



Fifth Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

**Standing Committee
on
Public Utilities
and Natural Resources**

*Chairperson
Mr. Marcel Laurendeau
Constituency of St. Norbert*



Vol. XLIII No. 2 - 10 a.m., Thursday, May 19, 1994

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

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

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC UTILITIES
AND NATURAL RESOURCES

Thursday, May 19, 1994

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

**CHAIRPERSON — Mr. Marcel Laurendeau
(St. Norbert)**

ATTENDANCE - 10 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Cummings, Enns

Ms. Cerilli, Ms. Friesen, Messrs. Laurendeau,
McAlpine, Ms. McCormick, Messrs.
Pallister, Reimer, Rose

APPEARING:

Gary Doer, MLA for Concordia

Jack Penner, MLA for Emerson

Jim Johnson, General Manager, Manitoba
Hazardous Waste Management Corporation

Don Vernon, Chairman of the Board,
Manitoba Hazardous Waste Management
Corporation

MATTERS UNDER DISCUSSION:

December 31, 1993, Annual Report of the
Manitoba Hazardous Waste Management
Corporation

* * *

Mr. Chairperson: Good morning. Would the Standing Committee on Public Utilities and Natural Resources please come to order. This morning the committee will be considering the December 31, 1993, Annual Report of the Manitoba Hazardous Waste Management Corporation.

Does the minister responsible have an opening statement and would he please introduce the

representatives present from the Waste Management Corporation?

Hon. Glen Cummings (Minister of Environment): Thank you, Mr. Chairperson. I have some very brief opening remarks but, first of all, let me introduce the staff I have with me this morning from the corporation. I have asked them all to sit up at the table here; it is a small group, and they can respond to any technical concerns that might be raised.

I have Don Vernon beside me, who is the chairman and president of the corporation. Next to him, Jim Johnson, who is the general manager; and next to him, George Harms, who is the chief financial officer, treasurer and keeper of the purse.

My remarks will be very brief, as I said, Mr. Chairperson. I think it is with a particular amount of pride that we introduce this annual report. The corporation is going through some significant changes and maturing in its operations. The corporation is continuing to make progress towards becoming a fully self-supporting commercial operation.

The revenues for 1993 were \$5,136,976, an impressive increase from the previous year. The corporation recorded its first profit this past year of \$293,130 in 1993, which is an improvement of one-half million dollars over the 1992 year.

The corporation has changed its operational focus. It is now pursuing a service-oriented approach that emphasizes being responsible to the client needs. As a result, the business base has expanded rapidly. The corporation has gradually adopted a conventional business management structure and is focused now on the bottom line and accountability.

Over the past year, two small facilities were constructed on the Manitoba Environmental Centre site, a bioremediation plant and a transfer station. Both are contributing to the profitability of the corporation at this time and are expected to do so in the foreseeable future.

The Manitoba Hazardous Waste Management Corporation staff conducted an active search for an investor-partner to complete the development of the Environmental Centre and to assume operational responsibility for the hazardous waste management system.

While a successful candidate was announced in '94, most of the groundwork was accomplished during the year '93. The process followed was open, at the same time it was not flashy, it was low key and brought the host community very much into the loop in determining what type of a private investor they would like to have in their community. They participated in the final selection of a potential partner and are continuing to be involved in those discussions.

Construction is anticipated to commence in the summer of '94 with plant commissioning and start-up in '95. The investment of the province in the corporation has been fully recognized in this arrangement and I anticipate will be the subject of some discussion here today.

Mr. Chairperson, I think the figures speak for themselves, and I would invite questions.

Mr. Chairperson: We thank the minister. Did the critic from the official opposition, Ms. Cerilli, have an opening statement?

Ms. Marianne Cerilli (Radisson): Mr. Chairperson, I want to just put a few comments on the record responding to the minister's opening statement. He talks about pride, and I am curious to see if we are going to be able to get to the bottom of a number of issues. I think there may be on the surface improvements in some of the dealings of the corporation, but I will start off by saying that there are a number of irregularities that we will be trying to explore.

There have been a number of questions that have gone unanswered in terms of the new facility.

There are a number of questions that have gone unanswered in terms of layoffs in the corporation, in terms of changes in the management in the corporation.

There are a number of areas in the province where we know that there are problems with the management of Hazardous Waste, and there are a number of concerns we have with enforcement of regulations and how that is related to the corporation, the development of some other industries that are in the same field as the corporation.

There are just, in short, a number of areas that we have serious concern about, and I look forward to the chance to spend quite a bit of time I think on this report. I am going to take my time, and hopefully the minister will not try to repeat what happened last year, I think, where there was an attempt in the end to try and rush through and close the debate and pass the report in a rush.

I will leave it at that for now. I appreciate the time of the staff that are here. My colleague from the Liberals I know is going to have a number of questions as well, and I look forward to being able to work together on the committee and have a good session. Thank you.

Mr. Chairperson: We thank the member. Did the critic from the second opposition party, Ms. McCormick, have an opening statement?

Ms. Norma McCormick (Osborne): Yes. I too have some concerns. Of course, I was elected in September and began my correspondence with the minister and, subsequently, as it turned out, with the Crown Corporations Council around some management and operational issues.

I as well have the advantage of having gone through the process of the determination of the site and the original environmental application process, so I have some questions with respect to some of the conditions set on the corporation and its licence and to the extent to which the present operation meets them or your plans, in fact, will move you in that direction.

I have some issues arising out of the annual report and some ways in which revenue is placed

in different operating years, I will be wanting to address with you and, as well, some other matters that came back in my response of March 10 from the Crown Corporations Council.

With that opening, we can proceed.

Mr. Chairperson: I thank the member for those opening remarks. How did the committee wish to proceed with this report this morning? Shall we just consider it in its entirety? Agreed? That is agreed. Any questions?

Ms. Cerilli: Where do we start? I think I am going to start off with talking about the changes in the staffing at the corporation a little bit, maybe to get the minister to start off by explaining the staff that have been let go, their function, the expertise that they had brought to the corporation.

Mr. Cummings: I will ask one of the officials to respond directly. Let me put on the record to begin with that, as I indicated in my opening remarks, the corporation is going from a mode where they were searching out a hospitable community and, at the same time, one that was located in an environmentally acceptable soil structure.

* (1010)

As such, for the last four years, if you will look at the graphs on the second page of the annual report, the corporation went in 1988, when my predecessor, Mr. Connery, directed the corporation to speed up its planning and development phase—the corporation was existing and had been around before that, but at his direct urging, as I recall, they were asked to speed up their site selection and planning and development, to now where it has become an entity that is doing \$5.14 million worth of business as opposed to doing \$100,000 worth of business five years ago.

So the make-up of the staff is undoubtedly going to change, but I will certainly invite one of the officials to respond to the make-up of the staff. Mr. Johnson, do you want to respond?

Mr. Jim Johnson (General Manager, Manitoba Hazardous Waste Management Corporation): Quite frankly, I am not sure what the question is. You were asking us to comment on changes in staffing. Staffing changes in any corporation over

time as needs change. I believe the corporation has responded reasonably and responsibly to changes in terms of its role and how it is in fact managing that role.

Mr. Cummings: Did the member want to talk about specific staff changes? We are not at all unwilling to do that, except that I think that people who are no longer employed by the corporation might take some umbrage at having their past history reviewed.

If you wish to refer to it in terms of the qualifications of the people and why we might not need their particular expertise, perhaps Mr. Johnson could respond to that.

Ms. Cerilli: That is what I asked. I am interested in understanding the positions that have been eliminated or shifted, if there are new people that have been brought in. I want to compare then the expertise and the qualifications of the people that have been let go with the expertise and the qualifications that have been brought in, and if, in fact, these people have been replaced. I think that one of the assets that the corporation has had is the expertise that they had built up over the years and the expertise and links with the community that the staff there had with the industrial community in the province.

I would think that a number of people would agree that it has been a loss to the corporation. If you want to frame that in describing the change in focus in the corporation, that is fine, but I am interested in having clearly stated the changes in the staffing and the expertise at the corporation.

