, they are certainly subject to the full laws that are in existence under The Wildlife Act and administered by the Department of Natural Resources for holding in captivity wild animals that they are not permitted to do so.

Secondly, the whole purpose of having a day, February 14, as we chose on, was to determine whether or not any elk of the nature that the honourable member was describing were out there. I am satisfied with the numbers that have been reported. We have had no incidence. We have had two incidents of people reporting orphans calves that they as a family saved, found in the wild and nurtured as young and raised in the Roblin-Russell; they have been reported to us. There are two other instances of people who were not permitted: one Mr. Patrick Houde from the Elm Creek area, and a Mr. Merv Farmer, whom I know well, who bought some animals and then reported to us.

I can tell you this much, that anybody coming up, there is no other reason for holding animals other than if he wants to engage in what is becoming the more and more dicey business of poaching. Poachers will, regrettably, always be with us. We are doing our best to restrict it and hopefully to eliminate it. They will not be able to enter our program. Nobody coming forward a month from now, six months from now, is going to be able to show up with a dozen or 10 or 12 or 15 elk and apply to register with the department's program. That opportunity is lost; it is gone for all time. They had to do that by February 14.

February 14, that period was not an amnesty period. It was an opportunity for people to report elk that they had. I did not know for certain. I heard the same rumours. I did not know for certain whether or not there was a fair bit of this action taking place. I sighed a collective sigh of relief, I think, with a lot of people in my department, who were also subject to these rumours when, in fact, these animals did not materialize. It was really the figment of somebody's imagination and the

energetic report or writing of a Free Press reporter. Well, I have to admit that, you know, so-called friends and relatives that like to call you Uncle Harry did not help the matter a great deal. But Lord preserve us from our friends and so-called relatives from time to time. But I answer not facetiously. The simple fact of the matter is that, yes, that caused myself, that caused my government, it caused, I think, the department a considerable degree of, you know, unnecessary angst and concern about how we were running the affairs with respect to this program.

But I say with absolute sincerity that these things simply did not materialize. That is not to say—I mean, Mr. Pat Houde jumped the gun. There is no question about it. He was not authorized to go out and buy elk at this time.

Neither was a single business authorized to stay open on Remembrance Day, last Remembrance Day, and thousands did. What was the response of the law, of the Justice department, the courts and the Winnipeg police? They said the Legislature had indicated its intention of what they wanted to do that enabled all businesses to open from one o'clock on Remembrance Day, as is now the law; and nobody pressed charges. In effect, we were being advised—hey, we had indicated 12 months in advance that we were going to start elk farming. So a farmer jumps the gun a little bit and buys some elk—did not, not a question of poaching elk out of the wild, stealing elk out of the wild, or capturing elk. He went and bought elk out of the wild, you know, just as other farmers were buying elk from Saskatchewan. Other farmers were buying elk and holding them in Ontario. What court in this land is going to seriously take on that case? That is part of my problem.

I would pursue Mr. Houde with the full intensity of the law if, in fact, it could be demonstrated, if we can show, Natural Resources officers can physically show that he participated in the capture of animals illegally in the wild and acquired those animals that way, if it can be shown that Mr. Farmer acquired his animals in that way, but it is not. Mr. Farmer is a straightforward, long-time, respectable businessman in the south Interlake, came to the department, showed us, I bought these animals from somebody that your government has permitted to have these animals and permitted to sell these animals. We cannot take him to court, but he

technically kind of jumped the gun a little bit. But everybody is applying by the rules, and they will have to apply by the rules, or they shall face the wrath of one Mr. John Taylor, who will whiplash them into shape.

Mr. Lamoureux: Mr. Chair, so if I am driving out in rural communities and I see an elk in captivity, it is then safe for me to assume that the government would be aware of it, because that person would in fact have a permit of some sort. If there were elk where the government did not provide a permit, because it is deemed as a wild animal, it would be illegal then for them to have that animal in captivity; and if they did, the government then would be obligated to take him to court. I understand that is what I am hearing, and I guess I would move on. When the minister stands up to answer my next question, maybe he could just reaffirm that I am correct in what I just stated.

The other issue is where it is that we are actually capturing the elk. The minister made reference to that he could see potentially up to a thousand over a five-year period. We are into year two, which means there is going to be potentially a lot more elk that are going to be caught over the next three years. Last year when I asked the minister this particular question I was told, trust me. I think he said "Kevie" or something of that nature, in Hansard, and it was not the current minister, he was a former minister, only to find out within a couple of weeks that the minister was wrong, that in fact there were elk that were being caught in other areas.

Does the minister have a policy of where the elk can be caught and as opposed to maybe explaining to me in great detail—the minister can explain it also—but if I could be provided at some point in time a map of the catchment area where wild elk are going to be caught?

