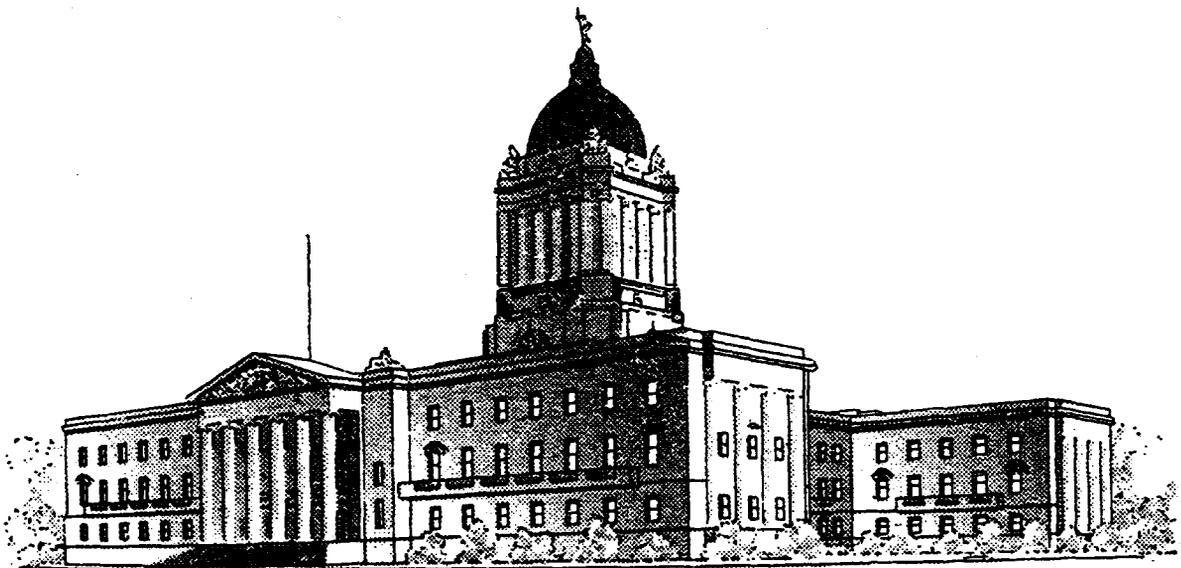




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First Session - Thirty-Sixth Legislature  
of the  
**Legislative Assembly of Manitoba**  
**DEBATES**  
and  
**PROCEEDINGS**  
**(Hansard)**

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

**Members, Constituencies and Political Affiliation**

<u>Name</u>	<u>Constituency</u>	<u>Party</u>
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.
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DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
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EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
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FINDLAY, Glen, Hon.	Springfield	P.C.
FRIESEN, Jean	Wolseley	N.D.P.
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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.
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McALPINE, Gerry	Sturgeon Creek	P.C.
McCRAE, James, Hon.	Brandon West	P.C.
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McINTOSH, Linda, Hon.	Assiniboia	P.C.
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PALLISTER, Brian, Hon.	Portage la Prairie	P.C.
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REID, Daryl	Transcona	N.D.P.
REIMER, Jack, Hon.	Niakwa	P.C.
RENDER, Shirley	St. Vital	P.C.
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ROCAN, Denis	Gladstone	P.C.
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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

Monday, June 26, 1995

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

#### Committee of Supply

**Mr. Marcel Laurendeau (Chairperson of Committees):** 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 La Verendrye (Mr. Sveinson), that the report of the committee be received.

Motion agreed to.

### TABLING OF REPORTS

**Hon. Rosemary Vodrey (Minister of Justice and Attorney General):** I am pleased to table the Eighth Annual Report of the Manitoba Law Foundation.

#### Introduction of Guests

**Madam Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the Speaker's Gallery, where we have a delegation of German parliamentarians, the Honourable Jurgen Adler, the Honourable Klaus Franke, the Honourable Harold Groth, the Honourable Cordula Kollotschek, the Honourable Dr. Roth-Peter Lange, Mr. Manfred Macke, the Honourable Edda Schliepack, the Honourable Renate Kunast, the Honourable Peter Tiedt.

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

Also seated in the public gallery, we have 15 students from the Salvation Army School under the direction of

Emily Dalton. This school is located in the constituency of the honourable member for Point Douglas (Mr. Hickes).

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

\* (1335)

### ORAL QUESTION PERIOD

#### VLT Revenues Community/Site Breakdown

**Mr. Gary Doer (Leader of the Opposition):** My question is to the Deputy Premier (Mr. Downey).

Last Monday, we tabled information in this Chamber indicating lottery revenue was broken down community by community, machine by machine, Madam Speaker.

In reading a letter we tabled in the Chamber from a citizen dealing with the Ombudsman on Friday, the Ombudsman indicates that the Lotteries Corporation on July 10, on August 17, on August 30, on August 31, on September 3, and on September 12 indicated no such records were kept of revenues community by community in terms of lottery revenue.

I would like to ask the acting Premier, was this refusal to produce this information that was readily available since 1992 on the instructions of the government or was that a decision the Lotteries Corporation made on their own?

**Hon. Eric Stefanson (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Madam Speaker, my understanding is the concerns around the release of information site by site pertaining to The Freedom of Information Act and third-party confidentiality and even the information that the member is referring to as being available in late 1994, was a detailed summary on each individual site by site. One of the reasons for the delay in terms of that information being available

was the changing of the computer software to put in place a mechanism that allowed the Lotteries Corporation to protect that third-party confidentiality and thereby releasing information on communities with four sites or more.

**Mr. Doer:** Madam Speaker, I wonder if the Minister responsible for Lotteries has read the letter from the Ombudsman to the government. It states that the corporation said that the information did not exist. There was a breakdown between the city and rural communities but the information did not exist. They said so on seven occasions to the Ombudsman, an independent sovereign body of this Legislature.

I would like to ask the minister, how can he condone a CEO and a corporation that says on seven occasions the information does not exist, when the Ombudsman only took one meeting with one computer official to find out that the information not only did exist but it has existed since 1992?

**Mr. Stefanson:** Madam Speaker, yes, I have read the letter and the letter does indicate that the access officer for the corporation did advise that she had not been aware that this record could be produced.

As I have indicated, the record that was being referred to was a record that was detailed information on site by site that did not provide for protection for third-party confidentiality. The Ombudsman through-out his letter refers to the release of information subject to that condition, and ultimately that was the basis on which the information was released.

### **Gaming Commission Additional Hearings**

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, the Premier (Mr. Filmon), in statements he made on Friday and to the public on Saturday, admitted that they did withhold the information from the November 30 meeting of cabinet where cabinet of course was given all this information that was denied to the Ombudsman on seven occasions prior.

Since that information has been released after the election and after the three public hearings that have

already taken place in rural Manitoba, would the Deputy Premier (Mr. Downey) order the Desjardins committee to have public hearings in Brandon, Dauphin and Thompson in light of the fact that the president of the UMM has now stated that they want to have this information before the public hearings? They were denied that opportunity by this government that withheld the information. Would he now have those committees proceed to those communities so information will be fully available to the people to discuss the issues at those hearings?

\* (1340)

**Hon. Eric Stefanson (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Madam Speaker, the Leader of the Opposition makes a great to-do about this information being available in November of 1994. I want to point out to him that if he looks at the information that was released last week on revenue on a per-community basis, there were two additional things that had to be done.

One I have already explained to him. One aspect of it was to protect the third-party confidentiality that is recognized within The Freedom of Information Act, that is agreed to by the Ombudsman, that is standard format for organizations like Statistics Canada.

The second element of funding that also had to be broken down that was not available at the end of November 1994 was all of the other lottery revenue on a per-community basis from the sale of lottery tickets, from the sale of break-opens and all of the other sources that provides a second line of revenue. That was additional information that had to be put in place subsequent to November 1994.

As we have indicated in this House, the choice of public hearings, the choice of soliciting input from Manitobans is a choice being made by the steering committee, by the commission chaired by Mr. Larry Desjardins. There is absolutely nothing precluding them from having more public hearings either in Winnipeg or outside of Winnipeg. I think, based on both the hearings they have had to date, based on additional information they have received, based on

this information just being received, I am sure that is a matter they will be considering, whether or not they should be holding more public hearings over the next few months.

### **VLT Revenues Deficit Reduction**

**Mr. Stan Struthers (Dauphin):** Madam Speaker, my questions are for the Minister responsible for the Manitoba Lotteries Corporation.

On Thursday, Manitobans received a partial picture of how little money was being returned to many rural communities compared to how much was being drained out.

My question to the minister is simply this: Has he contacted officials in communities like Gimli, Dauphin and The Pas to explain why they were paying so much more for deficit reduction than rural communities in cabinet ministers' ridings?

**Hon. Eric Stefanson (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Madam Speaker, I am not surprised to receive that question because we know the NDP opposes deficit reduction and believes in running deficits. That is clear from their record during the 1980s.

As I responded to a similar question late last week from the member for Thompson (Mr. Ashton), there are two elements in this chart that show where lottery funds are utilized. One is programs, and those programs have two parts to them. One is direct programs that apply for individual communities, programs like Community Places, programs like the Rural Economic Development Initiative, and so on; the other is province-wide programs that are allocated on a per capita basis.

In any given year, we are going to get a wide range of applications from different communities. We are going to get some communities very aggressive in terms of applying for REDI and for Community Places. We are going to have other communities, because they do not have a project, because they do not have a

business initiative, they do not apply. I mean, to me that makes sense.

I know the NDP probably believe that you apply for anything if there is government available. Fortunately, most Manitobans are responsible. They only apply when they need the money and that is the case with communities in Manitoba.

### **Gaming Commission Additional Hearings**

**Mr. Stan Struthers (Dauphin):** Madam Speaker, will the minister, since he chose to withhold this information, encourage the lottery review committee to hold more hearings in rural Manitoba now that the Premier (Mr. Filmon) has finally released some of the data that was withheld since last November?

**Hon. Eric Stefanson (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Well, Madam Speaker, I take offence to the preamble. He suggested I chose to withhold this information, and he knows full well—and I answered in this House last week—I received this information last week, and it was turned around within a couple days and released to the public and here to this Chamber. I have already outlined for this House, in response to a question from the Leader of the Opposition (Mr. Doer), why there were some time delays in terms of some of the information.

As I responded to a similar question, the committee chaired by Mr. Desjardins has broad representation from individuals across our province, people representing all kinds of different organizations in our community. They have heard the comments from people like the past president of the Union of Manitoba Municipalities. I am sure they will take them seriously.

At the end of the day, they are the ones who will decide if there are more public hearings. They are also soliciting input through written submissions and so on, and they take that very seriously, Madam Speaker. They will make the decision whether or not they should have more public hearings.

\* (1345)

### Manitoba Lotteries Corporation Standing Committee Review

**Mr. Stan Struthers (Dauphin):** When is this minister prepared to schedule a legislative committee meeting to review the annual report of the Lotteries Corporation, something this government did not do last year and, in fact, has not occurred in two years?

**Hon. Eric Stefanson (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Madam Speaker, the calling of committees is usually something that is discussed between House leaders. As the Leader of the Opposition (Mr. Doer) knows, there are all kinds of information on gaming revenue and lotteries if members are inclined to be interested—

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. The honourable Minister of Finance, to quickly complete his response.

**Mr. Stefanson:** Madam Speaker, there are all kinds of information on gaming and lotteries. There is the information in the Public Accounts, which the Leader of the Opposition finally looked at late last week. There is information in the annual reports of the Lotteries Corporation. There is information produced by the Manitoba Lotteries Corporation in terms of the detailed analysis they produced last year, and the Auditor herself refers to the quality of the Lotteries Corporation's information as being extremely reliable.

I want to remind these members, we are the only provincial government in all of Canada that returns 10 percent unconditionally to municipalities and 25 percent to municipalities for economic development here in our province.

### Health Care System Child Psychiatric Services

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, before the election, after pressure from parents, nurses, doctors and patients, the government opened an eight-bed unit for psychiatric children. When the government said that beds would close right after the

election, the minister assured this House that no children would be denied services. Within the last week, Madam Speaker, we have brought to the attention of the minister three separate occasions when children have been denied a psychiatric bed and have been put on a waiting list because this unit is closing.

My question to the minister: Will the minister do what he said and mean what he said and guarantee that the eight-bed unit will stay open until there are no more waiting lists for children to get psychiatric services?

**Hon. James McCrae (Minister of Health):** I resent the reference to the election, Madam Speaker, in the question. By the honourable member's own admission, the passage of time has meant that those beds have not been reclosed immediately following the election, as the honourable member had suggested.

Indeed, the reason for them being open as long as they have been open is that the care needs need to be the first priority. They remain the first priority, and that need will be paramount in the planning for acute psychiatric care for children and adolescents in Manitoba.

**Mr. Chomiak:** Madam Speaker, will the minister live up to his promise that he made in this House on May 25 and which he has again made today, that no child will be denied a psychiatric bed by virtue of having to be put on a waiting list? Will he guarantee that today?

**Mr. McCrae:** Madam Speaker, the care needs of children with psychiatric problems are very important to the department and to this government and, incidentally, to all of the people we work with in the health care system. Indeed, there is a variety of services available now to young people, adolescents and children that were never made available prior to the advent of the changes that we have brought about in recent years.

**Mr. Chomiak:** Madam Speaker, the minister avoids the answer.

**Madam Speaker:** Order, please. I would remind the honourable member for Kildonan this is not a time for postamble, and it is not a time for debate.

**Mr. Chomiak:** Madam Speaker, will the minister, who is refusing to answer the question, please guarantee today that we will not have to keep bringing to this House child after child after child who has been denied a psychiatric bed, while the minister stands up and tries to defend his record and gives us past history that does not apply? Will he guarantee the beds will remain open?

**Mr. McCrae:** Despite the theatrics of the honourable member for Kildonan, Madam Speaker—

#### Point of Order

**Mr. Chomiak:** Madam Speaker, on a point of order, I believe the minister is imputing motive. If the minister spent the weekend on the phone, like I did, dealing with parents, perhaps he would understand the situation.

**Madam Speaker:** Order, please. The honourable member for Kildonan does not have a point of order, but I would remind the honourable Minister of Health that his answer should be short, to the point and should not provoke debate.

\* \* \*

**Mr. McCrae:** Madam Speaker, I spend most of my time attempting not to provoke debate. This is a very, very important matter. The issue of health care and health delivery services in our province is of the utmost importance. The people of Manitoba told us so in the recent election campaign, so, indeed, I take my job very, very seriously. I do not believe that engaging in theatrics in any way helps any children or anybody else in this province. Engaging in a useful dialogue and useful planning processes with people who deliver health care services is the right way to go, and that is the way we are doing it.

\*(1350)

#### Pediatric Cardiac Care Program Child Death Inquest Committee

**Mr. Gord Mackintosh (St. Johns):** Madam Speaker, my question is for the Minister of Justice.

In the minister's departmental annual report for the year 1992-1993, the government highlights the establishment of a child death inquest review committee, which this report says has been established under the chair of the Chief Medical Examiner to review every, I cite every, child death in Manitoba. This is a multidisciplinary group which brings different professional perspectives to bear on these tragic events.

My question to the minister is, would she now explain why this committee has therefore failed to review not just one, not just two, not three, but 11 of the 12 infant cardiac surgery deaths at the Health Sciences Centre in 1994?

**Hon. Rosemary Vodrey (Minister of Justice and Attorney General):** We covered this issue in the Estimates of the Department of Justice when the Chief Medical Examiner was here in the Chamber. The Chief Medical Examiner explained the process of the child death committee. He also explained that committee did review deaths in which there was any concern, but where deaths were of a well-known cause and not unexpected—I believe at that time he gave the answer, such as leukemia—those deaths are not then reviewed by the child death committee.