Mr. Johnson: The changes in staffing and in terms of the changes in expertise at the corporation I think are two different things. In terms of changes in staff, staff that was considered to be redundant and that was not being fully employed was released in order to save operating funds. In virtually every instance, the task that had been assigned to those people had been accomplished and had been accomplished well.

I think that I recall—it is not a question of thinking, I recall quite clearly that the former president had made quite an issue of making sure that the key development staff were all on contract

and were all considered to be term employees for the execution of a very, very specific project, which was siting the Hazardous Waste Management facility. That having been done, several of those jobs were no longer required. That is, we were not going to site yet another facility in the province.

So I must tell you that the changes that were made are consistent with that philosophy, and in fact those positions have not been replaced.

Ms. Cerilli: Can you tell me which positions, the title of the positions to start with, that have been eliminated?

Mr. Johnson: The titles of the positions that have been eliminated, it is an interesting one. We eliminated an executive secretary as an example. That was eliminated primarily because the actual word processing and filing functions were being carried out by staff quite adequately.

We eliminated an external relations individual primarily because that person had been involved with siting and there was a very, very obvious overstaffing in that department. There were two professionals doing the work of one.

We eliminated one young fellow who was in fact assisting in the construction of documentation primarily related to issues like siting, and again, having gotten over the siting hurdle, that sort of assistance was not required.

We eliminated one of the accounting staff positions primarily because, again, there was redundancy involved. We had three people doing a job that quite adequately could be done by two.

To the best of my knowledge, Ms. Cerilli, that covers the waterfront.

Mr. Gary Doer (Leader of the Opposition): I just have one question, and thank you for the indulgence of the committee. At the Public Accounts committee meeting on Monday of this week, it was reported to us that the Auditor had completed her audit of the questions that we had raised with the Provincial Auditor, which of course the minister had been copied on. It was indicated that both the Minister of Finance (Mr. Stefanson)

and the Minister of Environment (Mr. Cummings) have the completed audit.

We were left with a strong impression that this report would be made public or tabled in the Legislature and I asked that it be made public prior to this committee. Obviously, we would want that information before we would come to the committee. I am not sure whether I missed it or not, but was it tabled in the Legislature or has it been tabled yet and where are we at with the report that the two ministers have, but actually is information available requested by a member of the Assembly for information of the Assembly?

Mr. Cummings: Yes, as you will recall, and the Minister of Finance raised this with me. There was no reason that it had not been distributed except that he and I had not had a chance to review it. So subsequent to that question, we reviewed it and I sent copies of it to both of my critics.

The direction, and I had not discussed this with the Auditor, but the critics of both parties now have all the information that I have and I do not think there is anything else that the Auditor would have, unless—I did not say it was tabled. It was sent to both of my critics. The Auditor said that it was to have been—I believe you will find that the Liberal critic—I noticed in your hand—has one and it was addressed to both parties, Unless something got fouled up in the distribution of it, it was supposed to have been sent on Tuesday, but the covering letter from the Auditor said that—she was reporting to me and she would expect that I would distribute it in the Legislature. I took the opportunity to get it to my critics in advance of this committee for just that reason.

Mr. Doer: I thank you. As the person who wrote the letter, our critic was away yesterday, again on environmental work, and so I thank the members. The matter will be before the committee here this morning.

Mr. Cummings: Oh, yes.

Mr. Doer: Thank you.

* (1020)

Ms. Cerilli: I will proceed then while Mr. Doer makes some photocopies of this material.

Considering the fact that he sent the letter, I think it would have been reasonable that a copy would have gone directly to him as well. Since he sent the letter to the Auditor and copied me, I would think that the minister would have had the courtesy and followed the procedure to send him a copy of the response.

I want to go back though to the issue of staffing that I am starting off asking questions about. So far the corporation has listed four positions: an executive secretary, an external relations person, some fellow doing documentation regarding the siting and an accounting staffperson.

Are there any other positions or people that had responsibilities for other areas and expertise in other areas that have been let go?

Mr. Cummings: If the member is approaching the question as to the fact that we have had a change in a couple of positions, one being the president and another in one of the engineering positions, those are management changes that the corporation and the board were quite within their mandate to change.

If those are the areas that you are referring to, then I would ask that you perhaps direct your questions to myself or to the chairman, but if there are other positions Mr. Johnson wants to bring to your attention, please proceed.

Mr. Johnson: I am not aware of other changes, with the exception of what the minister was referring to. Certainly, in terms of the elimination of staff because of a change in the direction of the corporation, I have already dealt with that, sir.

Ms. Cerilli: I can see that we are going to be here a very long time. It is my right to ask questions on all of these areas. I appreciate if it is under your authority to make these decisions, but I would remind the minister and the staff that it is my right as the critic to ask questions regarding the staffing. I would appreciate knowing the reasons for the changes, with the engineering position in particular, to start off with.

Point of Order

Mr. Cummings: On a point of order, Mr. Chairperson, I am not intending or trying to get

into a dispute with the member about her right to ask questions. I am only stating that we have a couple of senior management positions that more appropriately the chairman of the board or myself can answer the questions.

Out of consideration for the individuals in question, I am trying to handle it as delicately as possible. There is no way that you are going to get us to evaluate in public the precise discussions that may have occurred as a result of their leaving the corporation.

The president did a good job of bringing the corporation to the situation it was in. It is now in a different operating mode. We are quite prepared to answer more detailed questions if that is what you are pursuing, and I see an affirmative nod. Perhaps let me then proceed to answer the question and maybe we can clear it.

Mr. Chairperson: Order, please. Let me begin by saying the honourable minister did not have a point of order. We are here to ask questions.

I would ask the honourable member to put her questions through the Chair and the minister will direct the questions to the committee.

* * *

Ms. Cerilli: Mr. Chairperson, I will start off by saying that this is a Crown corporation, and the reason that we have Crown corporations is it provides the public with some accountability. That is what we are doing here today. We are ensuring that the public has the right to know through this process on this committee, and we are going to take our time then because I remember what happened last year, and I remember the unwillingness of the members of the committee to answer certain questions. I am feeling that we have a lot of time this session to continue on with this committee, and this area of having a Crown corporation involved in hazardous waste management, I think, is an area of utmost importance to the health and safety of people in our community and our environment.

I want to go on record as saying that I think we have cause for concern when we see what has been happening with this area of hazardous waste

management in the province, that we are going to have some public accountability. It is up to the minister, when I ask a question, to answer the question himself or direct it to either one of his staff, and if one of his staff does not feel that they want to answer the question, I guess, then it is up to the minister to answer that question.

I will go back again and ask the minister to clarify then, in terms of the expertise, of the engineering expertise and chemical engineering expertise in particular, to explain to the committee the changes in the staffing with respect to this area and give us some rationale, the reasons for the changes that were made in the staffing.

Mr. Cummings: First of all, Mr. Chairperson, I do not recall not answering a question from last year's process. I will go back and review the record. I thought I had a reputation for being a fairly forthcoming minister. If there is some unanswered question, I will be glad to bring it forward and answer it.

I think that we are both being a little delicate about talking about the fact that the president and one of the senior people who was trained as an engineer are no longer with the corporation. As I said before, out of deference to their reputation and their future opportunities for employment, I am not interested in browbeating them on the record or passing detailed comment on why they are no longer with the corporation. Mr. McCabe, in the function of one of his responsibilities, did not meet the expectation of management, and he is no longer with the corporation.

Mr. Cooke was, as I said, president from the beginning of the corporation. His responsibility and his mandate was to develop a site selection, first of all, by going through the site selection. As we pressed forward and government was looking through the corporation to find some additional means of financing the corporation without simply going to loan authority all the time to keep the corporation afloat, we found that we needed to bring in other people with other capabilities and backgrounds to be able to do that. I believe that the development of the business plan has come along very rapidly. I should point out for the record that

in fact Mr. Johnson was hired under Mr. Cooke's presidency. Mr. Vernon was the chairman of the board, and after Mr. Cooke left, it was a prerogative of the government to appoint him to the dual role in order to get on with the job. At that point, they were challenged to find a private-sector investor.