Mr. Enns: The short answer to the member's initial or first question is, yes, that elk is being held illegally under captivity. It should be either under our program, or it is in the wild. Now, I would ask him again to confirm that with the Natural Resources department, because they have the jurisdiction over that. Just generally speaking, policy-wise, as I said in response to the member for Swan River (Ms. Wowchuk), the policy is to try and combine the benefits of reducing the populations where they create problems for farmers, for

crop depredation; that is where we would prefer to do our capture. The honourable minister when he answered that question—you know, we wanted to do that last year in the first capture.

* (1700)

Regrettably, we had a public relations problem with these very same farmers that we were trying to help with the crop depredation problem. They had other issues like compensation values that were being paid for; wildlife damage should be raised from 75 percent or 80 percent to 100 percent, which we did. But it created a kind of a standoff at O.K. Corral in the Swan River Valley, and the Natural Resources people under those circumstances withdrew and captured elk elsewhere other than where he had kind of indicated to the honourable member for Inkster (Mr. Lamoureux) he would do that. But I think we are overcoming that. But, just generally speaking, it just makes good common sense that we want to take those elk from areas where they have a track record of creating problems for farmers, where, obviously, they are in numbers more than can be sustained in the surrounding wildlife area, in the bush area, and are systematically and regularly coming out on the farmland to cause the crop depredation that I spoke of, which is in the millions of dollars, \$1,400,000 this year.

So that is what kind of direction that I give to Natural Resources under whose supervision the capture program is undertaken. We in Agriculture will tell them, these are the areas in the province where our crop insurance records show we have inordinately high crop depredation taking place from elk. We would appreciate it, from Agriculture's point of view, never mind telling them anything about the elk ranching, in Agri we would appreciate it if you would do something about reducing the number of elk in those areas.

In previous years we did different things. We simply increased the hunting pressure on them and sold more hunting licenses. We have engaged in the past, not too often, but I can recall in one instance, and my area was the recipient, where we captured elk, I believe, out of Swan River Valley and transferred them all the way over into the Interlake area to my part of the world where we virtually had no elk. I can report to honourable members of the committee, we have now a pretty good herd of elk in the central and northern

Interlake. You know, some numbering 400-500, which, to a large extent, were developed by moving some 40-some elk out of Swan River and moving them physically to the Interlake. We have moved deer—and we have done this to other species—from some areas and moved them all the way to St. Malo in the southern part of the province. These are costly programs, as the honourable member would appreciate. What I want to do is combine the benefit of—I am telling Natural Resources, in Agriculture we are paying for it, that we will take some of these crop depredators off your hands and start what I know will be a \$50-million, \$60-million industry in five or six years.

Mr. Lamoureux: Mr. Chairperson, I myself am not a hunter, but I appreciate the fact that I have not only a great deal of constituents, but I acknowledge there are a great deal of Manitobans that enjoy hunting and derive a lot of sportsmanship, if I can put it in that fashion, and I think that there is a bit of concern in terms of, with the government's policy, what sort of an impact is that going to have on the wildlife of our elk into the future. You know, currently we have somewhere between 10,000 to 12,000 wild elk. Does the ministry see that number being somewhat static? Has the minister had any discussions, for example, with the Manitoba Wildlife Federation? If so, what sorts of reassurances are you giving to those that rely on wild elk, whether it is as a livelihood from our aboriginal community, to those that enjoy going out and hunting and testing their skills, to the interest groups such as the Manitoba Wildlife Association? Has the minister had that sort of discussion? Maybe he can just enlighten us in a few minutes as to what the outcome of that is.

Mr. Enns: Mr. Chairman, you would appreciate that certainly the people in the Department of Natural Resources, the wildlife biologists would be comfortable with the program that is being carried out, that it is from this species point of view sustainable, that it is not one that would lead to a crash in the long-term populations of the elk that we have in this province. I am satisfied, from my background as a former Minister of Natural Resources and having had the privilege of working with some of the people in that department, that that is absolutely true.

Allow me to say this thing. We sometimes are far too hard on ourselves in terms of not fully acknowledging

how successful actually agriculture, wildlife and the settlement patterns that we have, you know, not just in Manitoba, but I say about the North America continent. We are doing it reasonably right—not in all instances, we have some problem areas—but it can be said in some species that have followed settlement. The white-tailed deer were not as numerous in this part of the world prior to settlement. Some species, beaver and others are as numerous today as the day that Christopher Columbus first set sail to come to the New World. I think North America generally has done, through progressive legislation that enhanced the sustainability of our migratory game birds—our ducks and our geese, yes, they suffer from drought periods and so forth, but the numbers of our noble Canada geese and our duck populations are there presettlement levels—through massive organizations like the very people that he speaks about.

The interested wildlife organizations, the Manitoba Wildlife Federation, Canadian Wildlife Federation, departments of governments, Natural Resources, a host of private interested groups, everything from organizations like World Wildlife organization, that pressure governments to set aside and move into programs like the Endangered Spaces Program that this government is committed to, that says that for all time we will set aside certain bits of our real estate for future conservation and wildlife purposes.