In the issue of the child deaths which will be the subject of an inquest, he did speak about them occurring and as having not been unexpected. It was when the issue was then one of volume that concern was raised.

#### Inquest

**Mr. Gord Mackintosh (St. Johns):** Would the minister now explain to Manitobans and the affected families how they can have confidence in an inquest into the infant deaths, given serious concerns about the conduct of her department that was to review every infant death, when all four staff of the inquest who determine what evidence is relevant, which is not, and which compiled that information, are from her own department including two from the Chief Medical Examiner's office?

**Hon. Rosemary Vodrey (Minister of Justice and Attorney General):** This is an issue, again, which we

discussed fully during the Estimates of the Department of Justice which I believe I have also answered in Question Period on numerous occasions. The inquest will be conducted by Associate Chief Judge Sinclair. It will be fact-finding in nature. We have assigned Crown attorneys who will assist the judge in fact-finding. This is the normal course of the process of inquest.

We believe, Madam Speaker, that certainly we on this side of the House have confidence in the judge who will be conducting the inquest to make sure the fact-finding will be completed in a way that will be satisfactory.

### Independent Inquiry

**Mr. Gord Mackintosh (St. Johns):** Would the minister not finally agree, after looking more and more at this, that an inquest is hardly the way to serve the interests of justice in this province and that an independent inquiry is the only way to go?

**Hon. Rosemary Vodrey (Minister of Justice and Attorney General):** Again, we have been over the process several times. It has been discussed at length with the member for St. Johns and also publicly. There has been an inquest called. The inquest will be conducted by Associate Chief Judge Sinclair. The purpose of the inquest is fact-finding. We have confidence that the fact-finding will in fact exist. Members from the other side have always chosen to skip over a process which is in place. We on this side of the House support the process and certainly the Department of Justice is looking to support the process of the inquest.

### St. Germain-Vermette Secession

**Mr. Kevin Lamoureux (Inkster):** My question is for the Minister of Urban Affairs (Mr. Reimer).

It was not that long ago when we saw Headingley secede from the city of Winnipeg. Today we hear about St. Germain and Vermette and the possibility of them seceding from the city of Winnipeg. Madam Speaker, this government is—

**Madam Speaker:** Order, please. The honourable member for Inkster, to pose his question.

**Mr. Lamoureux:** Madam Speaker, does the Minister of Urban Affairs believe that his department has a role to play in terms of keeping the city of Winnipeg together, and if so, what is the province's role?—because they have failed in terms of trying to address the needs of the city of Winnipeg.

**Hon. Jack Reimer (Minister of Urban Affairs):** The member is referring to the St. Germain-Vermette study that was initiated a while ago, and I can tell him that the procedures that are being initiated in that study are identical to the ones that were in Headingley in which a consulting team was hired, a steering committee of stakeholders established. The consultants held a town hall meeting on the outside of the study. Through the consultations, community input was factored into the study.

The study took place, the consultants held a town hall meeting to report the findings before the report was finalized and submitted to the minister. To date, I have not received that report.

\* (1355)

**Mr. Lamoureux:** To the Minister of Urban Affairs: What steps is this government taking to ensure that Winnipeg stays together. As the one minister heckled from his seat, what is next? St. Vital, Transcona, what areas? What action is this government prepared to—

**Madam Speaker:** Order, please. The question has been put.

**Mr. Reimer:** One the things that is becoming very, very prevalent in administrations all across Canada right now is the fact that people, the taxpayers are getting tired of the in-your-face type of government and the type of administrations that are coming forth.

The fact that people have chosen to live outside of Winnipeg is because of the fact that they feel there is a social quality. They may be involved with a certain type of recreation that they are looking for. This administration is not going to put up barriers and put up

an invocation of where people live and where people cannot live. People have the choice and it is up to them where they want to live.

**Mr. Lamoureux:** Madam Speaker, the minister makes reference to choice.

My question to the minister is: The individuals that we are talking about live in the city of Winnipeg; they want to secede from Winnipeg. What is this government doing to ensure that the City of Winnipeg is able to ensure that it does not break up? This government does have a role to play with respect to property tax, for example. Will this minister not go to the table with City Hall and try to resolve this problem once and for all before Winnipeg no longer exists?

**Mr. Reimer:** Madam Speaker, we are talking about a city administration that has responsibility for the fact that they have been elected by the individuals. They have a voice within the City Council.

We have people within that are in the various constituencies that represent the various councillors. They have the ability to access their councillors, to give them their concerns, to voice their concerns whether they feel the taxes are justified, whether they are improving with the service, whether the service is available for them. The people within the city of Winnipeg have the ability to access their administrators to force—or to talk to them about the direction that they are looking at.

Madam Speaker, for the government and the Province of Manitoba to have the heavy hand of government on everything that the City of Winnipeg does or the rural municipalities is totally irrelevant. People are elected in the municipalities to make the decisions. The people are elected within the city of Winnipeg to make the decisions, and they have to look at it in a very conscientious manner as to which direction they want to take.

#### **Forest Fires Leaf Rapids**

**Mr. Gerard Jennissen (Flin Flon):** Madam Speaker, my question is for the Minister of Natural Resources.

The loss of 16 or 17 trailers, a church, an automotive repair shop and at least one house along with other property at Leaf Rapids just two days after residents returned home only to be evacuated again is tragic.

I want to once again commend the dedication of the hundreds of firefighters along with volunteers who are clearly doing heroic work in a most difficult situation.

Regrettably, however, there has been major damage done, and I want to ask the minister if he has an update on how close the fire is to the town centre of Leaf Rapids and how serious is a threat to the town itself.

**Hon. Albert Driedger (Minister of Natural Resources):** Madam Speaker, I would like to inform members of the House that at the present time there is a total of 134 fires burning in Manitoba, and of those 57 are under control, 22 are out of control and 55 have limited or no action. The fire at Leaf Rapids is one of the ones that we consider out of control.

At the time when the decision was made, it was made together with people from my colleagues' departments, as well, in the best interests of the people that they could return at that time. What happened is the environment played a mean trick on us. The winds increased, came in from the wrong direction. The fire moved into the community. We had five water bombers and over a hundred people basically trying to save the community, and they have done a good job. The situation is under control at the present time, but we have no assurances as to what the weather conditions will do.

\* (1400)

#### **Leaf Rapids—Disaster Assistance**

**Mr. Gerard Jennissen (Flin Flon):** Can the minister responsible for the Disaster Assistance Board tell the House the status of financial assistance and emergency relief for residents forced out of their homes for the second time in less than a week?

**Hon. Brian Pallister (Minister of Government Services):** Madam Speaker, I thank the member for the question.

There are approximately 1,100 residents of Leaf Rapids evacuated currently to Lynn Lake, and they are being housed in a variety of ways in private accommodation. The friendship centre is helping there, I understand, as well. Some are camping.

I believe I speak for all members of this House in expressing our great sympathy and compassion to all of those who have been forced once again from their home community and especially those who have had property damage as a consequence of this fire.

Certainly our department is working co-operatively with local officials in doing everything in our power to assist those people. I can tell members of the House that we have already sent two critical incident stress debriefing teams to the community to work with those who have been forced to deal with a situation that is almost, I am sure for us here, unimaginable—a very difficult situation for those people, and we will continue to assist in every possible way.

**Mr. Jennissen:** My final supplementary question to the same minister: Since up to this point nearly 20 families have lost their homes in Leaf Rapids, can the minister tell us what immediate day-to-day assistance these families can expect and when they can expect that assistance?

**Mr. Pallister:** Madam Speaker, assistance can take various forms, and we will certainly take the forms that are most appropriate, given the circumstances of those evacuees.

To tell the member, I guess, generally, the types of assistance that we have been offering are not an exhaustive list, but certainly assisting in providing food for those folks who are away from home, arranging accommodation whenever possible, assisting with gas vouchers and so on to help them cover the costs of immediate evacuation. There are, in certain circumstances as they are raised, monies made available for daily allowances when people are without funds because of the lack of notice, when they were forced from their homes on short, short notice.

I guess the important thing for all of us to remember is that in making these decisions, they are very difficult

decisions. They are made by people in the heat of a very, very difficult environment. Those decisions, in retrospect, may not be perfect decisions, but they are the right decisions at the time with the known factors that present themselves.

Other factors may arise such as has happened this past weekend that are unknown, that are certainly beyond our control, and the difficulty, of course, for all those folks who make those decisions is that they will be criticized in hindsight. I think it is important for all of us to be supportive of those decisions as best we can.

### **Winnipeg Jets/Arena Endowment Fund**

**Mr. Tim Sale (Crescentwood):** Madam Speaker, the Spirit of Manitoba is now attempting to persuade the City of Winnipeg to use its status under the tax act to receive and administer the Jets losses endowment fund from the arena-Jets deal.

Madam Speaker, could the acting Premier tell the House whether or not the government has been briefed on this latest twist in this charitable status tax game?

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, I think this is a case of not necessarily believing everything you read. If the member is going by a report in one of the papers today, my understanding is there currently is no specific request before the City of Winnipeg. There is a meeting taking place this afternoon. We will have to wait and see what requests, if any, come out of that meeting.

**Mr. Sale:** Madam Speaker, is this government, as co-owner and partner of the arena facility, prepared to allow the city to operate the losses endowment fund as proposed by the Spirit, thereby doing what the province was apparently unwilling to do? Are you prepared to let them do this?

**Mr. Stefanson:** Madam Speaker, if those discussions take place, they will take place between the Spirit and the City of Winnipeg, which is another level of government, and the City of Winnipeg will make decisions around issues that affect their areas of jurisdiction, plain and simple.

**Mr. Sale:** Madam Speaker, is the minister then saying that the province is no longer a partner in this deal and is prepared to countenance anything the City of Winnipeg does? It does not matter because they are no longer involved.

**Mr. Stefanson:** I did not say that at all, Madam Speaker.

This member seems to think that we govern at all levels. I mean, he asks me questions about decisions of the federal government, as though we make decisions on behalf of the federal government. He expects us to make decisions on behalf of the City of Winnipeg. He seems to think that we are the government at the federal level, the provincial level, the municipal level, the school trustee level. He should take some time to realize there are different levels of government with different areas of responsibility.

Spirit is dealing—

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. I am experiencing great difficulty in hearing the minister's response.

The honourable Minister of Finance, to quickly complete his response.

**Mr. Stefanson:** Very quickly, Madam Speaker, Spirit is dealing with different levels of government, with areas of responsibility that fall within their jurisdiction.

They are having discussions with the City of Winnipeg around areas that fall within their jurisdiction. They are entitled to do that, I think, Madam Speaker. We are not going to stand in their way to have kinds of discussions with any level of government about areas that fall under their responsibility.

#### **Clean Environment Commission Solid Waste Management Hearings**

**Ms. Becky Barrett (Wellington):** Madam Speaker, the provincial government has announced that the Clean Environment Commission will conduct a public

review of the major issues related to solid waste management in the capital region this August. The Minister of Environment stated in his press release that, I quote, "In developing a solid waste plan for the Capital Region, a wide net must be cast . . . ."

I would like to ask the Minister of Environment, if this is truly the case, why the public review on this vital issue to so many Manitobans is being held in mid-August.

**Hon. Glen Cummings (Minister of Environment):** Madam Speaker, first of all, this was an additional requirement that we placed on this process in order to acquire input from not only residents of the city of Winnipeg but from surrounding areas.

The member should be aware that there are also other pressures timing-wise. Louisiana-Pacific is appearing before the commission, probably in September, on forest licensing. There are limitations on availability of time. It seemed to me reasonable and certainly if there are those who are unable to appear at a precise time, the commission will be able to receive written information. But, Madam Speaker, I do not anticipate there will be an enormous difficulty with people being able to make themselves available for at least one day during that period.

**Ms. Barrett:** Madam Speaker, given that the City of Winnipeg has actually written to the Minister of Environment requesting a delay into September or October, not just to make the presentation but also to prepare for the presentation, why will the minister not ask the Clean Environment Commission or instruct the Clean Environment Commission to delay the hearings so that the City of Winnipeg and other partners in the capital region will have an opportunity to prepare the reports and their recommendations for this vital service?

**Mr. Cummings:** Madam Speaker, I have had countless meetings with the City of Winnipeg, BFI and others around this issue. We have discussed the possibility of this type of a hearing a number of times. I suppose this demonstrates that one should always have these matters put in writing as opposed to accepting the statements that are made at meetings

from time to time, but it is only now that the city has made me aware that they are concerned about the timing. Previously, it was my understanding that both the city and BFI were anxious to get into this process and get the information on the table. We want to get on with it, frankly.

**Ms. Barrett:** I am wondering what the minister and the government has to hide in not delaying for a brief time so that the people who are going to be affected by the decisions made by the Clean Environment Commission will have adequate time to prepare. Is that not what the government wants, to get the proper information on the record?

**Mr. Cummings:** Absolutely, and we have been working on this for six months. It is time to get the job done.

\* (1410)

#### **Public Housing Maintenance/Upgrading Budget**

**Ms. Marianne Cerilli (Radisson):** Madam Speaker, the seriousness of maintaining public housing has been highlighted by the recent reports of yet another child falling through improperly maintained windows and screens. The former Minister of Housing said most of this housing was built in the '70s and has now reached the point where significant ongoing maintenance is required. As our housing ages, the cost of modernization and improvement also mounts.

I want to ask the Minister of Housing currently if the budget for maintenance in the department is keeping up with this increased demand for modernization and maintenance.

**Hon. Jack Reimer (Minister of Urban Affairs):** The ongoing cost, as mentioned by the member for Radisson, regarding housing is of an ongoing nature in the sense of budget priorities and the direction of maintenance in it. The member is right by stating that there is a concern as to which way and where the priorities are going with housing and the maintenance. I have been in contact with the department in trying to formulate areas of direction and

to get a better understanding of the department since taking it on.

In regard to the incident she alluded to just recently, I have requested a full report on the incident regarding the young child.

**Ms. Cerilli:** Given that in the '92-93 budget the Minister for Housing said there was \$15 million for modernization and maintenance for Manitoba Housing Authority properties, can the minister tell us the amount in the budget for this year? Is it \$13.5 million as I have read in this year's Estimates?

**Mr. Reimer:** I believe that a lot of the questions the member for Radisson will be bringing forth right now have an excellent chance of fuller participation and further discussion in Estimates which are coming up, and the details at that time we can get into on an easier basis.

**Ms. Cerilli:** Given the seriousness of this issue, would the minister answer now that the Estimates show the staffing for operations management has gone from 132 staff in '92 to 113 for '96? Does this apply to the Housing Authority maintenance staff, and has the staff available for onsite maintenance—

**Madam Speaker:** Order, please. The question has been put.

**Mr. Reimer:** Madam Speaker, one of the areas that the member is referring to is the efficiencies involved with the staff and if the staff are becoming more efficient in their operations, the fact that they are looking at the possibility of eliminating duplication. All these things would be reflected in a different manner of evaluation regarding the budget.

#### **Canada-U.S. Grain Commission Canadian Wheat Board**

**Ms. Rosann Wowchuk (Swan River):** Madam Speaker, the preliminary report on the U.S.-Canada joint commission is causing great concern for farm organizations, concern about the Wheat Board, concern about the quality of our grain and concerns about the impact, if implemented, this will have on the farming

community. We have heard the concerns expressed by the farm community, but we have not heard from this government.

When is this government going to make a public statement on their views of the recommendations put out by the U.S.-Canadian joint commission?

**Hon. Harry Enns (Minister of Agriculture):** Madam Speaker, I suppose I could suggest to the honourable member that inasmuch as the Canadian Wheat Board is very much a federal institution, created by federal law under federal jurisdiction, I could avoid answering that question, but the issue is extremely important.