If that is not answering the question, then I would invite my critic to be much more specific about what it is that she would like us to put on the record. I will do everything I can to answer the question.

Ms. Cerilli: I want a specific explanation regarding the circumstances or the issues surrounding the staff changes and, as I understand it, the firing or the release of particularly the engineering staff.

Mr. Cummings: Well, the member is inviting me to put myself in a position where I might well expose myself to a lawsuit if I put critical remarks on the record. I would hope that we have to accept, if you will, or at least if you can appreciate the fact that this one individual had not met the expectations of the board in some of his functions that it was quite within their ability to ask him to step down.

If the member is indicating whether or not there is something about his performance that should give this committee some cause for angst, I am certainly prepared to deal with the comments that the auditor made, that in managing the construction of one of the facilities out there under the responsibility of this individual, that we were not comfortable.

I am choosing my words very carefully. We were not satisfied with the function as it was performed. I would hope the people of this province would appreciate the fact that far too often in the public sector oversights or nonperformance of certain responsibilities is sometimes not recognized and dealt with in a way that requires accountability.

* (1030)

I brought Mr. Vernon into the corporation to make sure that he was able to assure me there was accountability in the process of handling a

significant amount of public funds. In carrying out that function, I think the board has, through the administration, been able to demonstrate in a fairly clear way where any dollars have gone in the operation of the corporation.

Ms. Cerilli: So what were the specific expectations that were not being met? This is related to performance of duties of a Crown corporation, and in my way of thinking, this is the purpose of this committee and this is what we are here to do. We are here to determine the effectiveness and the functioning of this Crown corporation.

Mr. Cummings: I think the member is attempting to put me in a position where I am negotiating or discussing specific contractual arrangements between an individual and the corporation. I point to an example of MPIC under previous administration where the minister went on record saying something that was not all that complimentary about an employee that had been removed over there, and that lawsuit is still ongoing. Frankly, I would invite the member not to ask questions that specifically relate to actions that are of a personal nature.

I can provide some comments that perhaps add some weight to my comments, but the board specifically carried out their mandate and their responsibility in dealing with what were some very difficult situations. The most difficult choice any board makes is with its employees, and this board, however, is required to make responsible decisions to make sure that public money is well spent on projects and employees. Well-managed businesses anticipate that they may have to deal from time to time, prepare themselves so that energies and resources are not wasted in legal battles and disputes that can be driven by the kind of area that we are getting into.

The board, not just the management here but the board, assures me that the employment relationship with John McCabe came to an end because this was the responsible thing to do in their minds. I am also assured that the termination was in accordance with the terms of employment of contract that Mr. McCabe had and that the

Hazardous Waste Corp. had agreed to. Now, I think that if we are caring individuals about Mr. McCabe and his future, I would ask that maybe you would attempt to rephrase some of your questions.

Ms. Cerilli: Well, my job here is to try and provide some accountability to the public regarding this Crown corporation's activities. That is what I am endeavouring to do, is to determine any reasons, and these are not personal decisions; these are professional business decisions made by management in dealing with the employees at the corporation. What I am trying to find out is, what are the professional difficulties, what are the expectations that were not being made in relation to the job? Was there a change in the job that was expected of this individual in terms of his duties at the corporation? What changed? What happened in terms of the chemical engineering and the engineering functioning?

Mr. Cummings: Perhaps the chairman can add something to our response that will help to clarify the situation.

Mr. Don Vernon (Chairman of the Board, Manitoba Hazardous Waste Management Corporation): Mr. Chairperson, I would like to read a statement into the record.

John McCabe had his employment with the Manitoba Hazardous Waste Corporation discontinued in accordance with the terms of his written employment contract with the corporation. The corporation chose to end the relationship when the expectations of the board and the general manager were not met in relation to the design and construction of the soil remediation facility. The board and general manager had considerable faith in Mr. McCabe as a long-standing employee and a professional engineer to manage the project cost effectively and successfully. John was one of the key staff who had been with the corporation from its early stages.

The construction of the soil remediation facility was not perceived to be an enormously complicated project, because it was essentially involved in installation of a Butler steel building and technology which John McCabe was

thoroughly familiar with. The board and general manager were emphatic about keeping within the budget and controlling costs. The board and general manager acted expeditiously to address their concern about the cost of this phase when they did not meet the expectations, with the result that Mr. McCabe was terminated, and the project was brought to a successful conclusion.

The board is very conscious of a stewardship of the public funds involved. This is one of the reasons why Mr. McCabe had a written employment contract providing for severance on a reasonable and a humanitarian basis. The corporation values its employees' contributions highly but at the same time expects a high standard of performance from them.

That, Mr. Chairperson, is all I have to say on this particular matter.

Ms. Cerilli: So was the individual contract terminated before the siting of the facility?

Mr. Cummings: No.

Ms. Cerilli: So it was that this individual's position that was terminated after the siting of the facility. How long after?

Mr. Cummings: About a year.

Ms. Cerilli: This fellow you said was with the corporation from the early years of the corporation. It seems to be that there was some kind of a dispute in relation to the siting, some difference of opinion in terms of you alluded to financial limitations in terms of the siting. Can I have some explanation of that dispute?

Mr. Cummings: The concern that management expresses to me upon legal advice frankly is that the discussion of some of the details of Mr. McCabe's termination would expose the corporation and/or whoever made any statements to potential legal action, not that Mr. McCabe has threatened anyone. That is not the implication that I am meaning to make. Simply, it is a contractual disagreement that the management acted with the full advice and knowledge of the board and this one employee was terminated.

Perhaps I could add, if the member is implying that there may have been something illegal or

underhanded in the function, that is not what anyone here is implying in any way, but as the statement stated, there was a high level of disappointment in that carrying out of a particular function.

Ms. Cerilli: I am not implying anything in terms of legality. What I am trying to understand is if there has been a change in direction of the corporation—this is where I am starting from—if there have been some changes made in the direction of the corporation, and if those changes have come from new management, and there are staff who have been there from the outset of the history of the corporation, I think we need to know what the dispute is. What are the changes that are being made? Is there a conflict with the staff that had been there awhile? What was the difference of opinion in terms of the siting of the facility, in terms of engineering-related operations? That is what I am trying to get some answers to.

Mr. Cummings: Mr. Chairperson, I think now I can answer with some considerable clarity to the question that the member is raising. There are two parts to her question. As we changed direction in the corporation, she is asking if some of the people who have left have left because they are not part of the new plan in terms of whether or not they are required within the corporation. The answer to that is yes.

* (1040)

The second part to the question is whether there is one individual or two or three or four, and I think that it is fair to say that the one who we have been discussing, that there was not totally that change of direction in the corporation as being responsible for their no longer being with the body, but as you would have to appreciate, there was a fairly good-sized group within the corporation that were development people, and they were there on contract. These people at the table are on contract with the corporation. They are there to complete a certain designated function in the development of the corporation, and when that is done, they are done, or if they do not perform partway through the process, they are done sooner.

It is a harsh world, but it is taxpayers' dollars, and we are riding them hard. If one of these gentlemen in front of you here is not performing his function, he can be removed without any notice, without any pension and without any benefits. That is the kind of contracts that we have signed because we know that we are going through a very, very fluid time in the period of the corporation, and I would hope that the members do not read too much into the fact that some of the players have changed at the table.

It is only natural, I think, when you move from a very sheltered Crown corporation that I would say—I think without fear of contradiction—at one time under the NDP administration was seen as potentially having not only Crown status but perhaps Crown monopoly status to now where I am asking the corporation to compete fully and completely in the private sector, and they have got to make their own money to compete. The management has to be tough. I see no other explanation or other word that I can apply to it. If they do not produce, if they had not been able to produce this profit this last year, I am not sure that the taxpayers of this province would have been willing to cough up another \$2 million or \$3 million annually or potentially \$20 million in total to finish building the facility without some better idea of the profitability.

This corporation, year over year, has soaked up a fair bit of loan authority. The commitment of this government was to get a hazardous waste treatment capability in this province, and frankly I have had the whip on for the last 18 months. Once they got the site, they did not move fast enough in my opinion to get the job done, and I do not want to be an old man before I see this thing built.