Our national parks system, a parks system here in Canada, I think it is kind of—you know, just in Manitoba, we farmers, we cultivate some 11 million, 12 million acres of land. We have nine million acres set aside for parks, and that is not counting another six million acres set aside for wildlife management areas where wildlife have the first preserve over cattle and other agricultural pursuits. In addition to that, we are setting aside big chunks of property into the Endangered Spaces Program. That says to me, an organization like Ducks Unlimited and other organizations put a great deal of private money into these efforts. In the southwest part of the province, we have targeted, four years ago, since I signed that agreement, to take 500,000 acres out of agricultural production and put it into wetlands.

All of this has resulted in what I think is an unrealistically appreciated balance of development of agriculture

living with the resources of the wild and ensuring that my grandchildren, their children and their children after them will have much the same environment that we enjoy today. I am, quite frankly, pretty proud of that. A lot of public civil servants deserve recognition for having accomplished that. In many instances they fought with not all that amenable politicians to make it happen, but because of their professional status, they helped make it happen. A lot of private organizations helped make it happen.

* (1710)

I think we, as a people, when we look at and we drive through this beautiful country of ours, and I extend that to a big portion of the United States as well, and I say that with the privilege of having had the opportunity of travelling in different parts of the world, that cannot be said of all parts of the continent. In Asia they have given up the ghost. The wildlife that you see in Tokyo, in Japan is the little bird, the gentleman, a party carries and sits on a bench somewhere that we are sending over sunflower seeds in increasing amounts to feed.

Regrettably, in that beautiful, from a wildlife point of view, continent of Africa, things are not going in the right direction. In Europe, what wildlife there is—reserved for the remnants of the aristocracy or the very rich. You do not pick up a hunting licence for \$35 and go off in the bush and hunt a deer or an elk anywhere in Europe, and they do not have all that much wildlife. We in North America have done it right in this respect, and I take a measure of satisfaction in having been, for the past few years, involved in two particular departments, Natural Resources and Agriculture, that have been instrumental in doing this. So endeth that lesson today.

Ms. Wowchuk: The minister just indicated why it is so important that we do preserve that wildlife that we have in this province and in this country, and one of the reasons that there was such objection to the elk ranching starting in this province was exactly that reason—people wanted to see our wildlife preserved and not become held in captivity on farms. I think that had the government decided to proceed with elk ranching without capturing elk in Manitoba, they would have met much less resistance.

The minister talks about the capture having been very expensive, and it was, but there were also many other suggestions put forward by people as to how the problem of depredation elk could be addressed, and people suggested that they do increase hunting. People suggested that they continue to establish herds. The minister talks about the herd that was established in the Interlake area. Well, there are still other people who were asking for herds to be established in their areas. There is a band in my area, the Shoal River Band, that has asked that a herd be established, and although the government was on that track, they put all of that aside in the name of elk ranching and capturing elk for ranching.

The Elk Management Board in the Swan River Valley has also suggested other things. The minister has said that there are people who are now starting elk ranching here in Manitoba who are bringing elk in from the other provinces. So we have some elk that are being held by people who had permits; we have some 300 elk that are now in captivity; we have elk that are being imported from other provinces. The question I put to the minister is does the minister see that the industry can grow with those animals that are there and animals that can be imported without capturing any more animals from the wild.

Then addressing the concern that many people have is that the wild herd will be put in jeopardy. I know that there are large numbers out there, but with the Department of Natural Resources looking at other ways to address the numbers and then having the industry grow just from the animals that are in captivity now and the ones that—and they are coming in from other provinces because the minister indicated that there are some people who brought them in already—would the minister see that as a viable option to have the elk industry grow in this province without having further capture from the wild?

Mr. Enns: Mr. Chairman, I do have a lot of respect for the honourable member for Swan River. She comes from the farm. She knows that, intuitively, we tend to look at things in a pretty common sense kind of way. You tell me, what makes more sense, to encourage somebody to buy a \$35 licence and shoot an elk, or to allow that elk to live in grace and dignity for virtually all of its life in the comforting arms of agriculture, and,

in doing so, solve the problem of reducing depredation and provide an alternative livelihood for somebody.

I can expect if she were a militant animal rights advocate, which I know she is not because she comes from good basic farm stock, and understands that the animals, although always treated properly and with their welfare in mind, have a contribution to make to our collective being on this planet Earth.

I am not so sure about my friend the honourable member for Dauphin (Mr. Struthers). He is a little iffy on these issues, you know. That is because he does not come from that farming background. He is a school teacher, you see, and that is always—well, no, I had better be careful because I could get myself into trouble here.