I am sure that the recommendations contained and submitted by the five Canadian commissioners, the five American commissioners will be given very serious study by both governments. None of the recommendations are binding.

I remind the honourable member that just last Friday our own federal Minister of Agriculture, the Honourable Mr. Goodale, announced the long-awaited Canadian review of the operation of the Canadian Wheat Board.

I can assure her of one thing: If there are any changes to be made to the Canadian Wheat Board, they will be made by Canadians and not by anybody else.

**Ms. Wowchuk:** Madam Speaker, in light of the fact that Canada is known around the world for its high standard of grain, does the minister share the concerns expressed by farmers that we run the risk of losing control of the quality of our grain if the recommendation to open up the borders to allow U.S. grain into Canada is implemented? Does he share the concern of farmers on that issue?

**Mr. Enns:** Madam Speaker, the honourable member has not read all of the report, the fine print, because that is specifically something that the American experts on that panel acknowledge. We do enjoy that reputation for quality grain, and one that we are not about to give up or allow to be changed. There have been suggestions about how, in the interests of full and free bilateral trade movement, American grain can move

into the Canadian market without jeopardizing that quality. These are precisely the kinds of things that in my opinion have to be worked out.

Let me make it very clear that it is very much in our interests to be able to move substantial quantities of our grain into their market, and being the two biggest trading partners in the world, Madam Speaker, it behooves us that we take the time to talk about this issue and not simply to worry about any suggestions of change or reformation.

Agriculture, not unlike health, not unlike education is not above change and reform.

**Madam Speaker:** Order please. The time for Oral Questions has expired.

#### Speaker's Ruling

**Madam Speaker:** I have a ruling for the House.

I am returning to the House with a ruling on a point of order raised on June 15, 1995, by the honourable member for Wolseley (Ms. Friesen). She asked that the Minister of Education (Mrs. McIntosh) be directed to withdraw a reference to the member for Wolseley as a "job snob." At the time I undertook to review Hansard and report back to the House if necessary.

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. This is a very serious matter.

Having had the opportunity to peruse Hansard, I find that the honourable minister did apologize for the use of the words in question. However, the established and correct procedure for dealing with unparliamentary language is for the member who spoke the words to withdraw in an unqualified way, not just to apologize and put the words on the record a second time.

I do not believe it is appropriate in this Chamber to resort to name-calling. We are all honourable members and should treat each other in a respectful manner. I am therefore calling on the honourable Minister of Education to withdraw unequivocally and without

qualification the unparliamentary language used on June 15.

**Hon. Linda McIntosh (Minister of Education and Training):** Madam Speaker, I withdraw unequivocally and without qualification any unparliamentary language I used on that occasion in reference to the member for Wolseley.

**Madam Speaker:** I thank the honourable Minister of Education.

\* (1420)

## NONPOLITICAL STATEMENTS

### Red River Exhibition Association

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

**Mr. David Newman (Riel):** I wish to recognize, Madam Speaker, the Red River Exhibition Association, a not-for-profit volunteer-based self-sustaining agricultural society. The mandate of the association is to promote industry, commerce, agriculture and tourism and to showcase the achievements of the people of Manitoba.

Yesterday, I had the opportunity to represent the provincial government in the Red River Exhibition parade and to watch the wonder in the children's eyes as we passed and participated all day in the summer show and fair at the Winnipeg Stadium and Arena as well.

From first-hand experience, I can report that the exhibition is reaching out to the community to fill its mandate and to involve organizations through joint-venture partnerships such as the Scottish Heritage Festival, the Valley Agricultural Society and the Manitoba Stampede. What is not widely known is the magnitude of volunteer involvement in this particular association.

I would like to pay tribute to and recognize the over 700 volunteers who participate and make this event and

the association a success. They also stage handicraft, photo art, horticultural competitions, the parade and the youth talent competition.

Today they are going to be recognizing Susan and Emmanuel Van De Velde and their family as the Manitoba Farm Family of the Year. This family is from the constituency of the honourable member for Gladstone (Mr. Rocan).

I encourage all honourable members to support and to learn more about this volunteer association and its diverse and valuable endeavours for the benefit of Manitobans. Thank you.

**Mr. Gary Doer (Leader of the Opposition):** I would like leave for a nonpolitical statement.

**Madam Speaker:** Does the honourable Leader of the official opposition have leave to make a nonpolitical statement? [agreed]

**Mr. Doer:** Madam Speaker, I would like to join the member for Riel (Mr. Newman) and all members of this Chamber in paying tribute to the organizers and volunteers of the Red River Ex. It is really a symbol of all the many festivals and events that will be taking place, I suppose, all across this beautiful province of Manitoba over the next number of months, festivals and parades, et cetera, that will take place right throughout our province.

Many of these events, like the Red River Ex, are run by volunteers, volunteers that work tirelessly 12 months a year to provide great hospitality, great kinship and great festivity and heritage in our communities. Whether it is the Peguis Days coming up in July at that community or the Red River Ex or the Threshermen's Reunion in Austin, it is wonderful to have a great province like Manitoba. Even areas that had some controversy in the past like the Folk Festival are now enjoyed by all members of this Chamber.

In coming back to the Red River Ex, the member for Riel noted the volunteerism in that exhibition. I was a volunteer in the past at the Red River Ex. I was one of the hosts for the American bands that came to Manitoba to compete in the marching competition, to

compete in the concert competition and also give great flavour, along with the Manitoba bands, to the Red River Ex parade that the member for Riel was in this weekend.

I know that it is not only a tremendous event for us as hosts, but it is also great for Manitoba tourism because many of these young boys and girls are high school students in those bands, go back to their communities in Minnesota, Illinois, North Dakota, South Dakota and Montana and have great stories to tell about the wonderful hospitality of Manitoba and friendly Manitobans here in this community. I have met some in subsequent years that have been to our community first in band competitions and have visited later on as tourists.

I would like to pay tribute to the Farm Family of the Year and I hope that the Red River Ex this year is a safe environment for families to participate in. I know there will be many other exhibitions in many other communities outside of the city of Winnipeg, and it is what we do best, Madam Speaker, people working with people across Manitoba. Thank you.

#### **Scholar-Athlete Awards**

**Ms. Marianne Cerilli (Radisson):** May I have leave to make a nonpolitical statement?

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

**Ms. Cerilli:** Madam Speaker, I rise to acknowledge the extraordinary accomplishments of some very active young Manitobans. These are young people that have won the Scholar-Athlete Awards from the Manitoba High Schools Athletic Association and the Bank of Montreal. These are active people indeed, since to qualify for this award they must not only maintain a greater than 85 percent average in their high school academic career, but they must also participate in a minimum of two interscholastic athletic programs.

The award winners for this year are: Joe Friesen of Kelvin High School, Jean Friesen's son and the MLA for Wolseley; from River East Collegiate, my old alma

mater, Stephanie Dyck; Antonio Hermenegildo from R.D. Parker Collegiate in Thompson; and Jaydee Gushuliak from Roseau Valley School in Dominion City.

Now, each of these exemplary students have shown that they can have a balanced life and remain active and participate to a high level in intercollegiate athletics. I think it underlines the importance of these programs for all students across the province, and we should recognize that and rededicate our commitment to ensuring that all students across the province have the opportunity to participate not only in quality education programs but also in quality extracurricular programs, such as sports, arts and cultural activities.

Thank you, Madam Speaker.

### **ORDERS OF THE DAY**

#### **House Business**

**Hon. Jim Ernst (Government House Leader):** Madam Speaker, by leave, I would like to make some changes in the sequence of Estimates for the Committee of Supply.

From the House, I would like to move to Room 254 on a permanent basis the following: Government Services, the Estimates of the Department of Environment, the Sustainable Development Innovations Fund, the Department of Labour and the Civil Service Commission.

In Room 255, I would like to place before the Status of Women the Department of Energy and Mines on a permanent basis.

**Madam Speaker:** Does the honourable government House leader have leave to change the sequence from House to 254, Environment, Sustainable Development Innovations Fund, Labour, followed by Civil Service Commission, and Room 255, Energy and Mines to precede Status of Women? [agreed]

**Mr. Ernst:** Madam Speaker, would you call for second reading Bill 28. Following that, would you call Bill 24.

## SECOND READINGS

### Bill 28—The Statute Law Amendment (Taxation) Act, 1995

**Hon. Eric Stefanson (Minister of Finance):** I move, seconded by the Minister of Justice (Mrs. Vodrey), that Bill 28, The Statute Law Amendment (Taxation) Act, 1995 (Loi de 1995 modifiant diverses dispositions législatives en matière de fiscalité), be now read a second time and be referred to a committee of this House.

#### Motion presented.

**Mr. Stefanson:** Madam Speaker, in the 125th year of Manitoba's history as a province, this government presented its eighth Budget Address. I was pleased to announce the attainment of a goal we had worked hard to secure since our election in 1988, a balanced budget with the first planned surplus in over 20 years.

This major achievement was accomplished without any tax increases and while continuing a tax freeze of major taxes for an eighth straight year.

Bill 28, The Statute Law Amendment (Taxation) Act, 1995, provides legislative authority for the strategic tax reductions I announced in the Budget Address of March 9, as well as for minor technical and housekeeping amendments.

Today I will briefly describe the contents of Bill 28, and I will invite all members to express their position on its content during the subsequent debates. As has become the recent custom, I will provide opposition critics with detailed explanations of the provisions of this bill prior to the committee stage.

\* (1430)

Madam Speaker, the measures contained in this bill will bolster investment and the creation and maintenance of jobs in Manitoba. It will also help improve the fairness of our tax system.

The Income Tax Act. Changes to The Income Tax Act will encourage investment in manufacturing and

processing and simplify the determination of expenditures eligible for the research and development tax credit and correct an anomaly in the application of net income tax to mutual fund trusts.

The manufacturing investment tax credit, equal to 10 percent of eligible new capital expenditures on manufacturing plant and equipment in Manitoba, will be extended for another year. Qualified property acquired before July 1, 1996, for first-time use will be eligible for the 10 percent credit.

The research and development tax credit. Eligible expenditures for the research and development tax credit will include proxy amounts as used for federal income tax purposes. The proxy amount is a simplified method of calculating overhead expenses which qualify as a qualified expenditure for purposes of the federal act. The definition of eligible expenditure for provincial purposes will more closely parallel federal legislation.

Mutual fund trusts. The net income tax introduced in 1987 applies on the net income of individuals and trusts. Mutual fund trusts, unlike testamentary or other intra vires trusts, act as conduits between investors and corporations in which the trusts invest. Unlike regular income tax, in certain circumstances a mutual fund trust may be subject to net income tax on dividend gross-ups even though the underlying dividends have been allocated to unit holders. This is a problem unique to Manitoba as the only other province, Saskatchewan, with a net income tax does not have mutual fund trusts.

In order to provide a level playing field for mutual fund trusts resident in Manitoba, a credit based on unused dividend tax credits of the mutual fund trust will be allowed. This measure also removes the potential for double taxation of Canadian dividends in the trust initially and in the hands of unitholders when units are redeemed.

Madam Speaker, Bill 28 provides changes to provincial sales tax legislation under The Retail Sales Tax Act and The Revenue Act.

Rebates for first-time buyers of new homes. A rebate of up to \$2,500 of retail sales tax to first-time buyers of

a new home, introduced last year, is extended to the end of December 1995. The amount of \$2,500 approximates the average provincial sales tax amount paid on the materials used in construction of an average new bungalow. Since its introduction last year, almost 340 Manitoba families have benefited from rebates totally over \$737,000 and many other families have gained from employment in building qualifying homes.

**Bad debt allowances.** Bad debts are a concern to all businesses, particularly where a vendor is held responsible for sales taxes on uncollected amounts. Bill 28 fulfils our budget commitment to forgive the retail sales tax and tax on electricity and natural gas which has not been collected on bad debts.

**School yearbooks.** School yearbooks, even those containing advertisements, will be exempted from the retail sales tax.

**Drill bits and explosives.** Since 1992 these items were exempted from sales taxation where they were used in mining for production purposes. Bill 28 extends the exemption where drill bits and explosives are used in exploration and development.

**Used vehicle sales.** The simplification of sales tax collection and processing of refunds where applicable has been a goal of my department for a number of years. Under current rules, an individual who purchases a replacement vehicle and sells his or her current car privately is required to pay sales tax on the full price of the replacement vehicle and may apply for a refund of sales tax on the value of the vehicle sold. Procedures governing payment of retail sales tax on used vehicles at the time of registration are being simplified to allow an immediate tax credit on the private sale of the vehicle being replaced.

**Gasoline taxes.** Our government supports job creation in the key area of air cargo transportation. Since July 1, 1993, we have provided an exemption from aviation fuel tax on international cargo flights. Bill 28 will expand the exemption to include the cargo component of intercontinental passenger flights. Together these exemptions will strengthen Winnipeg's efforts to become an international intermodal cargo centre.

**Health and post-secondary education tax levy.** A technical change to the payroll tax legislation will clarify the wording of the payroll tax exemption presently allowed to trucking firms in respect of interprovincial and international transportation.

**Land transfer tax.** The land transfer tax is being amended to help simplify land claim settlements. Bill 28 provides an exemption from land transfer tax on the transfer of land for the benefit of an Indian band, for the transfers and settlement of a Treaty Land Entitlement and the province and the federal government agree to the transfer without tax as a settlement of a claim.

**Mining tax.** In our continuing commitment to improvement of services and fairness to taxpayers, The Mining Tax Act is amended to allow a taxpayer to appeal an assessment or reassessment to the Tax Appeal Commission. The commission's decision may also be appealed to the Minister of Finance and, ultimately, to the courts.

Madam Speaker, I look forward to the debate on these measures and to hearing the position of the opposition on these matters. Thank you very much.

**Mr. Daryl Reid (Transcona):** I move, seconded by the member for Brandon East (Mr. Leonard Evans), that debate be adjourned.

**Motion agreed to.**

## DEBATE ON SECOND READINGS

### Bill 24—The Tobacco Tax Amendment Act

**Madam Speaker:** To resume debate on second reading of Bill 24 on the proposed motion of the honourable Minister of Finance (Mr. Stefanson), The Tobacco Tax Amendment Act; Loi modifiant la Loi de la taxe sur le tabac, standing in the name of the honourable member for Transcona.

**Mr. Daryl Reid (Transcona):** Madam Speaker, I had been saving this opportunity to speak on behalf of our Finance critic, and I will let him put the comments of

our side on the record with respect to this piece of legislation.

**Mr. Leonard Evans (Brandon East):** Madam Speaker, I just have a few words to say on Bill 24, The Tobacco Tax Amendment Act. The minister introduced it last week and explained the need for this particular piece of legislation.

I guess we have to recognize the problem that the Province of Manitoba faces is one that arises from federal government policy whereby the federal government cut tobacco taxes seriously or substantially a year or so ago and, of course, the subsequent capitulation by the provinces of Quebec and Ontario, with therefore pressure being put on the rest of Canada, including Manitoba.

I note that the efforts of the province to date have generally been successful by and large in terms of thwarting illegal importation of tobacco products, and I appreciate that this is a great challenge, and I appreciate the fact that there is a lot of criticism of the province in how it has been administered. I understand that there has been a fair backlog develop in court, with various court cases pending dealing with matters arising from the government's policy of banning the importation of tobacco products from eastern Canada.

So I appreciate the fact that the amendments we have here allow for greater flexibility and should answer many of the questions, many of the problems that the province now faces.

I think we have to recognize, Madam Speaker, that we are faced with a dilemma, and the dilemma is this. On the one hand, we want to protect our revenue source, because indeed tobacco taxes do provide a substantial amount of revenue, but on the other hand, we do believe in freedom of trade among the provinces of Canada.