Ms. Cerilli: Given that everything that the minister has said in terms of the profits and profitability and the whole focus on that issue, and I appreciate this is a Crown corporation and we want to make sure that it is going to be fiscally responsible, but at the same time the reason that we have a Crown corporation running in this area, working in this area is that we also want protection and we want accountability. Those are things that we want to maintain in this province in terms of

hazardous waste management under a Crown corporation or under any compilation of a new kind of quasi-Crown that we are going to be getting into.

The issue that I am trying to deal with here has to do with policy changes in the corporation and understanding clearly what are the policy changes. I will get into, later on in our discussions, how this relates to the increase in profitability and look more closely at that. We have expressed in our party the concern of putting profits ahead of protection.

We have expressed the concern of putting the corporation facility in a position where it is not going to be dealing with the most harmful and dangerous substances, but it is going to be dealing with substances that are going to be the most profitable. We know that that goes on out there in the industry. If we are going to have a Crown corporation, we want to make sure that it is going to be dealing with materials that are going to be the risky materials, and we are going to have a comprehensive system that is going to deal with all materials and hazardous waste in the province. A comprehensive system is what we are looking for, my party and I, to be developed in Manitoba.

So I want the minister to explain to the committee the changes in policy that seem to have caused some conflict among the staff, that seem to have caused some need for extensive staff changes and to get some explanation of this new direction that is possibly related to increased profits and is related to a new management focus, perhaps. I want some explanation of what the change in policy direction is.

Mr. Cummings: I welcome this line of questioning because it is a significant change in direction for the corporation from some of the original thinking. I think the member has perhaps reiterated some of the original thinking that went into the development of the corporation and that is not so much a criticism as it is a recognition of the evolution, not only in Manitoba but across North America and probably around the world, on how hazardous waste is treated and managed.

In my limited knowledge, some of the things that have been brought to my attention during the discussion with private sector investors in coming to this corporation to examine what opportunities are available is that what four or five years ago may have been bringing 150 bucks a barrel without being specific—but the ratios are correct—might now only be bringing \$15 a barrel because of advancement in technology, ability to recycle back into useful products and so on.

So when the member asks are we talking about a comprehensive system, absolutely. On the other hand, if she is asking that the corporation must, as part of its mandate, maintain the ability to build the facility and treat every imaginable type of hazardous waste that is created in this province, the answer will be no. There are ways of dealing with that that probably do not require millions of dollars worth of investment, but the core investment, the \$20 million or so that we expect to be invested additionally at the site, will treat major waste streams and the most appropriate waste streams.

The corporation and any private-sector partner can also do a very significant business in pulling together marketing opportunities for types of waste that are generated, but perhaps in very small quantities and therefore would be completely unprofitable to deal with. Possibly that is a line in the sand between the member and her philosophical approach to this and myself and the government because we believe that there is a regional approach to handling hazardous waste that is most appropriate. We believe that there are jurisdictions adjacent to us that can develop complementary treatment capabilities or perhaps already have complementary treatment capabilities.

The very positive thing about the position Manitoba Hazardous Waste and its potential partner finds itself in today is that the contemplated facility and the waste streams that will be treated there is in fact seen to be complementary to other waste management facilities and operations that are available in what we would deem to be a local area.

For example, the Hazardous Waste Corp. has just brokered a thousand tonnes of PCBs out of this province to Swan Hills. We have no intention of building an incinerator here, but that is what Swan Hills needed in order to get the licensing of their facility properly done. Burn PCBs, I am told, to an acceptable level, and your incinerator can be licensed. I am oversimplifying that, but that is one of the reasons that they wanted our PCBs. I think that should be banner headlines in every major publication in this province. That is a very important breakthrough.

* (1050)

The fact is that Alberta needed this material and Manitoba was the only one—and partly as a result of the actions that were taken by my predecessor Mr. Connery, it was catalogued. It was categorized. It was identified and in very short order could be loaded and sent to Alberta in the order they wanted, in the magnitude they wanted and the specific type of material they wanted. Other jurisdictions including Saskatchewan, B.C. and the Northwest Territories could not comply in the time frame that they needed. Manitoba, through the Hazardous Waste Corp. doing the brokering, was able to comply.

I see that type of thing very much the way treatment of hazardous waste is going to unfold in the future. Manitoba will undoubtedly have significant capability through the development of this facility. So you would never get spinoff for jobs in transportation, but every little line of material that potentially has to be treated, it will be collected, it will be assembled. They have a transfer capability there, but they will not necessarily build the precise system of portion of a system that is needed to treat every line of hazardous waste.

I think that explains, or I hope it explains, why we have moved more towards a competitive function, and perhaps I could talk more about the competitive function later. I will let the member follow her line of questioning. The competitive function will provide the safety valve that is needed to make sure that prices stay down in this province. That is why the corporation is so

essential. Its mandate is different, in my view, than what was conceived 10 years ago. The mandate now is to be low-cost, competitive, and even if it is a waste stream that they cannot treat they can find a low-cost, competitive method of treating it, or conversely the competition will beat them out and do it and it will be done cheaper. So there is a safety valve there.

Ms. Cerilli: To get back to the line of questioning that I was on related to the staffing—it is not that the minister has totally diverged the topic, but to some extent I want to get back to the point of view or the expertise and the advice or the recommendations that staff may have been making in terms of any change in direction at the corporation.

The minister has talked a lot about profitability. I guess I will reiterate again that I think this Crown corporation has a responsibility to protection of the public and not just focusing on profitability. If we are in a comprehensive system where there is private and public involvement in the hazardous waste management industry, then we have to look at who is going to fill in the gaps, who is going to be there to deal with the materials that are not going to be dealt with by private industry.

I think when the minister talks about the competitiveness of the corporation—and I know, I have discussed this before with the minister, there are people out there who feel that the corporation has had some kind of unfair advantage in relation to private industry, and there has been some special relationship with the Department of Environment and all these kinds of things.

I would just ask the minister if there were recommendations by some of the staff that have been let go with respect to this new direction and this new orientation or focus on profitability and what those recommendations were from the staff, particularly any engineering staff that had expertise in the area, especially if they had the kind of history with the corporation that a number of them have had, that have had their contracts terminated.

Mr. Cummings: I think I can say without any fear of contradiction that none of the situations you

refer to in terms of staffing fall into the category that you are referring. In other words, I do not believe that there was any one, certainly no one who spoke to me, and including the past president, who disagreed with the concept that this corporation—in fact, he was very strong on the record many times that this had a high potential for profitability. In fact, it was a sleeper in that respect. Many people saw it soaking up dollars today.

In fact, if I were sitting in your shoes and trying to understand your philosophy, why are you not criticizing us for bringing in a private-sector partner when it has got such great potential for profit and put it back in the provincial coffers. The point is that the philosophical disagreements are not at issue in terms of any of the staff that are no longer with the corporation. I had stated on a number of occasions that I wanted a business plan that was marketable to the private sector, and the gentlemen who are in front of you here today produced one that could attract private-sector investors. They did what I asked them to do.

Ms. Cerilli: So the logical conclusion from that is that the staff that were there previously were not willing, capable or whatever, able to prepare such a business plan. Is that what the minister is inferring?

Mr. Cummings: I am not going to accept any of the words that the member used for fear of offending some of the people who are no longer with the corporation. I said that I asked for a business plan that would attract private-sector investors. I was unable to get it until I had these three people running the corporation, and you can draw your own conclusions from that.

Ms. Cerilli: I appreciate the chance to get back into this area later on, but I will refer questioning over to my Liberal colleague for the time being.

Mr. Chairperson: Ms. McCormick, could you put the mike on this side? It will pick you up better.

Ms. McCormick: Mr. Chairperson, I understand from Mr. Vernon's statement that was read into the record that one of the significant issues with respect to the decision to delete the position of Manager of Engineering and Operations relates to

cost overruns on the construction of the soils facility.