I can assure, as I indicated to the member for Inkster (Mr. Lamoureux), department wildlife biologists would be the first to raise the flags if our capture program exceeded that benchmark where the wildlife herd was being jeopardized. Let us be sensible about this. We are talking about—we say conservatively, 12,000—it could well be 15,000 elk out there, but say 12,000 elk, and we are taking 90 elk, 100 elk, or 200 elk. That is going to jeopardize that herd. No, Mr. Chairman.

Other things may, and I cannot account for that. Some natural serious change in habitat, some disease that occurs naturally; these things are what could perhaps put that herd in jeopardy, but not the activity associated with the introduction of domestic elk farming in Manitoba. So I ask her to accept that.

Ms. Wowchuk: I accept the minister's comments, but he did not answer what I was asking and that was: Did he think that the industry could grow in Manitoba without the capturing of elk seeing that we have some in captivity? We have elk that can be brought in from other provinces where there are large herds. My question was: Is it necessary? I was not talking about the jeopardy of the herd. I was referring to other issues that other people have brought. Does the minister feel the industry can grow? We will set that aside; I think we have talked enough about elk for one day.

I would like to move on to another area in the livestock industry, Mr. Chairman, that being the hog

industry. There has been some discussion about pseudo rabies, and the fact that Canada is free of this disease, and the American farmers have serious problems with the disease. Currently, live hogs imported into Canada must be quarantined. My understanding is that there is pressure from American people to bring live hogs into this province for slaughter. There is a concern by Manitoba hog producers that this puts our industry at risk. Although this would probably come under federal jurisdiction, I would like to ask the minister the position of his department, whether he has any concerns about live animals from the United States being imported live into Canada, and whether he feels there is a risk to the Manitoba hog industry, in particular, hogs they are wanting to bring in to slaughter, into Manitoba, and whether he feels there is a risk to the Manitoba hog industry and in particular hogs that they are wanting to bring in to slaughter into Manitoba and whether he feels there is a risk to the Manitoba Hog Producers.

Mr. Enns: I think that is always a matter of concern that we do not take lightly the movement of animals, particularly from areas that have a disease problem. The honourable member is correct. There is a concern about this pseudo rabies problem that has been identified in some of the American herds, and Ag Canada is very much on top of the situation.

* (1720)

On a more general note—and certainly our American friends remind us of this sometimes—we do not allow a movement of animals back across our border, despite the fact that, as honourable members know, a very significant amount of hogs are moving across the border from Canada to the south. Just as recently as a few weeks ago when we had a group of American congressmen and senators visit us, this was one of their issues of concern, a trade irritant, if you like, was the fact that the border was a one-way border.

I am advised by senior staff that Ag Canada is currently negotiating with Americans. Generally the manner and way in which these border obstacles get overcome is by first of all establishing specific areas, states maybe, North Dakota, South Dakota, Montana, that can demonstrate to our satisfaction and meet the health requirements that would make it possible from that area to possibly allow animals coming across.

None of that is in place, but I simply indicate that there are pressures both sides of the border for that to happen. Quite frankly, from a trade perspective, I would prefer—whereas I think we will always be moving considerably more animals, to our advantage, south of the border, there is always the possibility of irritating the Americans to the point where they react with countervailing actions or countervailing duties, and it would be helpful quite frankly to be able to point out, well, look it, if our market conditions are such that or other reasons induce you to send your markets across the border the other way, that is free trade. As the honourable member knows, I am a proponent of free trade. I know she is not, but I am.

Ms. Wowchuk: And indeed there will be trade both ways and there should be if there is a market for the product, but if they are not disease free and have not met the requirements, we cannot risk our hog industry in this province. We have to be sure that steps are taken to ensure that the hogs that are coming in here, whether it be for slaughter or for whatever purpose, meet the requirements so that we do not risk the industry.

The federal Minister of Agriculture has addressed this, and I know that there have been resolutions passed by the Canadian Swine Association that we should not be allowing these animals to come into Canada for slaughter purposes without first meeting the requirements of at least one year without infection of the swine. Is there any role for the provincial government to play in this, and has the minister's department had any study on this or must it purely be addressed by the federal government?

Mr. Enns: I think we can make it very, very abundantly clear that we totally concur with what the honourable member for Swan River (Ms. Wowchuk) is indicating. Certainly it would be irresponsible for us to, in any way, encourage the importation of swine in this instance from areas that we are not absolutely satisfied meet all the prescribed required circumstances and we—Dr. Neufeld's office would be monitoring that on behalf of Manitoba producers with Ag Canada. We offer our support wherever we can. There are circumstances where Ag Canada officials were co-operating with provincial departments. If the services of our laboratory centre at the U of M can provide any

support, it would be there for them to do so. But, Mr. Chairman, let the record show that I accept fully the admonition from the honourable member for Swan River, that there can be no halfway measures, you know, and certainly trade or anything else like that should not be allowed to soften a position. The overall importance of the hog industry in Manitoba is one that we would be very foolish to take any chances with respect to possible introduction of disease problems that we currently do not have and would certainly not want to introduce to our populations.