I do not think anyone, including the Minister of Finance (Mr. Stefanson), wants to interfere or interrupt the free flow of goods and services, but this has to be considered a special case for many reasons, including the fact that it does affect an important tax revenue, but

also, I think, because there are, in my view at least, health considerations that one has to recognize.

The fact is that higher-priced tobacco products do cut back on consumption of such products, particularly by young people, but there is a lot of evidence to show that there is a direct correlation between prices of tobacco products and the rate of consumption by the citizens and particularly by young citizens. So, to that extent, I suppose, one could argue that we should do everything possible to maintain a high tax regime on tobacco products, including the efforts that are now being taken to thwart the illegal importation of tobacco products into Manitoba.

At any rate, Madam Speaker, we are prepared to let this matter go to committee, and we look forward to seeing what representation there might be, providing the government, providing the Legislature with any advice that the public might have with respect to these amendments. Thank you.

**Madam Speaker:** Is the House ready for the question?

**Some Honourable Members:** No.

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, it is with pleasure that I can stand and rise today to talk on Bill 24. I am somewhat concerned in the sense that I would have appreciated some notice that the government was hoping to pass this thing into committee stage in that I would have likely been in a better position to be able to give more comment on what could be a fairly significant piece of legislation.

Having said that, I have gone through the Estimates process both in Finance and in Health where I have had the opportunity to ask questions regarding this particular issue, and I was somewhat pleased, to a certain degree, with the Minister of Finance's (Mr. Stefanson) response with the whole question of smuggling of cigarettes. In that issue, the Minister of Finance made reference to the fact that the loss of revenues, and I believe it was quite marginal, and he had implied—

\* (1440)

**An Honourable Member:** A loss of revenue that we are paying because the people in Quebec and Ontario are not paying their share.

**Mr. Lamoureux:** Madam Speaker, it is the member for St. Norbert's (Mr. Laurendeau) concerns that he attempts to put on the record that really would cause me to add a few more words.

This is what my concerns are. You have the member for St. Norbert who tries to turn this into a political issue by saying, in the province of Quebec, the province of Ontario, there was a smuggling problem. As the direct result of that smuggling problem, the Chretien government then reduced the tax levels for cigarettes. As a result of that, there were a lot of people that were quite concerned.

Individuals in government and opposition, and even the Liberal Party provincially, expressed concern that, as a result of those actions, we might have seen a substantial increase in tobacco usage from young people in the province of Manitoba, that we were going to be experiencing excessive amounts of smuggling from the province of Ontario and the province of Quebec. I, too, was quite concerned about that. That is the reason—

**An Honourable Member:** All provinces, not individual provinces. Let us treat all provinces equally, Kevin.

**Mr. Lamoureux:** The member for St. Norbert says—and then I will get on to why that is the reason—treat all provinces equally. Well, I believe that the Chretien government did treat all provinces equally. The Province of Manitoba, from what I understand, could have opted in if it chose to. Fortunately, the Province of Manitoba did not opt in, and I applaud the government on doing that, on choosing not to opt-in, but it still raised a concern in terms of whether this is going to result in, as I pointed out, an increase in tobacco usage amongst our young people and increasing the smuggling of cigarettes.

My concern led me to questioning the Minister of Finance during the Estimates, because I felt that it was a legitimate concern back then. The Minister of

Finance (Mr. Stefanson) did respond to the questions, and I was overall fairly pleased with the response.

If the Minister of Finance had chosen, he could have commented by saying, look, we have had a decrease in tobacco prices as a result of that, or that came about because of the dropping of taxes in the East, and then could have taken that opportunity to dump all over the federal Liberals.

Rather, Madam Speaker, and I applaud the Minister of Finance (Mr. Stefanson) on being straightforward and trying to take some of the politics out of that particular issue—and the Minister of Finance—and I advise the member for St. Norbert (Mr. Laurendeau) to sit down and talk to the Minister of Finance or read Hansard because it is already printed. He will find that—and using the Minister of Finance's word, I believe he said something of the nature of that it has been minimal, that it has not turned into what they had believed that it might have. [interjection]

I do not know why the member for St. Norbert is so exercised and wants to be able to say so much on this particular issue. All he needs to do is to talk to the Minister of Finance, and I am sure that the Minister of Finance will share the concerns that he expressed with me to the member for St. Norbert.

Madam Speaker, if this is in fact a bill that will accommodate the Minister of Finance and this government and move us that much closer in terms of eliminating as much as possible what smuggling there is currently going on from eastern Canada into the province of Manitoba, we would be in support of that.

That is the reason why, even without notice of this bill wanting to go into the committee stage, in fact we would be prepared to allow it to go into the committee stage as opposed to adjourning it today, because we do believe that we want to co-operate as much as possible with the Minister of Finance with respect to this piece of legislation and maybe possibly in third reading I will be able to add some more words if it is felt at that time that it is necessary.

Again, thank you, Madam Speaker, for allowing me to put a few words on the record.

**Madam Speaker:** Is the House ready for the question? The question before the House is second reading of Bill 24. Is it the pleasure of the House to adopt the motion? Agreed?

**Some Honourable Members:** Agreed.

**Madam Speaker:** Agreed and so ordered.

### House Business

**Hon. Jim Ernst (Government House Leader):** Madam Speaker, in light of the action that was taken by the House with respect to second reading on Bill 24, I would call the Standing Committee on Law Amendments for tomorrow evening, Tuesday, June 27 at 7 p.m. for consideration of Bill 24.

Madam Speaker, I move, seconded by the Minister of Finance (Mr. Stefanson), 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 La Verendrye (Mr. Sveinson) in the Chair for the Department of Government Services; the honourable member for Sturgeon Creek (Mr. McAlpine) in the Chair for Energy and Mines and the Status of Women; and the honourable member for St. Norbert (Mr. Laurendeau) in the Chair for the Department of Urban Affairs.

### COMMITTEE OF SUPPLY (Concurrent Sections)

#### GOVERNMENT SERVICES

\* (1450)

**Mr. Deputy Chairperson (Ben Sveinson):** Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Department of Government Services. Does the honourable Minister of Government Services have an opening statement?

**Hon. Brian Pallister (Minister of Government Services):** I am pleased to present the 1995-96 spending Estimates for the Department of Government Services. Although I am new, as you know, Mr. Chairman, to this portfolio, my research over the past several weeks has led me to believe that the department takes a great deal of pride in the level and the quality and the cost effectiveness of the services that it provides. My review of the Estimates package compiled under the excellent guidance of my predecessor, the Honourable Gerald Ducharme, confirms that extensive efforts have been made to minimize expenditures and ensure the government attains its goal of a balanced budget.

With the Chair's permission, I would like to highlight some of my department's recent accomplishments and plans for the coming budget year. An Accommodation Cost Recovery system was implemented in 1993-94 and applies occupancy cost to all government programs based on the type and location of space they occupy. In doing so, it ensures departmental program costs are realistic and provides departments with the incentive to minimize their space requirements. In 1995-96, the two-year task of adding institutional premises to the inventory of space will commence.

Property Management is responsible for maintaining all government properties. This includes provision of energy management services, payment of utilities, cleaning, maintenance, security, parking and lease administration.

Efficiency and environmental initiatives for 1995-96 include use of state-of-the-art communication technology to monitor building mechanical and fire alarm systems from remote locations, participation in Manitoba Hydro's PowerSmart program, installation of water-savings fixtures in designated buildings to further reduce water consumption by an estimated 760,000 litres, developing cost-comparison models between government buildings and buildings in the private sector, paper recycling expansion to include boxboard and magazines, reducing landfill requirements by an additional five tonnes. Currently, the program involving standard office paper reduces landfill requirements by 2 percent and produces annual revenue of \$10,000.

Expanding the department's composting program by two additional locations to divert an additional 10 tonnes of waste away from landfills. Composters have been in use for the last three years for disposal of biodegradable waste such as kitchen waste from food processing at several government buildings.

This division is very active in TQM, total quality management, encouraging personnel to participate in the decision-making process. In 1995-96, 25 employee work-improvement teams will be created to resolve workplace issues with the aim of improving service and ensuring client health, safety, and satisfaction is maximized.

The Supply Division is responsible for government air services, office equipment, purchasing, materials, telecommunications, mail, land management services and vehicles.

A review of Air Services was completed in 1994-95, and I am happy to report that the organization's fire suppression and air ambulance program was found to be one of the most efficient, effective and safety-conscious in Canada. Some refinements were identified and are currently being implemented.

Office Equipment inventories and maintains all standard government office equipment. Beginning 1994-95 their responsibilities increased to include maintenance of microcomputers. Technician training has been underway and will continue throughout the coming year.

Over the last year, Purchasing participated in joint efforts to eliminate interprovincial trade barriers. In 1995-96, they will be implementing an open-bid electronic tendering system providing access to potential suppliers throughout Canada.

Telecommunications takes pride in keeping us at the leading edge of communication technology. During the last year they were instrumental in introducing a provincial backbone electronic data network. In 1995-96, they will be working with the Department of Education to develop and implement an interactive television education system. This will enable visual and audio instruction in rural centres from one central

location, while providing a feedback link between the teacher and the students.

Introduction of special operating agencies in provincial governments was pioneered here. Fleet Vehicles was the first in 1992-93; Material Distribution followed in 1993-94; and land management services will become one in 1995-96. Postal Services has been targeted as a candidate for 1996-97. Special operating agency status enables an organization to conduct its affairs in a businesslike manner. It provides increased management flexibility and ensures financial accountability through application of generally accepted accounting principles.

Charged with provision and control of accommodation for government programs, the Accommodation Development group has been very active in reducing the government's rent bill for leased space. Over the previous two years, through maximum use of owned premises and aggressive negotiations with landlords and property managers, lease costs have fallen by 3.4 million. Plans for '95-96 include further refinement of space inventory and examination of cost savings potential through colocation with other levels of government.

The Disaster Assistance group, composed of an Emergency Measures Organization and Disaster Assistance Board, provides the one-two punch necessary to fight any man-made or natural disaster the province may encounter. Emergency Measures handles the preparedness plans and assists local authorities in combating disasters, which the Disaster Board provides financial relief to municipalities and individuals who suffer uninsurable damage. These two organizations should be congratulated for the way that they have handled the severe flooding we encountered this spring and in the past year, and as well, the situation that they have encountered in recent weeks with the fires in the northern part of our province. Their diligence and their sensitivity to the needs of Manitobans has frequently exceeded expectations.

Mr. Chairman, I believe these Estimates reflect the government's pledge to a balanced budget while providing a high level of service to clients of this department. I would like to thank my employees. I

would like to thank my predecessor, the Honourable Gerald Ducharme, for his efforts and wish him the best of luck in his life after politics and after government, and I would like to thank our Premier (Mr. Filmon) for the opportunity to serve in this capacity on behalf of the people of this province. Thank you.

**Mr. Deputy Chairperson:** We thank the Minister of Government Services for those comments. Does the official opposition critic, the honourable member for Elmwood, have any opening comments?

**Mr. Jim Maloway (Elmwood):** I would first like to congratulate the minister for his recent appointment. I think that I would prefer to dispense with opening comments, because we have some territory to cover this afternoon and a limited time in which to do it. So perhaps we could head into the Estimates.

**Mr. Deputy Chairperson:** I thank the critic of the official opposition for those remarks. Under the Manitoba practice, debate of the Minister's Salary is traditionally the last item considered for the Estimates of the department. Accordingly we shall defer consideration of this item and now will proceed with consideration of the next line. At this time we invite the minister's staff to join us at the table, and we ask the minister to introduce his staff.

**Mr. Pallister:** Mr. Chairman, I would like to introduce our Deputy Minister Hugh Eliasson and welcome him to the discussion. I have enjoyed working with him, and I want to put that on the record, and I look forward to working with him in the future.

**Mr. Deputy Chairperson:** We are now on item 1.(b) Executive Support (1) Salaries and Employee Benefits \$369,200 on page 71 of the Estimates book and on page 17 of the yellow Supplementary book.

**Mr. Maloway:** On a point of procedure, might I suggest that we deal with the Estimates excluding the Minister's Salary as just one global appropriation and that we simply ask questions within the whole area of the department?

**Mr. Deputy Chairperson:** Is this the will of the committee?

**Some Honourable Members:** Agreed.

**Mr. Maloway:** I would like to begin by referring the minister to page 37 of the Supplementary Information book. That particular section deals with the Accommodation Cost Recovery. I note that there is a reference there that the department maintains a perpetual inventory of all government owned and leased accommodation indexed by occupant. I wonder when we could receive a copy of that inventory.

**Mr. Pallister:** Just for clarification to the questioner, Mr. Chairman. I just want to be sure we are working off the same page here.

**Mr. Maloway:** Page 37.

**Mr. Pallister:** Again for clarification, what was the exact information that the member was requesting once again?

**Mr. Maloway:** I was referring to the wording on page 37 of the booklet that talked about the fact that the department maintains a perpetual inventory of all government-owned and leased accommodation indexed by occupant. I was asking the minister when I could receive a copy of this inventory.

\* (1500)

**Mr. Pallister:** I have available right now a space inventory report which contains information, I believe, that would satisfy the member's requirements, including the building type and location as well as the landlord and the annual budgeted cost for the coming year. We can certainly make that information available to the member.

Also, I should at this time introduce Assistant Deputy Minister Bill Kinnear of the Accommodation Development branch of our department and thank him for being available.

**Mr. Maloway:** The minister made reference in his opening remarks to his department's aggressive, I guess, attempts to cut the lease costs. They have been reduced by I believe he said \$3 million over the last year.

Could the minister describe for us the methods by which he is able to reopen the leases and get reductions?

**Mr. Pallister:** This will not be an exhaustive list for the member, but some of the techniques that have been utilized include maximizing the use of government-owned space where prior to that time it was leased space; consolidating government's operations into making more efficient use of space as a consequence of that; as well, a program whereby we have looked at entering into longer-term leases given the current situation in the market in terms of leased costs. It appears to be at something of a lower cost situation right now.

So entering into longer-term leases should result in lower cost to the taxpayers and the government over the years ahead. As well, in certain instances, where appropriate, offering to exchange the terms of the lease prior to the completion of that lease to the landlord, giving them the option to provide a rate reduction in exchange for the preferential rearrangement of the lease to result in lower cost to government and the ratepayers as well.

**Mr. Maloway:** Mr. Chairman, so is the minister indicating then that his government has been proactive then in approaching as the market dropped on commercial leasing, that his department people went out and approached the private owners of the properties and requested—I am just wondering what the procedure they used to entice the private owner into negotiating, because I would think that if I was a private owner with a long-term lease with the government, I would not return the phone calls.

**Mr. Pallister:** In short, yes. I think the answer for the member would be yes. This government through this department has been proactive in pursuing more beneficial cost arrangements for properties that we do lease. As well, we have, I am told, been in contact with all major property owners that we lease from in an effort to encourage them to enter into arrangements that would be mutually beneficial, of course, to them and that they would procure longer leases with us and we would procure lower square footage costs for the space that we do occupy with those landlords.

**Mr. Maloway:** Mr. Chairman, I know that in the material I did see some figures indicating what the government was spending on private leases versus government-owned buildings. Could the minister give me those figures again and indicate whether the ratio between private and government is roughly the same as it was a few years ago, or is it widening? If so, in whose direction?

**Mr. Pallister:** While we are gathering that information, I will give sort of a preamble for the member, if I can, of the lease budgets, say, commencing back in '90-91 year over year, and we will start with that information for the member. This would be adjusted to constant dollars, 1994 dollars, for the member for Elmwood (Mr. Maloway). The costs '90-91 for leased space were 21.1. If the member wants more specific detail, I would be welcome to share this with him, but just giving him year over year: 21.3 in '91-92, 21.4 in '92-93, 19.7 in '93-94, 18.3 in '94-95. Now that would be your lease budget figures. We will get the other information the member has requested here. We are looking for it right now.