Mr. Cummings: There are none of us here who want to be reluctant about answering questions. The specifics of that related to that employee, we have taken legal advice in the statements that we read into the record. I certainly would be prepared to discuss off the record some of those specific issues, but it was also reviewed by the Auditor, and she indicated that she was unhappy with the manner in which some of the subcontracts in that contract were handled. That raises its obvious next line of questions.

Ms. McCormick: I think that is what gives me an interest in pursuing it, is that it was part of the documentation that came to us. I wanted to question the officials with respect to the process for approving changes from what was contracted for. I want to go back to the committee documentation of last year. Actually, because I had not gone through this process before, I felt it would be particularly helpful to review the standing committee's questioning of the corporation and its officials last year. I noted that in this document, there was a great deal of time spent on engineering design and the release of money for the engineering study, they say some \$700,000. I presume this is the work that was done with Reid Crowther.

Was the soils facility part of that initial engineering?

Mr. Cummings: No, it was not. That was a specific phys-chem treatment facility which we are now, based on that work, working with the investor to construct. Now, if you would allow me to expand a little bit on that, the initial design and all of the potential investors who came to the corporation wanted to have an opportunity to review that and see if there were not alternative methods in some cases, but that is the basis upon which—it is still very valuable work, and that is the basis upon which we are proceeding to design in the final stages the new facility.

* (1100)

Ms. McCormick: Then I understand that the initiative to design and construct the soils

treatment facility was separate and apart from that early engineering work. Was the manager of engineering and operations assigned responsibility for designing or overseeing the design of the soils facility?

Mr. Cummings: I will ask Mr. Johnson to respond.

Mr. Johnson: Yes.

Ms. McCormick: What was the mechanism for approving that design? Was that brought back to the board or to Mr. Johnson as general manager?

Mr. Johnson: Both.

Ms. McCormick: The design then was approved before it went out for tender.

Mr. Johnson: Yes.

Ms. McCormick: With respect to then what was successfully tendered to a contractor, were there changes which occurred post-design which caused some difficulty with respect to overruns?

Mr. Johnson: Yes.

Ms. McCormick: What was the internal mechanism within the corporation for dealing with the contractor? Was there direct communication between Mr. Johnson and the contractor, or did it all go through Mr. McCabe?

Mr. Johnson: There was not simply one contractor. I think there is some concern on my part that the honourable member is perhaps asking questions that are not totally informed. The project itself consisted of a number of smaller subcontracts, and so you cannot simply ask a global question. I am attempting to answer the global questions as succinctly as possible, but very frankly the questions need to be fragmented a bit so that you can actually get the story out. Perhaps I would ask you to do that.

Having said that, the process in general should have been that there would have been a broad discussion of change, and very frankly I think in hindsight some of the changes should have in fact gone back to the board because of their magnitude. The general procedure, however, was for the staff member involved to make changes based on his own experience and knowledge and report at a later date that things had changed.

Ms. McCormick: The staff member was expected to make changes based on his experience.

Mr. Johnson: No, the answer is no, he was not.

Ms. McCormick: What should have been the process for approving changes to the original design?

Mr. Johnson: The process should have been one of discussion through management committee with a proper accountability in terms of what the possible cost implications could or should be. Having said that, the honourable member should also be aware that there were extenuating circumstances. The extenuating circumstances were severalfold. One was weather. As you may recall, we did not have a construction season last summer.

The other concern was that we were operating with external technical direction because the staff member who had been alluded to having extreme expertise in some areas did not feel comfortable with his expertise in the technical area in which he was dealing, although I personally felt that he should have been comfortable. Some of the directions we were receiving from a sub, perhaps will not be named now, were tardy and would have created difficulties in any case.

Ms. McCormick: You say that you received directions from a sub. How is it that the subcontractor was dealing directly with the corporation rather than going through the general contractor?

Mr. Johnson: The corporation in effect was the general contractor.

Ms. McCormick: So the corporation acted as the general contractor. Whose name was on the ticket, so to speak, to communicate with the subcontractors?

Mr. Johnson: The project manager.

Ms. McCormick: Which would have been—

Mr. Chairperson: By the way, for the committee's sake—this is not for me, it is for Hansard. If we do not take our time, they will not have this on the record, and I am sure we want this on the record properly.

Ms. McCormick: It certainly does cut down on the spontaneity of the conversation.

So the project manager then would have been the manager of engineering and operations.

Mr. Johnson: Yes.

Ms. McCormick: Was there also direct communication between the subcontractors and you yourself, Mr. Johnson?

Mr. Johnson: On occasion.

Ms. McCormick: What would have been the reasons for excluding Mr. McCabe from those communications?

Mr. Johnson: There would have been a number of reasons: absences, holidays, sickness. Furthermore, frankly the management of the corporation was a team effort and continues to be so, and we were all supposedly equally aware of what was going on.

Ms. McCormick: With respect to the general design that you were all working from, you were both fully informed on it and any direction that, for example, you yourself gave to a subcontractor would have been within the scope of that original design.

Mr. Johnson: Yes.

Ms. McCormick: Can you tell me with respect to the overall project, which of the subcontract, which of the aspects was the most significant overrun on cost?

Mr. Johnson: In terms of percentage, there is no question that the electrical subcontract was by far the largest single variance.

Ms. McCormick: Can you tell me again, was it a dispute against what was suppose to be done or the value of the work that had been contracted for?

Mr. Johnson: I would ask for clarification as to what the honourable member means by value.

Ms. McCormick: Well, let us say I am going to have a roof put on my house and I go out and I say I want a new roof. Someone comes along and puts a new roof on my house and bills me \$25,000, and it turns out it was cedar shakes when all I really wanted was rolled roofing. Supposing then, in my analogy, that someone had put on rolled roofing

and billed me as though it were cedar shakes. Now back to the specifics. Was exactly what was requested of the electrical contractor in the design and in the approved drawings done and billed at a higher rate than one expected, or was something done that was not subject of the original contract or of a signed change order?

Mr. Johnson: In answer to the honourable member, we actually ended up with a standing seam steel roof. No, that is not what you were—[interjection] Oh, I thought we were talking about roofs.

Very, very specifically what occurred was that a purchase order was issued in lieu of a contract. The purchase order was for \$100,000 and the final bill was pretty close to \$250,000. It is a little overrun.

Ms. McCormick: So more than two and a half times the contracted value was the amount of the bill, from \$100,000 to \$250,000?

* (1110)

Mr. Johnson: That is the approximate variance, yes.

Ms. McCormick: Can I ask my question again without all this stuff about roofing? What did the purchase order ask for besides electricity?

Mr. Johnson: The purchase order was not properly filled out.

Ms. McCormick: Who signed the purchase order?

Mr. Johnson: Mr. McCabe.

Ms. McCormick: Was there a reference to building to approved design in the purchase order?

Mr. Johnson: I do not recall. I do not have the document with me.

Ms. McCormick: What about the question of requirement which actually is in your—there is a great deal mentioned in the licensing application with respect to intrinsic safety features. One of the things that health and safety people are concerned about is explosion-proof wiring, because there is going to be a high level of potentially flammable materials. Was the matter of explosion-proof wiring or electrical work in the original design of the facility?

Mr. Johnson: I guess the first question would be whether or not Ms. McCormick is qualified to explain to us why there are high levels of explosive vapours. [interjection] No, but it is the issue, frankly.

Point of Order

Ms. Cerilli: On a point of order, Mr. Chairperson, in defence of Ms. McCormick, she has every right to ask the question she has asked.

Mr. Chairperson: Ms. Cerilli did not have a point of order.

* * *

Ms. McCormick: I am not a qualified electrician, and any illusion I have given that I am an electrical expert, I would certainly like to correct the record on that.

However, in a facility such as this where you are treating soil which is contaminated with hydrocarbons, there are volatile organic compounds which have the potential to come off, depending of course on what the level is of that contamination. Actually that is an area I am going to want to explore with you at some future point.

One would have presumed, from the soil treatment aspects in the licensing application, that explosion-proof wiring would have been a reasonable expectation for a facility such as this. My question to you was: In the original design was the issue of explosion-proof wiring put into the original plan?