Ms. Wowchuk: Mr. Chairman, again, related to the hog industry and with meat inspections, I wonder if the minister can indicate—and I probably should know this—whether meat inspections are done by federal or provincial inspectors. The issue that has been brought to my attention is something called PSE, pale, soft, watery tissue. I understand that this is not a meat there is any problem with eating. It is just that when it is cooked, its appearance is not what it should be. It is a very pale, watery looking meat. The case that was brought to my attention is where some of this ended up in a grocery store. Again when those kinds of things happen, it is a negative sign to the hog industry and can certainly cause problems if it gets into the wrong market. This happened to be local, but if it gets into our Japanese market or our foreign markets that are very important to us then it could be quite negative.

Can the minister indicate then who would do this inspection; is it provincial inspectors that inspect meat or is it federal inspectors that inspect meat, and what the procedure is when this kind of meat comes up? Is it taken off the market or is there—although they tell me there is no problem with eating it, appearance wise it is not right. So where should this have been caught? Is it provincial or federal inspectors, or how does this meat get through the system?

Mr. Enns: Mr. Chairman, it is and continues to be the responsibility of Ag Canada officials to do the inspection, and it is essentially as much an economic marketing problem. As the honourable member describes, it is just unacceptable in terms of visual appearance of the meat and/or of the texture and the quality of it. It is certainly not any toxic hazard. You know, it is not an introduction.

We have greater concerns about—and I know the honourable member will want to ask me what progress we are making—ensuring the elimination of any antibiotic residues in processed meat, in hog meat, that are used in the care for hogs in the normal management of today's pork industry. I am advised that the PSE, which is a common problem in the pork industry and one that is—its sorest contribution is the fact that there is strong evidence that genetics plays a role in it. I have one of Manitoba's premier hog producers—Mr. Paul Riese will make a strong case that his brand, the duroc, the red hog, has a propensity for if used in cross-breeding programs will reduce the incidence of PSE in hogs. I am not a salesman for Mr. Riese and his brand of hogs, but he makes the case very strongly, certainly, when he markets them abroad as breeding stock to different parts of the world, and as rapidly, as honourable members will recall, he was one of the few Manitobans that were granted a fairly significant contract in the recent Canada trade mission that the First Minister travelled with the Prime Minister and others for a significant order of his genetic duroc hogs out of Selkirk, Manitoba, that are going to Asia.

* (1730)

The other factor, and the honourable member will not believe me, but the other factor had a role to play, not a major role, but a role to play in my decision to abolish the single-selling desk at Manitoba Pork. Because the other factor, and one that is considered very real is any unnecessary stress put on the hogs during movement or shipment or any unnecessary stress, and it has been argued by some of our better breeders, the stress of putting hogs into the system, of moving them into the central yard at Manitoba Pork where they get milled around. First of all they are pushed on their trucks, then get dropped off in St. Boniface, then milled around and counted and put on another truck to get to the packers. That is adding to the PSE problem, and some of our superior breeders, they gently want to see those hogs move out of their slaughter barns when they are ready as quietly as possible onto a truck and onto the killing floor. Manitoba Pork is arguing that they, and they have of course, they make possible direct shipments.

The Quebec marketing board, for instance, has no central-selling desk. Quebec marketing board, a very

powerful, strong, single-selling agency for all hogs in Quebec, never sees a hog. The hogs all go from the farms direct to the packing house, and this is part of the reason. Any animal, I think, and again, the honourable member has a farm background, whether it is beef or any animal should be handled carefully with the minimum stress. In cattle it causes situations where it discolours. Dark blood can occur in the slaughter when animals are slaughtered in a hyper state of stress and ventilation. Hunters will know that you hope for a good clean shot and a good clean kill with deer, but if you have to stalk that stag five, ten miles through the bush, that is different, that is tougher meat that you end up—argument has been put forward that the PSE problem is related to that kind of stress, and when dealing with the issue of marketing in hogs, that was an issue that arose.

So I do not know whether that helps the honourable member. We certainly will want to continue and I would hope—I certainly challenge the industry. They have, as you know, while I created a more flexible marketing system, I certainly made every effort to ensure that appropriate research and development dollars are available to the pork industry.

The universal levy—I, quite frankly, am taken somewhat aback because of the criticism emanating from Manitoba Pork, citing that as a problem, as an additional cost to the Manitoba pork producers, but let me remind them for marketing three million hogs, that is providing \$3 million annually to Manitoba Pork. It certainly enables them to run very sophisticated research programs as to whether or not PSE is genetic, period, or if it is stress related, what handling regime should they recommend to their pork producers to reduce the incidence. It would certainly enhance our position, particularly for Manitoba it is extremely important, where 80 percent and any future expansion 100 percent of every additional barn that we build is for the export trade where we are competing with the best in the world, and if we could lower the incidence of PSE in our herds just makes the Manitoba advantage go up one more notch. Manitoba Pork has all the opportunities and the dollars to undertake that kind of research before I reduce the levy to 50 cents if the dollar is too oppressive, and of course the levy was not meant simply to accumulate in bank accounts.