This perhaps would be of interest to the member as well. As for the actual leased accommodations portfolio in total and where in fact we do lease space, in which areas of the city and province, in terms of where the space is actually located physically as a percentage, in the central business district of the city of Winnipeg itself, 28 percent of total leased accommodations lie in that area.

In the area of transition—roughly just to clarify, when we refer to the central business district, that roughly takes in the space from the core right to Memorial—and from Memorial Boulevard to St. James and then from St. James out. So the transition area between Memorial and St. James, the percentage of space there, 20.6 percent; and from St. James out to the Perimeter, 18.5 percent, and, in the rural, the percentage, 32.9 percent.

**Mr. Maloway:** Mr. Chairman, just so I can get my thinking straight on this. Was the minister saying that the government is paying roughly in the neighbourhood of \$20 million to \$22 million for leased space. Does that include privately leased space and government-owned space?

**Mr. Pallister:** Just to answer the member's earlier question, I apologize for the delay in the information, but the percentages have remained roughly the same over the years because there has been the sale of government-owned properties as well. So that column has come down at the same time as total leased square footage has come down, but, in rough terms, the leased space, square-footage-wise, about 1.5 million square feet is leased, about 7.4 is owned. Roughly 20 percent of total space would be leased space.

\* (1510)

**Mr. Maloway:** Mr. Chairman, so the \$21 million that is spent leasing space then, what percentage of it would go to privately owned leased space?

**Mr. Pallister:** Just to clarify, I believe the number would be in the area of \$18 million, and that cost represents the cost paid for privately owned leased space. Now, in terms of costs paid for government-owned space, we have a cost-recovery program which is an internal self-funding type of concept and is not alluded to in these figures.

**Mr. Maloway:** Mr. Chairman, the cost per square foot and so on that the minister is able to obtain from a private landlord then is not, I guess, the cost per square foot of the government space, is not in any way reflective of what the minister is able to get the space for on the private market, is it?

**Mr. Pallister:** In answer to the member's question, I am told, and I believe that this would be accurate, what is done in the area of cost recovery is that a market value is attached to the property itself. Allowance is made for the invested capital in, for example, leasehold improvements in the property, and then the charge transferred to the appropriate department is reflective of those values. So I think it would be reasonable to say that this attempts to duplicate, in some respects at least, the method of procuring property from the private sector and the method of pricing that occurs in a free-market economy.

**Mr. Maloway:** Mr. Chairman, the minister is telling me then that the procurement of the government-owned space then generally follows what he is able to get on

the private market. If the private market drops, then they have to readjust their basis for the public portions of it. Otherwise, it will be out of whack.

**Mr. Pallister:** The rents that are cost recovered from the appropriate departments for which property is leased are reflective of the market value of a property that is inhabited by those tenants. When accommodation cost recovery was put into place, an analysis was made of those properties involved and a fair charge based on the value of those properties was established. Now that principally was done approximately three years ago, and, similar to assessments done on a regular basis of properties, that will be reviewed as market values may have changed in the interim periods.

**Mr. Maloway:** Mr. Chairman, well, I assume the minister has that quote, "perpetual inventory of all government owned and leased accommodations indexed by occupant" with him. Can he give me a copy of that now so that I can take a look at it and maybe come back and ask some questions afterward about it?

**Mr. Pallister:** Mr. Chairman, we are searching to see what kind of detail we can provide the member on the owned space. I believe, at the very least, we can provide him with a breakdown by department of the square footage by leased and by government-owned buildings. I believe we have that information accessible here and can give him that. He also has available to him this list, or I can make it available to him. This, again, is all leased properties but does break down by location, office type, the actual landlord. It does have some good detail in it for him as well.

I will just forward this to the member for his perusal.

**Ms. Jean Friesen (Wolseley):** Mr. Chair, I wanted to ask some questions that I have already raised with the minister earlier in Question Period, in which he said he would investigate. These deal with the School for the Deaf.

I wonder if the minister remembers the questions that I asked him, whether he has been able to provide the information.

**Mr. Pallister:** Mr. Chairman, would it be possible to just refer to the section. If the member for Wolseley could do that, I will see what kind of information we have at immediate disposal to give her today. I do recall the question and will endeavour to provide what information we can on short notice today.

**Ms. Friesen:** Mr. Chair, it deals with the issues of the Pan Am Games, and they are moving into the old School for the Deaf. What I had asked the minister was what the cost of renovations was to the School for the Deaf. There had been, and I think it is repeated in the newspaper again today, the Winnipeg Free Press, that the government had estimated there would be a cost of \$4.5 million for the renovations to the School for the Deaf to provide for new needs to the School for the Deaf.

The government has also looked at Alexander Ross School, I understand, and is arguing that the cost of renovations for the deaf to Alexander Ross School will be \$2.5 million, and hence it is arguing that there is a saving of around \$2 million to the government in using Alexander Ross School in the future rather than the School for the Deaf.

The parents at the School for the Deaf are concerned that they have seen no further information on estimates for renovations at either school. I asked the minister in Question Period if he could provide further information for the Advisory Council on School Leadership on the basis of these estimates. What is included in the estimate of \$4.5 million? What is included in the estimate for the Alexander Ross School of \$2.5 million?

**Mr. Pallister:** Just for clarification, please, from the member for Wolseley, the figure \$4 million, I am not sure what that was made in reference to.

\* (1520)

**Ms. Friesen:** Mr. Chair, it is a number that is quoted in the Winnipeg Free Press this morning of an estimate of \$4.5 million estimated to be the amount of renovations to the existing School for the Deaf for the purposes of the deaf. That is, had they stayed in that building, the amount required to bring it up to new

standards required for new kinds of electronic communication, for example, was \$4.5 million.

The government argued that it could do the same kinds of things, I understand—and I may be putting words into your mouth on this—certainly that renovations could be undertaken at Alexander Ross School for \$2.5 million. Those were numbers which had been given to the parents, I believe, in the middle of April. They had asked, I believe, for further clarification on this and had been told that it was not possible.

I believe that the parents had also spoken to the officer in your department who dealt with Freedom of Information. It was not a formal Freedom of Information inquiry, but they had spoken to him or her and had been told that this information was not available but were not discouraged from applying for a further formal Freedom of Information inquiry.

I raised it in the House to see if there were some obvious explanations that the minister could provide. The minister undertook to take that under advisement and to look for the answers, so I am asking again, I think it is about a week later now, to see if the minister has been able to discover anything.

**Mr. Pallister:** Mr. Chairman, as I mentioned in the House to the member, I will undertake to get more detailed information for her. I will try to give some general information to her today and hope that it is satisfactory or at least generally accurate in its reflection of the situation as it exists today.

The issue, of course, around the Manitoba School for the Deaf is an issue that is an emotional one for many. It arouses a great deal of emotion in terms of those who have a lot of memories tied up in that facility, certainly those who benefited by the programs that were there over the years and also certainly because it affects young people with special needs, actually people of all ages with special needs in some respects. It is an issue that can arouse great emotion. Changing sites at any time can.

As far as the issues of the parents that the member alluded to, I understand the Department of Education

has initiated some discussion with the families that may be affected by changing sites.

As to the cost, which is, I guess, more along the lines of what the member is wanting to know, I am told that given various scenarios of renovation with that facility, costs to renovate the facility could range in the area of—and I accept the fact that this is a broad range—between \$4.5 million and \$10 million to renovate the existing facility, which is, as the member knows, a very old building, a beautiful building but very old, to accommodate the needs of those people who require the services provided in that facility.

On the other hand, the cost to renovate in the other location that has been mentioned, Alexander Ross School, in St. James-Assiniboia School Division, has been estimated—again I use the word "estimate"—at around \$2 million for those costs.

That is a general answer to a question that I know the member would like more specific information on. I can only say at this stage that there is discussion taking place. There have been proposals presented in the past, I am told. Beyond that, I am sure the member has more questions.

**Ms. Friesen:** Mr. Chairman, well, the only new piece of information that the minister has offered us is in fact that he is prepared to extend the estimate of the cost of renovating the School for the Deaf to \$10 million. I understand we are speaking in generalities there. I also accept the minister's perspective that there is a great deal of emotion around this issue. That is why I am asking the question again and again. I think now I must have asked it about four times.

The parents want, I think, to have a basis for the discussions. They feel at the moment that they do not have a basis for that discussion. What is going to be covered in the renovation that could be estimated anywhere from \$4 million to \$10 million? What is going to be covered in the renovation that will be possible with \$2 million?

I feel and I certainly sympathize with the parents extensively on this. They do not have a basis for discussion. It is no wonder that there is so much

emotion surrounding this issue when nobody is dealing from the same book and the same facts.

I try to put it again, Mr. Chairman, on the basis that the parents want some facts, they want to be able to compare apples with apples. They want to feel that they are being dealt with openly and they have some evidence and the same evidence that the government is dealing with on this issue. I would be happy to come back later in the Estimates process to discuss this if the minister is able to have his staff perhaps look at what further detail may be involved. We can come back to this perhaps at the end of this Estimates process.

**Mr. Pallister:** I believe the member is alluding to questions that the Minister of Education (Mrs. McIntosh) may or may not have—because I have not reviewed the discussions that took place in Education Estimates—undertaken to answer. The relationship question that she alludes to, in terms of the input that the parents she refers to desire, is one that would be best, I think, pursued along those lines and pursue the Ministry of Education.

As far as the costs, per se, of doing renovations, I think the member is aware that, again, in a general sense—I guess I have some personal experience in this because, in my own prior career as a business person, I undertook to renovate an old building in my community because I grew up in an old, two-storey brick farmhouse and kind of had an emotional attachment to those and did not want to see it come down.

I undertook to renovate, with the help of those who are much more skilled in that area than I, of course, an older home built in 1904 in Portage la Prairie and located offices in it. I can tell the member that on that small scale, in a building that just was a 1,500-square-foot building, that was a major undertaking, given the difficulties with the age of the building itself, the mechanical, electrical, plumbing requirements that entailed from that renovation. Just simply the fact that it was an older building resulted in the incurrence of a great amount of cost that might not have been the case had I proceeded, as a business person, with the construction of a new building itself. It is one of very few decisions I have made in my business career that I

might revisit had I an opportunity to do that, but I do not, so I will live with the decisions I made.

In that respect, though, I think there is a fairly valid comparison here. This particular building to renovate, generally speaking, would incur a cost for the taxpayer that would be—and I think the member knows this—much higher than would be the case for comparable square footage in another facility, not just in the sense of the structural costs themselves for the renovation but also in the ongoing costs, the operational costs.

The operating costs for a facility, for a building of the type that the Manitoba School for the Deaf building is, would be generally, very likely, around double the costs for the Alexander Ross School, so in terms of the actual costs incurred in operating a facility, continuing to operate a facility which is, as the member knows, one that is structurally designed to accommodate many more people than it currently provides service to.

\* (1530)

The current enrollment is, I believe, a little under a hundred. The member for Wolseley may know the exact numbers, and I would appreciate her sharing that with me. Of those students, only 15, I believe, are full-time residents of the facility. So circumstances certainly have changed from the historic operational requirements that building once had. The load that was put on the facility is very different, very lessened from what was the case. The actual setting within the building itself could very likely be described as—despite the emotional attachments that many have, and that is understandable, to the building itself, the memories they have of it, it would be very accurately described as an antiquated and outdated setting for those students.

There are certainly drawbacks any time a change like this is undertaken, and the member alludes to those drawbacks. Her concern for process is understood and accepted. The reality is that we want to concentrate on providing services in this department and certainly in others. The services we want to provide, in this instance, to the students who attend this facility are perhaps better delivered in another facility, and it could be, we hope, very much to their advantage if that could ultimately be the case.

**Ms. Friesen:** Mr. Chair, the issue of the number of students in the existing school is certainly one that has been raised from time to time, and there are, as the minister indicates, fewer than a hundred students, with a relatively small proportion of those in residence at the time.

But what puzzles the parents is that the Alexander Ross School accommodates 700 students, and so the issue of the number of students does not seem to bear on this particular case. That is one of the reasons they are so puzzled by the government's reluctance to put in front of them the very cost of renovating the two buildings to a comparable service level.

I do not think the issue of providing services to deaf students is in question, the government's intent, but the issue is that people are being asked to move, in their minds, at relatively short notice, and I know that the Minister of Education and Training (Mrs. McIntosh) has now agreed to meet with them on Thursday. They do want to have some inkling of, some evidence that the government is prepared to share with them, the information on the renovation of the two schools and what is to be provided for that amount of money, whether it is \$2 million or \$4 million, and we might as well stay with those two numbers.

I acknowledge also that when you are dealing with an old building, there are indeed always unexpected events. Most architects that I have dealt with—and I have dealt on a number of construction projects in renovation—the architect and the construction company will have a standard formula that they apply to old buildings, whether it is 15 percent or 20 percent of contingencies, for such events. So I do not think the old building argument perhaps is as clear cut as the minister wants to make it.

I repeat, I am looking for information on this. I am looking for information that the government already has and that I hope it is willing to share with a parents committee which is extremely concerned about the changes that they are being asked to make. So I leave it with the minister for now. We can come back at the end of the Estimates period, and we can see perhaps in half an hour or an hour what material is available on this that we can share with the parents.

**Mr. Pallister:** I thank the member for her comments, and I am pleased to hear her accept the basic premise of this discussion, which is that we are trying to provide better learning opportunities for the students at this school and that we are trying to do that in a more cost-effective way. Certainly, that is the case.

I am told that the actual space that would be utilized in the Alexander Ross School is less than half the total square footage of the current facility. Costs would be for operation alone, and I am not here alluding to the actual pedagogical costs associated with the school, but the actual operating costs—that would be the salaries for maintenance personnel, utilities costs, grants in lieu of taxes and so on—would be less than half of the current costs, recognizing that we can therefore reduce the cost to the taxpayer in specific terms, in specific reference to these operational facilities, by half at the least. There certainly is the cost benefit.

I think the larger concern that the member and I share is that the services on the pedagogical side, that the services that are being offered to these people are of the utmost quality and effectiveness. That, I am confident, will be the case when such a move occurs. The facility being certainly a more modern facility, the member alludes to the fact that there may be excess space.

I am told, in general terms at least, that in terms of the facilities that would be available when such a move occurs, those facilities would not be certainly out of line with similar facilities in other provinces in terms of the space and the quality of space that is provided for the provision of the service.

We would not be excessively using the taxpayers' dollars to provide for unnecessary quality learning environment for those people who are using the services of the school, but I thank the member for her interest in the issue.

I would say that certainly our department would be pleased to work with the Department of Education and with the member and others who have concerns. In consulting with them, we will be pleased to participate in any consultations that are deemed appropriate and necessary to achieve the improvements that everyone wants.

**Ms. Friesen:** What I sense is an answer, no, that you are not going to share any information with me or with the parents, through me, on the renovations proposed to either building. Now, am I being too harsh in that? Did I not hear that, or did I hear that?

**Mr. Pallister:** The member is being far too harsh, and it is unfortunately out of character, at least as far as my knowledge of the member's personality, is concerned. I very seldom have heard her be harsh like she has just been. I certainly have tried to share what information I could today with the member, admittedly in a general sense. I think the member knows that. I hope the member knows that it has been an honest attempt to answer her questions as best as is possible in today's circumstances.

I would suggest that the discussion that we have had, if she would share the information that I have shared with her today with the parents, rather than taking that back as a negative message, as a no, to the parents she has been in contact with, I would hope she would communicate it in a somewhat more positive fashion to those parents.

**Ms. Friesen:** Mr. Chair, what I will communicate to the parents is that the minister has shared some new information, which indeed he has, that the operating costs of the Alexander Ross School will be 50 percent less than the operating costs of the existing deaf school. I appreciate that as new information. I will certainly pass that on.