Mr. Johnson: Yes, and I apologize if I perhaps sounded testy. I was not trying to be. There is a very good technical reason why I was asking, primarily because you allude to process, and the nature of the process is such that in terms of any risk it is limited to certain areas of the building. Yes, there was certainly a concern about that initially, the discussions were held initially, and the appropriate explosion-proof materials were installed in the appropriate areas.

Ms. McCormick: So any question of explosion-proof wiring was not factored in, in terms of taking this cost from \$100,000 to \$250,000?

Mr. Johnson: Very frankly I do not believe it should have been a factor. It was known in advance, and it certainly is in my recollection that people were well aware of the requirements.

Ms. McCormick: And the people you are speaking of would have been the electrical contractor?

Mr. Johnson: The people would have been both, the electrical contractor and the fellow managing the project.

Ms. McCormick: I am prepared to turn it back to the member for Radisson if she wants, if she has other questions at this point.

Ms. Cerilli: Continuing on with this, though, just to clarify then, the electrical contractor and—the term that was just used, the head of the—supervisor on the project were who?

Mr. Johnson: Can I seek some advice? There is no reason to in any way allude or to sound as though we are alluding to wrongdoing by the contractor in this, nor for that matter—

Mr. Chairperson: Order, please.

Mr. Cummings: The officials from the corporation are saying that there is no desire or intention to allude wrongdoing on the part of the contractor. The question, I think, was fairly straightforward though. You were asking who was responsible for the contract. It was Mr. McCabe. That was answered at least obliquely a couple of minutes ago. If you are seeking the name of the electrical contractor, I am not sure if that is what the direction of the questioning was, so I would invite the member to ask her question again.

Ms. Cerilli: That is right.

Mr. Cummings: I would invite the corporation to provide that name, but let us preface it by saying that we are not alleging any wrongdoing on the part of that contract.

Mr. Johnson: RBS Electric.

Ms. McCormick: If the member for Radisson is willing to let me resume then, I would like to ask, given that you are going to be continuing to construct at that facility—I understand there is more construction due soon—who in the corporation will function as a project manager for

future connection with subcontractors, or will you be sending it out to a general contractor?

Mr. Cummings: I would invite the member to perhaps let me respond to this because it is of a more general nature. We have to look in the broader context that we are bringing in a partner who will be responsible for operation and construction of the facility. Part of the arrangements that are still under negotiations, frankly, with the potential partner as to the precise placing of beans, if you will, and the function and the capability of the plant, will all be subject to the Department of Environment officials in terms of its environmental capability and its safety and so on.

As I understand, your question was more specific about whether there would be someone assigned, whether there would be a general contractor. Those types of things are still perhaps unable to be answered at this point. We probably have some ideas but I do not think you would want us to speculate.

Ms. McCormick: No, actually I was not speaking specifically of the construction of the Manitoba environmental centre. What I was concerned about was any other construction that might go on, between today's date or even since the removal of Mr. McCabe, on the site that is not specifically related to the MEC but rather to other aspects of your operation. I would expect there is some other construction that is going to go on.

Mr. Johnson: Certainly, there are ongoing activities on the site. However, in terms of construction there really is not anything significant. We had made some obligation on behalf of the corporation to the community to develop some basic landscaping. That contract was tendered recently. It was awarded to a local landscape group from Winkler and trees are currently being planted. That sort of thing is well within the abilities of existing staff to manage on budget and on time, and essentially those activities are ongoing, but there really is no additional construction taking place.

* (1120)

Ms. McCormick: What about the transfer station?

Mr. Johnson: The transfer station was a project that was approved rather late in the year. It was budgeted for. The budget was approved. It came in on time and on budget, which is really what one would hope.

Ms. McCormick: Who functioned for the corporation as the general manager of that project?

Mr. Johnson: Actually, since July I have been the general manager and have continued to do that. In terms of a contractor, the tender was given to a local erection company, and our supervision of them was not—we did not require particularly high-level supervision. What we did was use senior staff on a rotational basis to simply check progress.

Ms. McCormick: You are absolutely right, Mr. Johnson. I used the term general manager when I intended to use project manager. I can understand then, from your comment, that the construction of that transfer facility went on from last summer through to the end of the last year?

Mr. Johnson: Yes, I believe construction actually began in October.

Ms. McCormick: As I recall October, it was anything but summer. So from October to the end of the year, that team approach to managing the construction of the transfer facility would have included yourself?

Mr. Johnson: Yes, it would have.

Ms. McCormick: And Mr. McCabe?

Mr. Johnson: Yes, it would have included myself and George Harms. In fact, the actual construction was handled on a general contract basis with Valley Steel acting as the general contractor. I guess that is what I alluded to earlier. We approved a budget. They met the budget and the time frame.

Ms. McCormick: So this team approach worked well for the transfer station then? There was no difficulty with respect to overruns, and it was built exactly according to your specifications, but unfortunately the soils treatment facility was where you had the difficulty with respect to the overruns, the \$250,000 bill related solely to the soils treatment facility?

Mr. Johnson: Yes.

Ms. McCormick: How is it then that the team approach that you took with respect to the construction of the transfer facility was not the same kind of team approach that was taken to the construction of the soils treatment facility?

Mr. Johnson: The relationship between the construction project in the transfer station facility and the construction of the soil remediation facility was quite significantly different. Frankly, we had one of our staff acting as general contractor on the soils remediation facility whereas we simply hired a general contractor for the transfer station facility, so it really is quite different.

Ms. McCormick: I think I can wrap up on this then just with a final question and ask about whether there were any change orders. Were there any change orders on the design, from the electrical design that was approved, which would have been approved and been the subject of the \$100,000 contract? Were there any change orders signed by either yourself or Mr. McCabe which would have justified the increasing of the amount from \$100,000 to \$250,000?

Mr. Johnson: I am certainly not aware of any. It was Mr. McCabe's practice to give verbal orders.

Ms. McCormick: Mr. McCabe's practice to give verbal orders, were you yourself also in a position to give verbal orders to the electrical contractor?

Mr. Johnson: I suppose I would have been in a position to do that, but I did not.

Ms. McCormick: This would complete my area of questioning in this area. I am prepared to move on to other staffing issues or to other aspects of the annual report if my colleague from Radisson wishes to take us in another direction.

Ms. Cerilli: I just want to clarify a few things in this area before we move on. Maybe the first thing I will clarify is the point of departure of when we are going to terminate today. Has that been determined?

Mr. Chairperson: What time would the committee wish to rise today? My understanding is we will not be passing the report. [interjection] Twelve o'clock. The committee will rise at twelve o'clock.

Ms. Cerilli: I want to clarify then in terms of the questioning with respect to the engineering position of Mr. McCabe. Who replaced this fellow as the project manager or the general manager on the different projects that the corporation was involved with?

Mr. Johnson: Very frankly, this individual has not been replaced.

Ms. Cerilli: Mr. Johnson has just described to us a change in dealing with the contractors and the subcontractors for different projects. What I am trying to determine is who became the lead person to replace Mr. McCabe in this role?

I was told earlier that he was the project manager or the general manager in dealing with these contract companies. I am not talking about who replaced him as the engineer at the corporation. What I am talking about is who replaced him in this function as being this head person with these contractors?

Mr. Cummings: There is no reason Mr. Johnson cannot answer, but I think it needs to be reiterated at this point that, as I said earlier, the corporation was changing its role and its responsibilities, and there certainly has been no intention to continue with projects under construction or the type of thing that Mr. McCabe was involved in.

So certainly from my point of view I do not think the board had any reason to want to replace him, because the function was not needed. I will let Mr. Johnson respond in specific details.

Why would you replace a position? That is one of the problems, frankly, that we very often have in government, that we allow the growth of staff without ever considering that growth might have to be going in the other direction from time to time. It is very difficult for those involved, but it is part of being responsible for the dollars. If Mr. Johnson wants to add anything—

Mr. Johnson: Very frankly, I do not think I have anything to add, but that is exactly what I was going to say had I spoken to the question.