Ms. Wowchuk: The minister indicates that Manitoba Pork has a responsibility to do research, and certainly I believe that they will be doing research because they have indicated that that is their intent for part of this money. Can the minister indicate though whether there is any other research that is being done or whether the Department of Agriculture is collecting any data to see whether this is a more serious problem in Manitoba where we have single-desk selling or whether in other provinces where they do not have single-desk selling it is a lesser problem? Is there any data collected on different breeds of hogs that are less susceptible to this condition?

Mr. Enns: The member raises several interesting points. Certainly, I think it would be worthwhile to do some kind of checking. The Department of Agriculture, as such, is not actively engaged in that specific kind of research. We do not have the capacity to do so. It is something, though, that I think, when we develop the appropriate structure for those research dollars that these Estimates contain, \$3.4 million, could well be the subject matter of some research. Anything that impacts on the pork industry in Manitoba is worthwhile pursuing. It is simply that important.

I know that it is a factor. When I am abroad, when I am talking about Manitoba Pork to our customers, PSE comes up. I think we ought to be able to more definitively establish whether genetics really is maybe 80 percent, 90 percent of the cause of PSE. Then that research work should be pursued.

I always consider it a little difficult if you have one breeder or one breed that cites genetic advantage. We are all from Missouri to some extent, and is it just breed promotion or is it fact? But that is what research programs, in my opinion, ought to be designed to establish. So I think that what we are going to have to do is to really look at focusing on any of the issues that are in any way holding back or giving our pork reputation anything other than the highest marks. Certainly, I will be encouraging, whether it is Manitoba Pork, I will be encouraging the Faculty of Agriculture at the University of Manitoba and others. I encourage the federal government to use the resources available to them at, regrettably, their diminishing research capacity in Manitoba, whether it is at Brandon or other places like that where we did have some swine research taking

place, to research that matter. But I tend to accept the direction from the honourable member. We in Manitoba have a specific reason to try to resolve it.

Ms. Wowchuk: We are an exporting country of hogs and an exporting country of beef. The beef industry as well is trying to increase the amount of beef that they export to other countries and into the Pacific Rim in particular. Again, there is a concern by consumers in the Pacific Rim about various diseases as well, that the food supply could be contaminated. The one issue that I want to raise, one disease we had talked about, the mad cow disease, and the concern that there could be contaminants in the Canadian beef. Although they appeared to be unfounded, there is still a concern in the Pacific Rim countries whether or not they should be increasing their imports. Just as it is important that we do increase those exports of hogs to these countries, it is also important that we increase the exports of livestock, because, as the minister has indicated many times, we are going to see an increase in the number of cattle that we produce in this province. We cannot consume them all here; we have to look for foreign markets.

So I guess what I would look for is what work is being done to get rid of the myth that this is a concern, or I would like to hear the minister's, the department's views on whether or not it is actually a myth or there is any concern about this disease being anywhere in the Canadian herds, as is a concern by some of the foreign countries. I am not trying to create a problem. I am looking at how the department addresses this particular issue to ensure that our livestock, our cattle industry is not at risk.

Mr. Enns: Well, Mr. Chairman, I certainly welcome this opportunity to help dispel a myth. There is nonetheless always every reason to take even hyped-up concerns seriously and try to address them. Just for the record and for honourable member's information, the BSE was confirmed in a purebred beef cow in a herd near Red Deer, Alberta, in December of 1993. The owner was notified; the animal was put to rest.

* (1740)

Since then, all U.K. imports into Canada between 1982 to 1990 were traced. That is going back over 14

years, and any remaining animals were slaughtered, a total of 67. All in-contact animals from the herd were also slaughtered. You know, this is a result of one animal being identified in '93 in a herd in Alberta. The animals were incinerated.

One of these animals was in a herd at Ashville, here in Manitoba, of those animals that had been in potential contact. This animal was incinerated at the Manitoba Veterinary Diagnostic Laboratory at the University of Manitoba campus, and in all, a total of 363 head were slaughtered for a total compensation cost of some \$410,000.

Threatened bans by foreign countries of Canadian imports were averted as a result of this kind of immediate action. That is why, you know, we live in not a perfect world, but we can be thankful that we have programs in place, we have staff in place that can respond and react to it.

We believe that in 1996 the Government of Canada moved to amend regulations—this is important—governing the rendering of animal protein. They proposed to prohibit the recycling of ruminant protein back to ruminants as feed. I think of some of the news and how sound it is or not, but it is bothersome to a lot of people to have animal protein used in animal feed in the sourcing of that animal protein, dead and diseased animals, perhaps, you know. This measure is being taken to further reduce the risk of BSE ever occurring in Canada.