However, my questions on behalf of the parents have been related very specifically to the basis for the estimates for renovations to the School for the Deaf and to the Alexander Ross School.

As I said a couple of times now, I am prepared to come back at the end of Estimates. The minister has quite a number of staff here. Is it possible for the minister to provide further information on those estimates during the Estimates process. I have, as I said, tried to raise it in Question Period. Estimates is the alternative avenue that I have. I am now here again raising a very specific question, and I am looking, I guess, for a very specific answer. Will you be sharing further information or not?

**Mr. Pallister:** Well, certainly, the member should be aware that the function of our department essentially is to be the provider of space to government agencies of whatever type and to assist them in the appropriate design and maximum utilization of that space. That is our function.

\* (1540)

We are given information by the departments as to their needs, and the specifications of their needs, in this instance, are many and varied. We work with those departments to provide a space that is appropriate to the provision of the services those departments wish to provide, that maximizes the dollar that we invest, certainly, on behalf of the taxpayer and is cognizant of the need to deliver effectively the services of those departments.

In reality, in this instance and in many, the specifications that are provided to our department, because of the detailed nature of providing this service and many others, are largely in the hands of those departments as to design, as to layout and so on. Those are consultative areas, but as far as certain specifics—and I am not one who is knowledgeable, although I had the pleasure of working with a hearing-impaired student and a blind student, as well, which is not relevant to this conversation, but I certainly enjoyed the experience.

I am not an expert in those areas as far as the very specific and technical requirements that may exist around providing this type of service. That is not to say, certainly, that our department is not sympathetic to those things. We very much are, but we do work in consultation and take direction from others who have much more specialized and technical knowledge in those areas than we do.

**Ms. Friesen:** Mr. Chair, when the department looked at the School for the Deaf, it had in hand a package of specifications arrived at in conjunction with the Department of Education. On those specifications, specialists in a variety of areas from the Department of Government Services must have reached an estimate of that \$4 million or \$4.5 million. It was for A, B, C, D, X, Y and Z. That is what the parents want to know.

When the department looks at Alexander Ross School with a list of specifications from the Department of Education and the Department of Government Services, it is looking at the renovation of Alexander Ross School, X proportion of Alexander Ross School and achieving a final result of A, B, C, D, E and F. Where are the materials that would enable the parents to judge the comparison that has been made? Is it possible for the minister to provide those materials?

**Mr. Pallister:** Let us address the issue of service provision, because I think that is what the member is really alluding to. I assume, and I hope I am correct in this, that the first concern that the parents have is for a quality educational opportunity for their children. I would assume that they would want to know that this was not jeopardized by any change in site. Provision of the services would be assured in this respect.

I am told, and I can assure the member, that there would not be, given the general specifications as I am aware of them at this point, any threat to the quality of service being provided to the students, that is to say that any services provided at the School for the Deaf would continue to be provided at the new site.

As far as the cost of doing that, if that is the area of concern that the parents have—and I am not sure if that is what the member is alluding to—I am told and I have said earlier that the costs of providing the services as it relates to the structure of the building itself, the renovations, the ongoing operating costs for that facility, would in fact be less.

**Mr. Maloway:** Mr. Chairman, I would like to thank the minister for providing me with a list of the leased spaces. I would like to ask him whether this list represents 100 percent of the private leased spaces.

**Mr. Pallister:** Yes.

**Mr. Maloway:** Mr. Chairman, could the minister provide us—I do thank him for the list, but it only provides us with part of the information that I was looking for. Can he look at his records here and see whether he has the information on the square footage of each lease and the terms of the lease and what they are

used for, what departments are associated with each lease? [interjection]

I am looking for more information to flesh out this list that I have. I think it would be more informative if I had the square footage of each one of the leases and the terms of the lease and the addresses of the property or, alternatively, what department is using the space and what the space is being used for, the purpose of the space. Right now what we have is just a list of landlords—and I thank the minister for being so quick to provide the information. We just have a list of landlords here and annual budgeted cost, but we do not have the square footage, the terms, what department is using the space or the location in fact of the space.

**Mr. Pallister:** The member for Elmwood, for your benefit, we can provide you with a more detailed use of the space, that is, what service or function is being performed in each given area of space. I believe we have that information and can provide that to the member. This list that he has does represent 1.4 million square feet of leased space, so the member needs to recognize that some of the information that he asks for is—I do not question the member's desire for more information, but I guess I would ask the member to balance his desire for more information with the knowledge that it will take some time to compile some of the information that he has asked for.

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

Secondly, certainly in the case of specifics as to the terms of the lease that the member for Elmwood mentions, I hope he does understand that that type of information, I would say, is commercially sensitive at the very least, that is to say that a given specific piece of space comes available subject to the terms and provisions of a previous lease being available to the general public's knowledge, that would be a disadvantage potentially to Government Services, in our department, in arriving at an arrangement which would be most beneficial to the taxpayers of this province.

So we do not want to create a situation, in other words, where we provide an unjustified, an unfair

prejudice against the ability of our department to procure space at lowest possible cost for the taxpayers of this province.

\* (1550)

**Mr. Maloway:** Mr. Chairman, I specifically was not asking the minister for terms of each lease. If I was asking for that, I would ask you for a copy of each lease. I am not asking for that. By term, I meant whether it was a 5-year, 10-year, 20-year term.

**Mr. Pallister:** We will procure more specific information for the member as I give him the prologue—I do not know; I hear that a lot in the House lately—the prelude to the more detailed information.

I can tell him in a general sense that the average length of the terms of the leases has certainly increased in recent months as leases have been renewed. In fact, I believe, in the last two years, if I am not mistaken, we have undertaken to lengthen the terms of the leases and, again, in a general sense, with a view to lengthening terms and obligations of the taxpayer to hold and maintain that space at a time when market prices have been somewhat depressed, according to historical knowledge anyway.

This, of course, is always, as the member knows full well, a guess at the best of times, but, based on historical evidence, we believe that this will result in a more cost-effective holding of lease space on behalf of the taxpayer. If I have any more information here, I will share it with the member as it becomes available.

**Mr. Maloway:** Mr. Chairman, this list of leases, I assume, does not include any leases entered into by any of the Crown corporations such as the Liquor Commission or the Motor Vehicles.

**Mr. Pallister:** The member is correct in his assumption.

**Mr. Maloway:** I wanted to skip back a couple of pages to deal with subappropriation 8.2(c) Leased Properties. In that particular section, there is reference to the documentation of all leases and that the department administers the financial transactions and

the payments and so on for the leases. I would like to know, when the department is deciding on the length of a lease, and this is in reference to the special operating agencies that this government is spinning out in increasing ferocity here, is the government limiting its signing of long-term leases because of plans to further privatize bigger elements of the provincial service?

**Mr. Pallister:** No.

**Mr. Maloway:** Mr. Chairman, would the minister give us an idea as to the average length of these leases that are listed in this list that he has provided me with?

**Mr. Pallister:** Again, in a general sense for the member, but I believe this is what he is alluding to, the average length of leases that we are now in is five to seven years, whereas perhaps three years ago it was in the range of three to five. The increase in the length of the terms of the leases has occurred as a consequence of the fact that we are entering into a higher percentage of leases now which are of a 10-year duration, which naturally, as a consequence, would pull these averages up.

**Mr. Maloway:** Mr. Chairman, I would like to ask the minister some questions as they relate to purchasing in the department. There is reference that the purchase contracts represent fair and reasonable cost to the taxpayers, and there is reference to extending the competitive opportunity to all interested suppliers. I have a catalogue here that provides a list of all of the items, I gather, that Government Services provides to, quote, its customers in the government.

I would like to ask the minister whether he could relate to us how the government is approaching the procurement of the items for the government and how the tendering process, I guess, is working or works for the procurement of these products.

**Mr. Pallister:** Mr. Chairman, I would just like to introduce the ADM of Supply and Services, Mr. Gerry Berezuk, and thank him for being available today as well.

As to the tendering process, I will share with the member that we have commenced using an electronic

tendering process, a one bid system, OBS, as of April 1 of this year. As of that date, the primary source of opportunities for getting tender information has been through electronic means rather than the traditional means of mailing out hard copy tenders.

This OBS system has been in use at the federal level since July of 1992. In order to do business with Public Works and Government Services Canada, suppliers must subscribe to the OBS system. The federal government has been actively promoting this with the objective of providing a single source of service to suppliers. That will also, we believe, facilitate the implementation of the internal trade agreements that were signed in July of last year by First Ministers which will reduce interprovincial trade barriers in that respect.

The governments of Alberta and Ontario are also using the OBS system; Saskatchewan and Quebec will be joining it this summer; British Columbia and New Brunswick are currently discussing contract details. This system will include all goods over the threshold value of \$2,500—in western Canada that is our threshold—and nationally \$25,000, and all services over \$100,000.

There will be no cost to government to subscribe to the system. Information Systems Management Corporation, Ottawa will finance the system through suppliers' subscriptions. It should be noted that some hard-copy tenders will continue to be distributed, but these will be primarily for goods below that threshold of \$2,500.

**Mr. Maloway:** How then does this new system affect, say, a supplier in Portage la Prairie who perhaps had been supplying goods to the government in the past when he is now confronted with this OBS system that I assume requires him to become somewhat computer literate and compete with the big operators?

\* (1600)

I am just wondering whether this new system would tend to put small suppliers in smaller towns at a disadvantage because the minister is talking here about linking into the big centres in Toronto, and so on, and

basically opening up to procurement policy to what essentially will be, you know, perhaps even a tyranny of the big suppliers.

A big operator in Toronto will be able to provide, with the breakdown of the free trade among provinces, goods at a much lower cost per unit than somebody sitting in Gimli or Selkirk or Portage la Prairie will be able to so how is he going to adjust for, and are there any people in these smaller centres who are now at a disadvantage because of this OBS system?

**Mr. Pallister:** I believe the member need not quiver in fear with the anticipated demise of small business in our rural communities as a consequence of the OBS system. First of all, the cost to be on the system is \$130 a year. Secondly, there, of course, will continue for smaller suppliers under the \$2,500 threshold, the same system in place as was in place. So, if the member is suggesting status quo once again, that would be the case in regard to the smaller suppliers.

There would be no change so no reason to fear change there. However, I would think that one could be justifiably optimistic that rather than being limited to that particular service that one provided on the basis of being on a list and being notified when a tender in that category came up, rather than being confined to that subcategory of awareness, one would think, as is the case generally with the increasing information technology that is available to us in society, that this removes potentially some of the inhibitors to development in the small business sector in respect to the fact that small businesses would now in rural Manitoba and throughout Manitoba have access to the knowledge of other situations where they might be able to compete and provide service at a competitive rate and, therefore, have the opportunity at least to expand their market shares beyond those limitations that were at place in the past.

There is no doubt as well from the perspective of using the taxpayers' dollars, as we all do in government, that this is a far more cost-effective way for us to procure goods and services for the benefit of the taxpayer, by far more cost-effective in the sense that the traditional methods were at best piecemeal in some respects and at worst cost-ineffective.

Of course, there is a cost to be incurred on this user-pay basis, this \$130 to be online, but as any small business person knows, some things do not cost, they pay. This would certainly be one that I would expect any competitive small business person would put in that category.

This is a new way of doing business with the government because we recognized in our department that this was a change. Our department wanted to address the awareness issue aggressively and did so by having discussions initially and on an ongoing basis with trades associations, with chambers of commerce and so on, to promote the idea and promote the awareness of the idea and to make the small business community aware of the potential of the idea for furthering their own small business objectives.

I believe that the member will find, if he consults with business groups, that they are not only onside on this issue, but they are in fact unanimous in their praise and support of the issue and of the bidding system that we have as a jurisdiction introduced.

Certainly the member knows full well that there is a tendency among all of us to be afraid of change. The member also should know that those who are successful in the small business sector tend to be less afraid of change than the general public might be aware and that is the very reason for their success in many cases, that they are willing to accept the need to change and accept the challenges that go along with that change and have done that in Manitoba in increasing numbers. I guess this is why we see so many of the good things that are happening in small business sectors in this province, a credit to the attitudes of these people in small business.

**Mr. Maloway:** If one of the departments wants to order some products, are they required to order all of their products out of this little catalogue that you send to them or can they purchase the products if they can get them cheaper? Can they purchase them locally or can they purchase them from another source or must they deal with your little catalogue here?

**Mr. Pallister:** The short answer to the member's question is yes. The long answer, however, is what I

will have to give him for clarification, I guess. The member is referring to our Materials Distribution order book, for lack of the correct phrase, which outlines in some detail the goods solely that can be ordered through Materials Distribution.

Of course what we are trying to do here as a department is pass on the savings that accrue from intelligent purchasing in bulk and a great awareness of the marketplace and a great focus of our efforts on procuring the most cost-effective services. We are trying to pass those savings onto the government departments that utilize the service, and, by so doing, pass on those savings to the taxpayers of Manitoba.

That, it could be argued, has been the effective performance of this department to this date in time and that is why we have found that prices are generally lower, sometimes significantly lower, on a per order basis when we bring together various departments of government and consolidate our purchasing rather than do it on a piecemeal basis.

There are also, Mr. Chairman, significant savings to be derived by improvements in administering the procurement of the goods, invoicing and doing payments and so on in a central manner, but I guess our aim is to be the supplier of services by choice not by dictum. We will endeavour in our department to be cognizant of the individual needs and collective needs of all government departments in arranging for these services to be provided and do so with a view to being competitive in every respect in the services we provide.

There are opportunities where departments can, if they wish, order on a direct purchase basis where it is—the examples here would be where items are, for example, urgently required or—an example has been given to me which I am hesitant to put on the record but which involves—no, we will not allude to that, just suffice to say that if there is an urgent requirement for, say, a given paper product the member can be content in knowing that that particular office would be able to go out and procure that product. There are other examples I am sure that are better ones.

**Mr. Maloway:** I guess what I am trying to ascertain is whether or not it is a requirement that the people in the

departments purchase out of this little catalogue that they are given, or do we see departments shopping these products around in an attempt to get perhaps a better price somewhere else?

\* (1610)

**Mr. Pallister:** Mr. Chairman, generally, the answer would be yes. Departments will utilize the services of this particular agency. Again, the goal is that they would be doing that, certainly, by choice.

The member asked the question if departments can shop around. I am not sure if the member is suggesting that we go to a system which I believe was in place historically, where, essentially, each department did its own purchasing. If he is, I would suggest that that advice would not be heeded by this government or any other which was concerned about efficiency and effective purchasing practices in government. The simple fact is that would cost the taxpayer considerably more money.

But the reality is that departments do on occasion come across opportunities to make purchases which are beneficial and which are not—no department is expected to, I think, be on top of every single available product at every single time. For example, in the area of uniforms, we used to, through this agency purchasing, provide uniforms to certain of our departments, and it was found that the costs outweighed the benefits. We were maintaining stock which was far in excess of normal requirements due to the great disparities in sizing and so on and so forth.

It was not a cost-effective area for us to be in. There are companies that could provide that service more cost effectively. That was brought to our attention, and, as a consequence, we made the improvement in our service delivery that is common to, again, successful small business enterprises which is, we got out of something we were not doing well and stayed with what we do well.

**Mr. Maloway:** Mr. Chairman, well, can the minister tell us then, whether the department or the central purchasing agency then, what sort of a markup they provide on these products to the departments?

The point that I am getting at here is that if I am in a department, and I am given this little book to order from, how do I know that this is a reasonable price for the product? For example, toothpaste is listed here. Now, I am not certain why the government is buying toothpaste in the first place, but I am sure there are good reasons for all of these hundreds of pages of products that are here. I am sure there is a good reason why the government is buying these things, but how do we know that \$8.93 for this type of toothpaste is a good price?