Ms. Cerilli: We are not talking about government here, we are talking about a Crown corporation. There is a difference, and my question specifically

is who replaced the engineer, Mr. McCabe, as the head person in dealing with the contractors on the two projects that we have been discussing, soil remediation facility at Montcalm, as well as the transfer station.

Mr. Cummings: I cannot let the statement of my critic go by unchallenged. If I had made that comment anywhere, in the Legislature or anywhere else, "we are not talking about government here, we are talking about Crown corporations," give me a break, particularly when this corporation up until now has been totally funded by government loan authority, tax dollars at risk, which we were quite prepared to risk.

In this process that we are now examining here as part of this committee, what we were doing, frankly, was we were moving to a situation to reduce the risk.

* (1130)

So you may well take umbrage at whether or not a particular employee was removed for a particular reason, but I would hope the member is not implying that once you have got past that part of your questioning, there should be some urgency to replace a position that was no longer being used. The question almost becomes redundant in that respect.

The facility, as I recall—and I will ask Mr. Johnson to confirm this—the soil remediation facility was completed by the time Mr. McCabe left the corporation, and he just explained to my other critic how the transfer facility construction was managed. If I have left something out, I would like Mr. Johnson to add to it.

Mr. Johnson: There is absolutely nothing to add. The minister has answered very, very accurately.

Ms. Cerilli: Well, to go back to the minister's comments, we could start debating now the reasons for having more revenue to the corporation from the industrial side, from the business side, in terms of enforcement of regulation and in terms of having the kind of climate that is going to create increased activity and having industry manage their hazardous waste through the corporation.

I want to just go back and ask for an answer to the question that I have asked, and that is, specifically, who has taken on the role at the corporation of being the person that deals with the contractors with respect to the projects' construction authorized by the corporation?

Mr. Cummings: Again, there ain't nothing happening. I mean, why would you keep somebody on staff if they do not have a job? They are not building anything at this juncture, so why would you replace a position if that is the issue?

If the member has been to the site, you will see that there is a lot of landscaping going on right now, but beyond that the transfer facility is built, the soil remediation facility is built, the corporation is attempting to make some money off of operating those two facilities. From a contractual point of view, there is no construction occurring. We probably need truck drivers right now to move material around worse than we need engineers to oversee construction of something that is not being constructed.

In reviewing the negotiations with our potential partners, the corporation has other expertise, including Mr. Johnson, within the corporation that can debate the nuances of a particular function within the proposed facility. We also have the Reid Crowther template, if you will, a lot of work that was done there, an enormous engineering undertaking. It was originally tendered at something close to \$800,000, of which \$700,000 was spent just in engineering and design.

The corporation has been in preparation for this day for a number of years. Now, while it is not exactly turning the switch, it is certainly turning the corner and going into an entirely different mode of operation. Maybe the member is asking something that I do not understand. I invite her to rephrase the question, but I really think that she is asking if we should have replaced Mr. McCabe or replaced his function, and the function is not even needed today.

Ms. Cerilli: Then we will ask the question this way: With respect to the Manitoba Environment Centre, as it is now being called, the Hazardous Waste Management larger treatment facility, who

will be the person that will be the project manager, the general manager that will be dealing with the contractors for that project?

Mr. Johnson: That determination will be made by the investors.

Ms. Cerilli: That is one of the issues that I wanted to ask. So they will be determining who will be the lead person? Will that be done in consultation with the management of the corporation and the board? Will it be a joint decision or do they basically decide?

Mr. Cummings: Mr. Chairperson, Mr. Johnson will—I will ask him to answer. Just let me provide the second part of what I think the member is curious about, and that is, remember that the new entity will be a partnership, a partnership between the province and a private sector investor, and there will be a board of directors, the structure of which we are mutually agreeing to that will ultimately take the responsibility and will appoint their operating personnel. When Mr. Johnson uses the term "the investors," remember that the province is still one of those investors. We are a full partner in this, but it will not be the existing board quite and management as it is structured today.

Mr. Johnson: I think in a nutshell that is what I was going to say. Frankly, the people who are putting up the money will be very responsible in terms of how they spend it. I mean, it is coming from their pockets, and we will have our say in terms of how they go about doing that.

Ms. Cerilli: So what you are leading me to understand then is that they will take the lead on the construction, they will be making the business decisions around acquisition of contractors and materials, they will be responsible, it sounds like, for those kinds of decisions, and they will be doing that even though they are part of a team, not necessarily in consultation with the corporation and the board.

Mr. Johnson: No, no, that is not the case. We expect them to show fiscal responsibility with their dollars, but they must do that through the process of the board of directors of the new corporation. So

the province has a very loud and equal voice at the table and will be able to get its point across.

In terms of management, one of the reasons why private sector people were contacted in the first place was to bring private sector fiscal responsibility to the party.

Mr. Jack Penner (Emerson): I first of all apologize for not having been here throughout the whole procedure. I would have liked to have been here from hour one of the committee's sitting, although I had other commitments this morning.

I want to congratulate the corporation for the actions that they have taken over the last number of years and the responsibility with which they have moved towards establishing not only, first of all, a site and site selection in this province, and I want to also congratulate the R.M. of Montcalm and all the people within that jurisdiction for responsibly approaching an issue that was a very, very difficult issue for this province, and that is of course the identifying the concerns, identifying the ways with which we could negotiate a debate, the establishment of a site which I believe will be held up in the future by all governments as a crown jewel in having dealt with environmental concerns over the past and will allow us to approach those environmental concerns in a very responsible manner, in a cost-effective manner, and probably even in a relatively profitable manner, and that of course is what all of us are wanting to happen.

And so the people in the municipality of Montcalm said to themselves let us debate this, let us involve the total community in the decision-making process and if, in the end, we can agree to invite the Hazardous Waste Corporation to Montcalm to establish a site there, and if we can satisfy the concerns that will allow us to address on an ongoing basis through government and local involvement, through the corporation and with private partners, the immediacy and the concerns that will be there from time to time to ensure that the environment will be protected even around the site and on the site, then we can support the establishment of that kind of a facility in our area and in the region and thereby serve the needs of the province.

* (1140)

Now, it took leadership within the corporation. I think it took leadership in the minister's office, and above all, it took leadership within the local area that the site was selected in.

I give a lot of credit to that committee that was established and the chair of that committee for having very diligently and very softly shepherded this whole issue through that consultative process within the community.

Similarly, I give the corporation a great deal of credit, the board of directors a great deal of credit, with the audacity and the patience that they have demonstrated in negotiating with other outside interests, bringing other outside investors in, to ensure that this can in fact be managed, operated, in a cost-effective way and that taxpayers will not be constantly at risk in this type of a venture.

Again, it is my view that having not only seen the construction of the soil remediation site, visiting very frequently the new facility that is doing the soil remediation site and watching the operation virtually on an ongoing basis, I am convinced that that facility can be a very profitable facility, and thereby ensuring that the contaminated soil that we have in our province will be dealt with in a very responsible way and returned back to its natural state and be able to be used the way it should be used, and ensuring that our ground waters, our soils that farmers and others use will in fact in the future be protected and those contaminations will be removed from those soils.

That is, to me, far more important than some of the issues that I have heard raised here today, although some of the issues that have been raised here today are also important. But I believe that there is a responsibility way beyond the issue that is really being discussed here at the moment, that is the real important issue, and that is to ensure that the environment will be dealt an equal card in the long term.

I think that is why the corporation is there. That is why the board of directors has very diligently negotiated with the new partner, and I am very pleased, having met the new player that will be I

think quite prevalent in this area in developing new ideas, bringing new ideas, environmental remedial ideas, to the process in the long term and thereby serve the needs of our province and indeed maybe the country and North America out of that facility and bring much needed expertise from outside into this process that will help us indeed do business in this province in a much more responsible way than we have in the past.

I think this government, this minister, needs to be congratulated for having taken the initiative, which other governments before him found difficult, and said we need to move in this direction, we need to ensure that this type of a facility is established in this province, and we need to ensure that the environmental concerns will be addressed.

So I think, Mr. Chair, having said that, there were three basic key players in this whole process. They were government, they were the corporation and they were the local community. That partnership that we have constantly talked about as a government came together there and demonstrated how effectively it could work to help resolve the environmental concerns that this province has constantly had in the past.