I want to emphasize that all imports between 1982 and 1990 from the United Kingdom and all contacts with the Red Deer BSE case have been traced and slaughtered. There have been no question marks left in the pursuit of that one incident that we saw. Ag Canada is now surveying all provincial labs on a continuous basis to ensure there is no evidence anywhere in Canada, and I think we can say with some confidence that that matter is being addressed as you would expect it to be and as we want it to be.

Just on a more general note, yes, certainly, I am encouraging the department to look very hard at the beef industry as a whole. We believe that we can have some very encouraging opportunities for our producers in the raising of beef cattle. Manitoba is one of the few

jurisdictions that suffered virtually no decrease in the downsizing of the herds where that was happening everywhere else in the country and in the United States or on the continent.

So we are well positioned to move with our record number of beef cows that we now have on our farms to take full advantage of what I hope will be an encouraging market cycle that we face. So I am encouraging the department to look eternally, look hard at all our programs to kind of place the same kind of emphasis on beef production as we have placed on pork production in the past year. I get gently chided sometimes when I am travelling through the countryside by particularly people who raise beef cattle who say: Remind me, Enns, you know there is something other than pork in this province, and we are a little surprised—they know that I am modestly involved in beef cattle—why you seem to be losing sight of that.

Well, I want to ensure my honourable friends opposite and farmers and cattle producers of Manitoba that I have not. I think with some very gratifying and specific results, my Marketing division, people within the department, we have associated ourselves with a host of partners in focusing our efforts in what we call the Manitoba Pork Advantage. I am challenging the department in the year '97 to put our same similar kinds of efforts and strengths in focusing on the Manitoba Beef Advantage. We think there are some advantages and that we want to ride to, what would appear to be, the signals that we are getting from the market, a strong beef market in the foreseeable number of years and make sure that Manitoba producers avail themselves of every opportunity during that cycle.

Ms. Wowchuk: I thank the minister for sharing that information. I think that people should be made aware of the fact that, yes, the problem was addressed and our herds here in Canada are free of the disease.

The federal government also does testing on TB on livestock, and we moved towards having TB-free herds across the country. I would ask the minister whether there have been any incidents in the last year of herds that have been tested positively with TB and whether any herds have had to be put down.

Mr. Enns: Staff advises me that we had no such incidents occurring in our herds in this last year, no reported cases of TB and no herds that had to be put down.

Ms. Wowchuk: Just getting back to the previous question on the disease, the mad cow disease. When those herds were put down, were they compensated under the federal government in the same way that if it was a herd contaminated with TB?

Mr. Enns: Yes, to the honourable member, they were compensated under the program that is administered by Ag Canada. I think the upper limit is about \$2,000 per animal.

The Acting Chairperson (Mr. Tweed): 3.4. Agricultural Development and Marketing (a) Administration (1) Salaries and Employee Benefits \$129,700—pass; (2) Other Expenditures \$31,000—pass.

3.4.(b) Animal Industry (1) Salaries and Employee Benefits \$1,568,300—pass; (2) Other Expenditures \$392,700—pass.

3.4.(c) Veterinary Services (1) Salaries and Employee Benefits \$1,468,800—pass; (2) Other Expenditures \$502,400—pass; (3) Grant Assistance \$467,100—pass.

3.4.(d) Soils and Crops (1) Salaries and Employee Benefits \$2,322,300.

Ms. Wowchuk: Mr. Chairman, I started to talk earlier about the issue that had come up in our area about whether or not it was viable to put wastes of wood onto agriculture lands. My understanding is that the request has come to the Department of Environment, and the Department of Environment has referred it to the Department of Agriculture to see whether this is a viable use for this product. The concern is that in some areas, in some types of soil, as I understand it, you would end up having to use extra nitrogen. So there really would not be any benefit to putting it into the soil.

I guess, I would like to ask the minister: What work is being done in the Soils branch to look at whether or not this is a viable way to use this product, and at what

stage the decision is as to whether this should be allowed or not?

* (1750)

Mr. Enns: Allow me to put some adjoining senior staff immediately to work looking up some information on that question, but prior to doing that, introduce Dr. Barry Todd. He is director of our Soils and Crops branch which operates out of the Carman facility; just an excellent guy to get to know in terms of any of your special soils and crops requirements that you might have. He kind of specializes in the Turtle Mountain region, among others. Ms. Dori Gingera, director of Marketing and Farm Business Management branch, who is I think no stranger to this House, having been in this position for several years.

I have to accept the fact that the information the honourable member apprised us of is factual, that the issue has been referred to the Department of Agriculture, but my director of Crops and Soils tells me that we are not engaged in a specific research project to determine the nature of applying this particular product to the land. We have other information that has been available to us and is out of the Soils and Crops branch as well, that entitles the use of wood bark and waste for soil improvement. Farmers may be interested in the addition of wood waste or bark to degraded agricultural land, or build organic matter, improve soil physical characteristics. There are a number of conditions that are of interest.