How do we know that perhaps the government is not buying quantities of this product at a very good price and, in fact, is just artificially marking up the price substantially, so that at the end of the year, the department shows a big profit, but all it has done is it has overcharged for the product that it is providing to the department. That is what I am trying to get at with the minister.

**Mr. Pallister:** First of all, I believe what the member is addressing is something near and dear to all of us in this government, and that is the cost-effective delivery of service. The issue of administration will enter into this. To start with, suppliers issue one invoice on a monthly basis where appropriate, and most of the time that is appropriate, and we issue one cheque on a monthly basis. So, first of all, from an administrative standpoint, the efficiency of the system should be self-evident to the member.

Secondly, on the issue of whether the good is being procured at a beneficial price relative to the marketplace generally, there are routine price comparisons done with the marketplace on a basket basis; that is, where we will take a sampling of products and compare on that basis overall to ascertain if we are competitive. These price comparisons to date, I am told, have shown significant savings to government through the mechanism of centralized purchasing that this part of the department provides. [interjection]

It would vary. The member asks what is the markup on the product. In answer to that, I would have to say it depends. It depends on the specific product and the specific time when the specific question is asked.

I am not sure if it would be wise, I am pretty sure it would not be wise to have a system in place that could evaluate what the member is suggesting we evaluate, which is cost-effectiveness of every product purchased on a daily basis. I do not believe we have the resources to do that, but we do have the resources to determine on a regular basis that the goods that are purchased are purchased with a consequential tax savings to the people of this province. That is what we will continue to endeavour to do.

(Mr. Deputy Chairperson in the Chair)

Once again to the member, if on evaluation—and again, our goal here is to be the purchaser of choice. If a product comes to our attention in a routine price comparison or, of course, if it is raised by a specific department, and upon further examination cannot be purchased with resultant savings for the department, therefore for the taxpayer, then we will again, as do small businesses, focus our resources on the areas where we can be of greatest benefit to the taxpayer in providing the service in a cost-effective manner.

We will allow that service to be provided by others who can do it in a more cost-effective manner and that will assure us that long term we have a system in place which is deserving of the respect and admiration of other government departments and of other provinces who observe the way that we manage purchasing in this province.

**Mr. Maloway:** What is the level of profit that the minister projects then, based on this system?

**Mr. Pallister:** I will share some numbers for the edification of the member for Elmwood for our past fiscal year. Financial results in terms of total revenue generated, \$6,169,900; cost of goods sold, \$4,714,000; salaries, \$805,000; operating expenses, \$308,300; administrative, \$135,200; interest on long-term debt, \$60,400; and total income from operations, \$147,000.

In that particular year we had an inventory write-down because of the uniforms that I mentioned earlier to the member of \$111,800, so our net income in the past fiscal year, \$35,200.

**Mr. Maloway:** Mr. Chairman, I believe the member for Wolseley would like to ask a few questions.

**Ms. Friesen:** Could the minister tell us when the renovations to Alexander Ross School will begin?

**Mr. Pallister:** As soon as possible would be, I guess, the short answer for the member for Wolseley.

The negotiations, I am told, are moving along well between St. James-Assiniboia School Division officials and members of our department, and as soon as those negotiations can be finalized, then without delay we will proceed with the renovations necessary to bring the facility up to its functioning level.

\* (1620)

**Ms. Friesen:** Could the minister tell us, are the negotiations with the St. James School Division, which I understand from examining their records have not been concluded yet, for a lease or for a purchase?

**Mr. Pallister:** For a purchase.

**Ms. Friesen:** Mr. Chair, and is the purchase price included in that \$2.5 million that was made reference to in the Free Press this morning?

**Mr. Pallister:** I am at a disadvantage to the member not having viewed the Free Press this morning, and I just share with the member that I used to, but I do not anymore. I found my research efforts better directed in other ways. Nevertheless, the information that she alludes to, the amounts that we referred to earlier should be—I believe it was \$2.5 million she referred to—more than adequate to allow for the procurement and renovation of the school.

**Ms. Friesen:** Mr. Chair, I have just asked one of the staff to bring the Free Press so we will both be dealing with the same set of information.

Could the minister indicate—he did indicate in an earlier answer that less than 50 percent of the space at Alexander Ross school would be used. Could the minister tell us approximately how much of the space is going to be used? Is it 30 percent, 40 percent?

**Mr. Pallister:** The member is in error or I was in the statement if she is correct in referring to it. I was alluding, with the 50 percent, to the actual reduction in costs for the space and the actual space itself is less than half as well. The utilization of the space will not be half. It will be utilizing the vast majority of the space for the school itself.

**Ms. Friesen:** Mr. Chair, then I did misunderstand. I thought the minister had said less than 50 percent in reference to my argument that this was a school built for 700 students and there would be fewer than 100 students moving in. So we do have a school then, Alexander Ross School, built for about 700 students, which the department is purchasing and renovating for the use of the existing population of the School for the Deaf.

**Mr. Pallister:** That is my understanding, and as I alluded to the member earlier, I do not have the specific knowledge as to why greater square footage per student would be required, but I am sure that it would be fair to say, and I hope the member would agree with me, that if we were comparing the needs of the students of the School for the Deaf to the needs of the general school population, we might be accused of comparing apples to oranges in some respects. There are dissimilar needs, I believe.

**Ms. Friesen:** Yes, I think that is possible, and I think it is one of the reasons that the parents at the School for the Deaf and the advisory council that was formed were very concerned that there be what they call "deaf eyes." Look at the Alexander Ross School, and they do not believe that has happened, and their concern is, amongst other things, that this estimate has been developed without the use of deaf eyes, that the deaf community itself has not examined in detail the requirements for Alexander Ross School to be made appropriate for deaf education.

That is something I draw to the minister's attention. I hope he will have the opportunity to meet with the advisory council to understand what their concerns are about this renovation.

I wanted to ask the minister further, I understand that the negotiation with the St. James School Division is

going ahead for purchase and that the renovation will begin as soon as feasible after that. Is there an amount in this particular Estimates for that purchase and renovation, and which line would I find it on?

**Mr. Pallister:** Yes, there is, for the member for Wolseley, and you would find it in the Capital budget section 8.7, which details that project among many others. If the member likes, I could go through individually each separate Capital budget. I do not think the member would care to have me do that.

**Ms. Friesen:** No, that was not what I had in mind, but I am passing the minister at the moment the newspaper report, which he has not yet had the chance to see.

Could the minister tell me—I understand that the government owns the existing School for the Deaf, and, first of all, I wanted some confirmation of that. Secondly, the Pan Am Games staff has already begun to move into the School for the Deaf. I believe they are using part of the third floor for storage and that the staff room has already begun to be used for some office space. So I am wondering what kind of renovations the government is going to undertake for the accommodation of the Pan Am Games and where we would find that in this particular set of Estimates. What is the cost and nature of those renovations?

**Mr. Pallister:** The member is correct in her assumption that the government owns the School for the Deaf. That is true. The people of Manitoba do own the School for the Deaf. The Pan Am Games Committee is utilizing the space currently, some of the space at the existing site, though that space, I am told, will have access by a separate door other than the main entrance, but the Pan American Games operation, I am assured, will not impact on the ongoing operations of the School for the Deaf at this time, as most of their activities will take place after school hours.

The Pan Am Games Committee, being in their infancy, their space requirements are at a minimum level at this point in time, and I think it would be important—the member knows, that this is not a long-term tenant we are talking about for the site. Nevertheless, it is an important project, as we know, that they are working on, and they have up until now

worked out of their homes or have utilized some small space at the Sports Directorate in lease premises at 155 Carlton.

In terms of the cost of any renovations, the Pan Am Games Committee itself would be responsible for offsetting any costs or for assuming the cost that it incurs as a consequence of any renovations that it may take on.

**Ms. Friesen:** So there is no money coming from Government Services for any renovations to the School for the Deaf during the period that the Pan Am Games Committee is occupying that site?

\* (1630)

**Mr. Pallister:** Not quite. Any renovations specifically undertaken for the purposes of making space improvements for the use of the Pan Am Games Committee would be their cost, but with any building, and certainly with a building of this age, there may be ongoing costs incurred as a consequence of maintaining the building itself, and those would still be the responsibility of the people of Manitoba, just to clarify that point for the member.

**Ms. Friesen:** How does that operate then? I assume that grounds maintenance then, external maintenance, would still be the responsibility of the government of Manitoba. So, first of all, I guess, I would be looking for a clarification on that, is that the case, and then, secondly, the issue would be heating, lighting, the general upkeep and maintenance of a building. Is that the responsibility of Manitoba or is that the Pan Am Games?

**Mr. Pallister:** For the member, Mr. Chairman, the Pan Am Games Committee will be responsible for covering the operating costs of the space which they occupy, that is, utilities costs as well as cleaning costs. Their total operation is, I am told, seven people. We are giving them a deal while they are there in return for simply their offsetting some of the costs of holding the space.

**Ms. Friesen:** I guess there are seven people there at the moment. I assume that certainly, at least in the year of the games, there are going to be considerably more

people, and that it will be used for other purposes in the sense of greeting, hosting, those kinds of ceremonial occasions as well. I am also looking for the price of that deal. How much rent is being paid this year, and how is that accounted for in the Estimates?

**Mr. Pallister:** In the year of the Pan Am Games, the approximate staff complement that will occupy the space would be around 150 persons. The benefits to the province, of course, are, and the member is not addressing this, but it is worth observing, that hosting the Pan Am Games are considerable in many respects. We, on behalf of the taxpayers of the province, want to encourage that event to take place, and certainly to take place in this province.

So what the Pan Am Games Committee will do is cover all operating costs for the space which they occupy, which may be in excess of 75 percent of the actual space of the facility at its peak. Our staff will be regularly monitoring the utilization of space and ascertaining what a fair compensation amount would be for the committee to share in the operating cost. Certainly one should not, I suppose, be hypothetical, but in the absence of the Pan Am Games Committee in that site, we would be responsible for those costs, in any case, or largely for all of those costs. So that is the arrangement that has been made with the Pan Am Games Committee.

**Ms. Friesen:** In this fiscal year, the Estimates which we are examining, with seven people onsite, on and off, I imagine, the use of the third floor for storage, and the use of the staff dining room for office space, what rent is being paid for that? What is being recovered by the department?

**Mr. Pallister:** The Pan Am Games Committee is not paying rent. They are paying their own costs for items such as telecommunications equipment and phone, and so on. They are expected to, and will, pay their fair share of the overhead costs of the building on the basis of the percentage of the building which they occupy.

**Ms. Friesen:** I understand that the same principle then is to be observed in the ultimate year of the Pan Am Games when they are at 150 and it is being used for a much broader range of purposes. So is this essentially—

this then is a contribution, part of the contribution of the government of Manitoba to the Pan Am Games, and is this accounted for anywhere in the records of this department, or will it be accounted for?

**Mr. Pallister:** For this fiscal year, in answer to the question from the member for Wolseley, no. In future years, yes, but not specifically in terms of this department's Estimates, rather in general revenue. The funds will be procured from the Pan Am Games Committee, and they will be placed in general revenue.

**Ms. Friesen:** What is the department's, this department, which is responsible for the building of the School for the Deaf, what is the long-term plan for that when the School for the Deaf has gone, and when the Pan Am Games is over?

**Mr. Pallister:** The intention is to manage the resource and the facility itself in such a manner that it reflects the best interest of the taxpayers of this province, short-, mid- and long-term.

That being said, we would try to entertain, certainly encourage, offers to lease or to purchase the facility. We would look to maximize the potential benefits that would accrue to this province through perhaps entertaining offers for portions of the property, perhaps on a subdivision basis. This is speculative. We have shown several interested buyers through the facility. Beyond that, I think perhaps it would not be wise to discuss specific details as to potential purchasers at this time, but suffice to say, that is being pursued.

**Ms. Friesen:** What are the annual upkeep costs for the school? Where would I find them in the Estimates?

**Mr. Pallister:** Mr. Deputy Chairperson, \$740,000.

**Ms. Friesen:** Does that include external upkeep as well? Does that include the grounds and the exterior of the building?

**Mr. Pallister:** Yes, indeed.

**Ms. Friesen:** Does the department have an estimate yet on the annual upkeep of the Alexander Ross School?

**Mr. Pallister:** Yes, we do.

**Ms. Friesen:** What is that estimate?

**Mr. Pallister:** Somewhat less than half.

**Ms. Friesen:** Can the minister tell us whether those numbers come from the department's own evaluation of the Alexander Ross School, or does it come from numbers provided by the St. James School Division?

**Mr. Pallister:** These numbers come from our own evaluation.

**Ms. Friesen:** Has the minister inquired of the St. James School Division what the annual costs of that building were at a time when it was occupied?

**Mr. Pallister:** Yes.

\* (1640)

**Ms. Friesen:** Can the minister tell us what that is?

**Mr. Pallister:** The information the member is referring to was the cost of maintenance and overhead on the facility. That information was recently, I understand, supplied to the department because we did not have the go-ahead to proceed with the procurement historic lease.

**Ms. Friesen:** Is there a difference between the estimates of the St. James School Division and the government's own estimates of the cost of maintenance of Alexander Ross School?

**Mr. Pallister:** I am sorry, would the member—sorry about that, I guess this happens, does it?

**Ms. Friesen:** Yes, I think it does. My question was following up on the two earlier questions. Is there a difference between the estimates provided by the St. James School Division and those estimates conducted by the department itself for the annual upkeep and maintenance of the Alexander Ross School?

**Mr. Pallister:** I would assume there would be differences based on the fact that—I am told, not

substantial differences—but certainly there would be differences based on different heating requirements from year to year and the like.

**Ms. Friesen:** In its estimates for the Alexander Ross School, did the government include a residential component?

**Mr. Pallister:** Yes.

**Ms. Friesen:** Does the government intend to proceed with that residential component in the Alexander Ross School?

**Mr. Pallister:** Yes, subject to zoning changes.

**Mr. Maloway:** I wanted to ask a few more questions before leaving the Purchasing area of the department. I would like the minister to put himself in a position, again, of that little supplier up in Gimli or Selkirk or Portage la Prairie, who has been faithfully supplying the government for the last number of years and now he is faced with this new OB system that the minister has just brought in. The minister indicated that this little supplier is going to need \$130 a year, membership fees. What else is this little supplier going to need to get on the system and compete with these big operators out of Toronto, New York and other places like that?

**Mr. Pallister:** I believe the member is expressing concern on behalf of Manitoba small business people, that there is a concern not shared by the business organizations which they belong to, where the Manitoba Chamber and, of course, the Winnipeg Chamber have expressed support for the system. We are given to believe, that these groups are in touch with their membership and able to represent their views with reasonable accuracy in most issues, most of the time.

Certainly, this might be one where I would take your word for it, that their members are not only receptive to the available service, but also excited by the prospects of having access to other markets. We have anecdotal evidence that tells us that certainly in Manitoba not a few small businesses have expressed excitement at the fact that they are able to now bid on government supply contracts in other jurisdictions, whereas before, that was less the case or not the case. So, for example,

businesses may be availing themselves of the opportunities that exist in Saskatchewan or Alberta—not Saskatchewan, I am sorry, because Saskatchewan is just looking at this, but certainly Ontario and Alberta, to provide services or goods in other jurisdictions where they are competitive and able to do that.

The threshold the member refers to, the \$130 threshold, is a real one. Of course, there are other thresholds put in the way of small businesses. Certainly, I know when I was starting my business back in 1980, I remember starting out of my car essentially, and there were a lot of thresholds there, not least of which was traffic laws. One of the things that was a real threshold for me to overcome was the idea of hiring staff, and I was able, after three years of being in business, to go out and actually hire a person to be an assistant for me.