Mr. Cummings: I just want to add some comments to the question I was asked earlier. I think I glossed over something that is probably very important in terms of control of the development in the next stage, and that is that when I referred to Reid Crowther and the \$700,000 worth of work that they have done on behalf of the corporation, they in fact will continue to be the supervising engineer. So I guess we were all missing part of that question when both of my critics were referring to it about expertise. We still have on contract, and the new partners agreed that they will work with this as their consulting engineer.

There is a highly proficient relationship there that does not require—I think the members were wondering well, who in the world are you going to have on staff or who have you got on staff to function as the corporation is evolving. Of course, rather than putting people on staff, probably better

to stick with the contractual arrangements, and given that they have done all the work, they are in fact already engaged, plus the Department of Environment is overseeing in terms of the environmental controls.

Ms. McCormick: Mr. Chairperson, actually when I originally indicated my interest in following up, it was on the issue of the extent to which the investor is coming forward and putting themselves at personal risk. Because of the time, I do not think I want to get into that today. It is not going to be helpful.

What I would like to do instead is pick up on the member for Emerson (Mr. Penner) and his indication that this process has been a trust exercise between the government and the community and the corporation. Also, it ties back into my questioning earlier about whether or not there was any construction anticipated on the site. We do know that the soils remediation facility is up and running, that there is a considerable amount of activity going on. We have numbers in the report which indicate that the volumes in fact last year were quite high, and I want to specifically go back to the soil remediation section of the licensing application and just check with you to make sure that in fact what was proposed and what was committed to the community is in fact operational as described.

With respect to the first thing, the operation will be developed under a covered structure complete with the capture of volatile emissions, and we have been talking about VOCs before. The question I would have for the minister or to your officials is, is in fact this operation occurring under the covered structure?

Mr. Cummings: Yes, and I would say in a general approach to the development of that facility that any deviations or in fact the construction itself was all approved within the licensing responsibilities of the Department of Environment. I think there is something else that is quite useful to put on the record here, and that is that the Department of Environment is acquiring additional expertise in this area over the last two to three years, including one highly qualified person from the Manitoba

Hazardous Waste Corp., which we in fact have coveted wanting to get back into the Department of Environment for a while. I have no apologies for putting his name on the record; Ed Yee is a highly respected individual. We in fact tried to hire him back, and he has now decided to come back to the department and will have some considerable expertise that he will be able to bring along with, I think, three other individuals that have been hired in air quality and environmental operations.

Ms. McCormick: I am hearing you say that you are not doing land farming, you are not doing air stripping of the soil.

Mr. Cummings: That is correct.

Ms. McCormick: Is there no visible working of this soil outdoors that people could drive by and observe?

Mr. Cummings: I am sure people could drive by and observe that a lot of work is being done with dirt around there, but they probably would not have ability to differentiate between what is the contaminated soil, if there was some. The dirt that is being moved is being moved for landscaping purposes. From personal experience, I saw that not very long ago. If you are asking is there air stripping or land farming going on, the answer is no, and from a technical point of view, if there are other comments that anyone from the corporation wants to add, please do so. Is there anything else to add?

* (1150)

Floor Comment: No, I think you have got it.

Mr. Cummings: Apparently I am right.

Ms. McCormick: So concerns that are being brought forward by the petroleum companies, that in fact this is a land-farming activity and there is air stripping going on, are incorrect?

Mr. Johnson: Yes.

Mr. Cummings: I am sure the member is not advocating for the petroleum companies, but in fact that is one of the concerns that we in the Department of Environment and obviously by business interests the corporation are watching very closely, and that is what some of the proposals are that are coming from petroleum

companies on how they would like to handle their soil.

Of course, every site is different, but there is within the Department of Environment some considerable effort being made to make sure that any work that is being done is being done in an acceptable fashion, but there are constantly concerns being raised that people are going off and doing things without licensing. Of course, that is possible, but not in fact licensed or not allowed if we become involved.

For the record, the treatment itself is in a structure that could best be likened to a large skating rink. The material is, however, granulated, and this might be what the member is referring to. The material has to be granulated before it goes into the facility to be aerated and mixed, I believe, sometimes with other course products in order to let the—and calcium, I believe, one of them? Gypsum—Pardon me. That allows air to move through it.

If the member is implying that that granulation is some sort of air stripping, I think that would be probably an incorrect assumption. In fact, the criticism I usually hear is of the other nature, that this in fact almost a case of overkill, but this is a technology that the corporation did not develop itself. It is a—patent is not the word, but it is a proprietary technology. That, of course, is the other factor in the development of the soil treatment facility where we have an owner of a proprietary function influencing the construction of that facility.

Ms. McCormick: So this granulation process is what takes place outdoors?

Mr. Cummings: That is correct.

Ms. McCormick: I noticed in the licensing application much was made of the importance of testing the soil when it is received to make sure that the process can handle it, to make sure that it does not contain anything that is not amenable to bioremediation treatment, and also that it is important to know before you take it into the cell exactly what the content of the contamination is, so I can trust then that before the truck delivers a

load of soil to the site, you know definitively what it contains as contamination?

Mr. Johnson: Yes.

Ms. McCormick: Then the point at which its aeration process is complete and it is moved into the cell, you again have tests to know what you are taking into the building?

Mr. Johnson: Yes, we do. Just to correct one point, it is not an aeration process. As soon as the nutrients are mixed to formulation, the material is moved into the cell, it is sealed, air is circulated through the material, and any volatiles that come off are exhausted through a biofilter. I would also point out that the site is closely monitored, and we are specifically on guard for any incidence or any incidental increase in VOCs of any sort which would impact the environment. We have not detected any to date.

Ms. McCormick: This leads me into my next area of questioning. It says here that the area will require an engineered liner to prevent soil and ground water contamination?

Mr. Johnson: Yes, that is the case. In fact we do have an engineered system both external to the building and within the building.

Ms. McCormick: Next line: A berm will surround the area for control of surface water runoff/run-on, and of course, this is topical after the events of yesterday. Is this correct, that the berm does exist to control the surface runoff?

Mr. Johnson: Yes, that is the case.

Ms. McCormick: And then there is other information here about a sump pump and stockpiled contamination: Water is to be recirculated and recycled with the nutrients. I am not going to push that, but I did want to move on to the question which appears a little later in the report of the water retention ponds, which is under the section on storm water and snow management. It says here that with respect to the storage area, there will be a storm water retention pond such that the runoff during—here they are speaking of snow melt, but of course last night it would have been rain, will enter the ponds where it can be tested and

treated as required prior to release. Is there a storm water retention pond system in place at this time?

Mr. Johnson: Yes, the first storm water retention pond is in place. In terms of the actual runoff—and I think it is very important to make sure that we understand what we are talking about here in terms of the actual runoff from the soil processing area—there has not been any, although I cannot speak to what may have happened yesterday during the one incident. I anticipate expanding a storm water retention system throughout the site in conjunction with the development of the other active areas.

Ms. McCormick: So there could have potentially been some runoff last night from this area, this zone, which was not directed to a storm water retention pond?

Mr. Johnson: I did not say that specifically. It is just that my eyes have not seen the glory of the site this morning, that is all. I do not believe that there was. The area is very intensely bermed. Interestingly enough, I would comment, following the minister's mention of the department, that even such a simple operation as raising a slight berm on a site was approved by the department. I think of that simply as an indication of the degree of—I would not say concern—watchfulness the department is showing on the site.

Ms. McCormick: My understanding though is that the berm was approved in combination with a storm water and snow management system which included requirement for storm retention ponds, so that laudably you have done what you have said with respect to the berm, but there was an additional requirement for the ponds.

Mr. Johnson: I was actually saying, Ms. McCormick, that not only was this done in advance through the document you are referring to at length, but it was also done specifically at the time that the construction began, so not only was there preapproval but there was approval at the time the construction actually took place, which is quite a different thing.

Mr. Chairperson: The hour being twelve o'clock, committee rise.

COMMITTEE ROSE AT: 12 p.m.