The question of using wood bark, wood fibre is not new to the Department of Agriculture. They clearly point out that on a number of issues further research should be done, and perhaps kind of pushed and prodded by what is happening in the Swan River Valley with respect to Louisiana-Pacific, that that research might be prodded into action. There are questions such as how much nitrogen should be applied for optimum decomposition of hardwood bark. Studies show that a total of should be raised from 0.6 percent to 1.12 percent. In this particular study, this would equate to the adding of 6 kg of nitrogen per tonne of waste bark on a dry-matter basis. Does using this wood waste as cattle bedding fulfill the requirements of composting and of end supplementation, I think more specific to the issues that she raises?

We are concerned that it is not just a simple balancing of nitrogen . . . with fertilizer. Much of the carbon in wood waste is not readily decomposable. Due to particle size and high lignin content, breakdown will occur over an extended period of time and not all the nitrogen is required at once. Nitrogen additions to rates to prevent crop yield reductions are dependent upon soil nitrogen levels. Crop growing—example, cereals versus legumes, and the wood application rates, so there are I think, what I am simply indicating that within the department there are a number of questions that have been raised, some that are being addressed, but I think we would be the first ones to acknowledge that some specific research is called for.

Ms. Wowchuk: I would like to ask the minister then: What is the process then? The Department of Environment has gone to the Department of Agriculture and says, what is your recommendation on this? Is it necessary that research be done first before a recommendation is made, or does the department have a whole bunch of questions that have to be answered there?

I guess I am looking for specifically, are you saying then that it can be spread on agriculture land now, or are you saying that more work has to be done before it can be spread on soil as an additive to build up fibre? If it is necessary to do more research, who will do that? Where will it be under this department of Soils and Crops that we will be doing some research to find out what the benefits of this are, or is it somewhere else?

Mr. Enns: Yes, I can I think, in a more satisfactory way, provide the honourable member with some additional information. My understanding is that the direction that this has gone has, in fact, gone more and more specifically to the fact that Agriculture at the University of Manitoba, particularly Dr. David Burton is heading up the interest in this. We, of course, tend to use and we are very pleased to have that kind of association over many years. The Faculty of Agriculture is a bit of our research arm of the department. We fund it every year and the same funding is available in these Estimates again, some \$750,000 that we provide for research purposes to the Faculty of Agriculture. So it is not uncommon for this kind of a research-based question gets referred to the Faculty of Agriculture. I think out of that will come

some of the answers that we are looking for in this instance.

I invite the honourable member to speak, to avail herself to the Faculty of Agriculture people in the person of Dr. Burton. On the other hand, I can certainly indicate to Dean Elliott that this was an issue of interest and concern expressed in the Legislature. I am sure he would be more than willing to provide us with what is happening, what is the faculty doing with this request from Environment, and where are we heading in this direction.

Ms. Wowchuk: I will certainly call Dr. Burton up. Now that we have got this issue, does the department ever do test plots, or would that fall under the jurisdiction of Dr. Burton's research? The other issue is has the minister looked at other provinces to see whether this is being tested in any other provinces, and if it is, perhaps we could obtain those results rather than duplicating the research?

Mr. Enns: Mr. Chairman, staff advise me that the member is quite right. We do not find reasons to keep reinventing the wheel if research is being carried out in other jurisdictions, and I am advised that a considerable amount of research in this area has been carried out, as the member would suspect, in provinces like Quebec and Ontario where you have a fairly significant wood industry, wood processing industry, and a significant farming, agricultural industry as well. We are availing ourselves of that kind of information.

The actual operations of running the kind of research that might be carried on here would possibly be done, could certainly be entertained by the Faculty of Agriculture who have and do plot work from time to time on different projects. But I do not want to leave the impression that there is more work being done than there is. Quite frankly, I am not aware. I will make myself aware in the next few days to see precisely where the Department of Environment's request of Agriculture—when I say Agriculture, I include the Faculty of Agriculture—where that issue stands. I do not fully understand. I have to know particularly what did the Department of Environment ask, what is the information that the Department of Environment is seeking from Agriculture to fulfill what the requirements are.

I think staff will note that it would appear that if the Department of Environment has indicated that they can apply this product under the same general rules and regulations that exist for hog or other animal waste manure, then I think we will be interested in pursuing that.

The Acting Chairperson (Mr. Tweed): Order, please. The time now being six o'clock, committee rise. Call in the Speaker.

IN SESSION

The Acting Speaker (Mr. Tweed): The hour now being six o'clock, this House is adjourned and shall stand adjourned until 1:30 p.m. tomorrow (Wednesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, April 22, 1997

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