When I did that, I took someone who was a single mom with two children off the social rolls and exchanged a dollar that I hoped to earn with her in exchange for her good skills. It was a good trade and it worked very successfully. I am pleased to tell the member that this young woman worked for me for seven years and was gainfully employed in that time and is still gainfully employed as a consequence, at least in part, of the skills that she enhanced while working with me.

So there were thresholds that I had to overcome as a small business person, not uncommon with other small business people, great risks when small businesses hire people on, for example, in the hopes that they can increase their productivity and profitability.

One of the thresholds, I guess, that I had to overcome was this, that about two months after hiring that woman to work with me, I got a letter from the Finance minister of day. I believe his name was Kostyra, and I thought it was perhaps because I had created a job. I thought that perhaps it was a letter of congratulations for creating the job, but it turned out to be a bill that I was asked to pay the government of the day.

I believe it was the government of the political persuasion of the member for Elmwood (Mr. Maloway). It was a bill for employing people. I think

it was called a payroll tax. It was a wee bit of a threshold, I must tell you. It was quite a bill and quite a discouragement to me. Of course, that tax did not result in any extra opportunities for my business. Rather what it did was that it simply leeches away part of my hard-earned gains, our hard-earned gains, in fact, because I had actually added a staff person.

It was kind of a discouraging thing at the time. I remember it very, very clearly as something that, initially, at least, dissuaded me or would have dissuaded most people from hiring again and creating more employment, a very unfortunate and poorly thought-out plan for gaining revenue by that government and one that I am sure that the member for Elmwood is not particularly proud of in retrospect, though we are all capable of great wisdom in retrospect, I suppose.

The threshold, however, that the member refers to here of \$130 does have coming with it opportunities for additional profit and additional service provision. It might be deemed to be, rather than a cost or a waste, as would be the payroll tax in the minds of virtually every small business person I have ever talked to, this might be viewed rather as opening the door to further opportunities for small business people in this province, and I would think it would be something that the member, I would hope, would encourage, as do the various business and trade associations in this province, encourage their membership to be aware of this and to avail themselves of the opportunities that it presents.

Certainly, we have had now about 1000 small businesses in this province register for the OBS system, and that uptake alone would be indicative of the attitude that Manitoba small businesses have, that this is an opportunity that they want to avail themselves of.

**Mr. Maloway:** I really do not know what that lengthy monologue had to do with my initial question, but I will ask the minister again. I would like to know just what a supplier, a little supplier in Selkirk or Gimli, needs to get on this system other than his \$130. Does he need a computer? That was my question. What does he need to get on the system, and has this system been advertised? Clearly the minister is evading that question.

\* (1650)

I do not think this program has been advertised at all, and far be it for me to encourage this government to waste any more taxpayers' money on these photo-op advertising programs that they ran over the last year, but it seems to me that there has to be some sort of a method by which the minister could communicate to all the potential suppliers in Manitoba that he has gone on this OBS system, and not simply rely on the activity or nonactivity of business organizations. There are lot of small business people in this province who are not members of these business organizations that he is alluding to, and how would they know about these programs?

As I said, my overriding concern here was that in the long term, the small suppliers in the little towns throughout Manitoba and throughout the rest of Canada are going to be beat out by the big operators operating out of the large cities in the East, such as Toronto and New York. We are going to be procuring goods from these big centres at lower costs, and we are going to leave ghost towns in our wake. We are seeing that with the small car dealers right now. That is happening because the big car companies are forcing the little guys out of the way.

Now, I assume the minister now has the answer to my question.

**Mr. Pallister:** The member purporting to represent small business and rural communities is incorrect in a couple of his assumptions, but I will get to that. First of all, yes, small businesses who wish to be part of the OBS system would require a computer, a PC and a modem.

In terms of the threat to the small businesses of rural Manitoba of this threshold, once again, the member should be aware that approximately one in four of the dollars that we expend in purchasing, even with the introduction of the OBS system, is still done by the old method because the amounts are below the thresholds that the member and I discussed earlier.

As far as a number of the other vicious, politically motivated swipes that the member took at me and at

this government, these are pretty much like water off a duck's back to me, having heard them before.

I will tell the member that, certainly, in terms of promotion or creating awareness there have been great efforts made by the department in that regard. Presentations were made. I know a presentation was made to my hometown's chamber by a representative from the department, and certainly by others, to other chambers of commerce. A letter has been distributed by the Manitoba chambers, through their organization, to all members. There are in place right now—this includes again Portage la Prairie, which the member referred to as an example—17 rural chambers who have centrally housed the modem and PC for the benefit of their members so that in fact those members do not have to necessarily purchase that equipment. They can utilize the services of their local chamber. Now that is in place, by the information I have here today, in 17 rural chambers currently.

We have been in the process of working with these business organizations and with the rural communities to increase the awareness of the opportunities that this presents to them and to encourage, of course, their participation. As we believe, and I am sure the member would accept this, there are opportunities out there for small businesses to avail themselves of these exciting bid opportunities in providing services to governments, not just in this province but outside of this province and federally.

**Mr. Maloway:** Mr. Chairman, could the minister provide us with a list of suppliers then who are currently supplying the department?

**Mr. Pallister:** The member has asked for a list of suppliers, and, just for clarification, I believe he is wanting to know specifically which suppliers Purchasing has in the past used to supply the government with goods, services. Consulting, as well, I expect, would be on that list, or is that a separate—

**Mr. Maloway:** Yes.

**Mr. Pallister:** On a limited basis because it is done by other departments as well, but, in terms of goods and services, we have a list of 6,000 suppliers which we

can make available to the member in large print and make that opportunity available to him to peruse that list in great detail and encourage him that if there are any businesses that he is aware of that are not there on that list that he thinks might be able to supply us with a good or service that would benefit the taxpayer through a competitive price, naturally with consistent quality, we would encourage him to (a) make that business aware of the opportunities available to it by participating in the OBS system and (b) encourage that business to notify our staff and our department of the type of work or service that they do and get them involved in the business of doing business for the taxpayers of this province.

**Mr. Maloway:** Mr. Chairman, has the minister considered then the possibility of sending a letter to registered businesses in Manitoba advising them of this OBS system? You know, I appreciate that the minister has told us that the chambers of commerce are informing their members. I just point out to the minister that the chambers of commerce by no means represent huge sections of the business community, and, in fact, that the minister should make some attempt, I think, without resorting to expensive television advertising campaigns—I do not want to give him any ideas there—but perhaps suffice to say that a letter directly to businesses who might be interested in the OBS system would be appropriate. I just ask the minister whether he would consider that.

\* (1700)

**Mr. Pallister:** I remind the member that as it is in business so it is in government and in politics, that when one advertises, for example, in the political realm, the advertising will only be successful if there is a quality product to be advertised. This is why advertising done by the opposition party in the election was less than fruitful for them.

The reality is that the vendors we have that provide service to us, that participate in the tender process with our government have been notified. Anyone who has participated in the traditional hard-copy tenders is aware of the OBS system, notices are still being included with the hard-copy tenders to remind vendors of that fact. The member, I believe, made reference to

the business groups, I think specifically the Manitoba and Winnipeg Chambers of Commerce as not being representative of business—

**Mr. Maloway:** Of all of the businesses.

**Mr. Pallister:** That is an unfortunate reference that I have not found to be accurate in my experience in dealing with those organizations, but perhaps the member would like to specifically allude to examples where those groups have taken a position that was contrary to their memberships' view.

**Mr. Maloway:** Mr. Chairman, the minister is misrepresenting what I said. All I said was there are a tremendous amount of businesses who are not members of chambers of commerce, and if they are not members, then presumably they would not know about this OBS system if in fact he is advertising directly through the chambers of commerce. That is all I am saying. If he wants to get to all the businesses then he should just simply send a letter out to all of them letting them know about this. But, suffice to say, I do not gather that he is going to do this, so people will have to find out as best they can.

Now, Mr. Chairman, I would like to ask the minister about the board of directors that is in charge of the special operating agency. Could he tell me whether this particular special operating agency has a board of directors at this point?

**Mr. Pallister:** The member asks if Purchasing has a board of directors and Purchasing is not a special operating agency, just for clarification for the member for Elmwood. Materials Distribution as a special operating agency has an advisory board, and if the member wishes I could read through the list of the members of that advisory board.

The advisory board members include the deputy minister seated to my left, Hugh Eliasson, and Norm Fiske, Raymond West, John Hosang, Tannis Mindell, Robert Nicholls, Gerry Beresuk, Tracey Danowski. The last two are ex-officio members.

**Mr. Maloway:** Mr. Chairman, I wanted to ask the minister about the Land Acquisition Special Operating

Agency, and could he tell us the situation with regard to their board of directors?

**Mr. Pallister:** At the present time, with regard to the recently created Land Management SOA, we are utilizing the same board of directors as is the case with Materials Distribution SOA, but there are plans, I am told, to develop an advisory board specific to the Land Management Services SOA in the not too distant future.

**Mr. Maloway:** Mr. Chairman, could the minister give us an indication of the Land Acquisition SOA's activities over the past year?

**Mr. Pallister:** During the 1994-95 fiscal year the branch undertook 45 acquisition projects, negotiated and processed 211 acquisitions by mutual agreement and 16 properties by expropriation on nine different projects. This comprised approximately 393.5 hectares of land obtained at a cost of over \$2.3 million. Of the 211 total acquisitions, 201 were for the Department of Highways and Transportation. The remainder were spread among five other clients.

As well, the department carried out 69 real estate appraisals that were not part of the acquisition process. There are numerous projects that, as the member is aware, are being undertaken this year. Of course, given that our principal client historically has been the Department of Highways and given this government's enviable record for maintaining investment in infrastructure and capital investment, particularly in the area of highways, the member would recognize that there will be a lot of work to be done in the coming year on behalf of that department by this special operating agency.

As well, the branch closed over 2,000 backlog files affecting 269 registered survey plans during the past fiscal year. That gives the member an overview of the activities, I believe.

**Mr. Maloway:** Could the minister tell us how many cases of disposal were recorded over the last year?

**Mr. Pallister:** In response to the member, approximately 28 parcels were disposed of. The total

price paid for those parcels \$2.95 million plus approximately 180 parcels of abandoned railroad property which gets into a different area that I do not think the member wants more detail on.

**Mr. Maloway:** Could the minister provide us then a list of the acquisitions and disposals over the last, say, two years?

**Mr. Pallister:** Given the understanding of the member that it would take a little time to get that information, we can provide that information to the member.

**Mr. Maloway:** I would like to ask a few questions about the Fleet Vehicles Agency, which is, I believe, the first special operating agency of the government and one that they constantly refer to, at least the previous minister used to, as being an example of one that was successful.

Could the minister give us a rundown of the great successes of this special operating agency over the last 12 months, including its board of directors and a list of them?

**Mr. Pallister:** The board of directors is the same.

**Mr. Maloway:** Same as who?

**Mr. Pallister:** Same as for the earlier referred to for the Materials Distribution. That is the way it is the same. However, the ex officio staff reps are different, but we could allude to that. We can get into more detail if the member wishes on that.

The Fleet Vehicles Agency began operation on April 1, 1992, and it was the first provincial SOA in Manitoba and in Canada. It has endeavoured to streamline operations, develop system strategies, open lines of communications, train staff, connect with customers. After completing its second year of operation, it realized a net income of 1.9 million versus the .5 million estimated in business plan projections.

The agency manages a fleet of approximately 2,200 motor vehicles and leases these vehicles to government departments and to certain boards, Crown corporations, commissions and agencies on a permanent, seasonal

and pool basis. The agency provides a full maintenance lease service, including the payment of all fuel, repair and insurance expenses.

A new rate structure based on a combined, fixed and variable method commonly used in the vehicle industry was introduced in '93-94. The fixed component covers all capital, financing, overhead and insurance costs. The variable component covers fuel and repair expenditures. Previously, the agency just recovered on a per kilometre basis.

The agency has developed a mission statement which alludes to the overall objectives and goals of the operation itself. By most counts, the Fleet Vehicles Agency has been most successful in working towards the achievement of those goals. In the past year—well, overall, over the three years since the inception of the Fleet Vehicles Agency, it has worked with client departments to assist them in more effectively managing their resources. It has reduced the fleet size by approximately 500 vehicles—no small accomplishment.

It has obtained positive operating results in each of the first two years of its operation despite this major reduction in the fleet size. It has prepaid \$1.7 million of additional loan principal to help reduce future annual interest costs. It has reduced its '94-95 fixed rate charges on existing vehicles by 12 percent. It has reduced these rates by a further 6 percent for the coming fiscal year.

\* (1710)

It has initiated a program to provide monetary credits and sales recognition to rural dealers for the sale of government vehicles destined to operate in their locales. It has installed an environmentally safe, above-ground fuel and lubricant storage system. It has installed an integrated fleet and financial system employing off-the-shelf products and trained all staff in its use. This system will allow the agency and its client departments to better manage the vehicles under their control.

It has developed a service centre agreement that promotes a partnership with the private repair facilities

the agency utilizes throughout Manitoba in the repair and maintenance of government vehicles.

The Fleet Vehicles Agency is progressing, as I mentioned earlier, in addressing its critical success factors, and there is no doubt, as well, that during these first years, there has been something of a change in the attitude of those who provide that service. There has been a somewhat more entrepreneurial behaviour exhibited. I had the privilege and pleasure of touring the site recently, and I can attest to the good attitude that was present in that workplace, certainly on that day, and I would say there is a certain amount of deserved enthusiasm present there, as well.

There seems to be a greater emphasis on customer service, the bottom line, marketing and, particularly, doing the things that the Fleet Vehicles Agency has done since 1934 when it was created, doing those things better, doing them faster, doing them more cheaply.

**Mr. Maloway:** Could the minister explain then how it is that the special operating agency made \$1.9 million when it was only projecting a half-million dollars? What did it do, win a lottery? How did it get such phenomenal results when it was budgeting only a half-million dollars?

**Mr. Pallister:** Good management, and I am not sure what the member is alluding to. If the member would prefer that the agency did not achieve its goals, is that what the member is saying? Is the member alluding to this as an accomplishment? I hope he is.

**Mr. Maloway:** I mean, since profit is a measure of efficiency, I would say it is a fairly efficient company or efficient operation, considering that they budgeted to make a half-million dollars, and they made \$1.9 million. I am simply asking the minister an innocent question, and that is, how are they able to achieve such great results?

**Mr. Pallister:** Again, I would suggest that perhaps we can make available to the member, if he has not already reviewed it, the statement of goals for this SOA. I would say, in a general sense, that what is happening here is that the SOA Fleet Vehicles Agency is pursuing

a mission very aggressively and creatively. It is building a team approach within its operations that is resulting in it being very effective in the delivery of the services that it provides, and it is succeeding beyond expectation.

As far as the specific reasons for profit, apart from good management, some of the specific revenue areas where there has been somewhat more favourable results achieved than what was projected initially would be in the area of the disposal of vehicles where we—in the case of vehicle operating costs, it is a good example because vehicle operating costs are 11 percent lower than budgeted because of the fact, with the reduction of fleet size, amortization is under budget by about 15 percent.

There are fewer new vehicles being purchased, and so there is another reason for the increased profitability of this SOA. Total fuel costs, because of distance driven having decreased, is down by about 7 percent. Repair costs, again because of the reduced size of the fleet, are down about 18 percent. With all these costs down, the end result is increased profit. Administrative expenses, as well, are down below budget, about 19 percent. There are numerous reasons for that.

So those, in short, I guess, are the answers, some elaboration on the answers the member requests.

**Mr. Maloway:** I would like to ask the minister then. The minister makes reference to the replacement of some 348 vehicles in the fourth quarter of '95-96 at a cost of \$6.2 million, and I would just like to know how this system for replacement works. I assume it is a tendering system?

Could the minister walk us and talk us through this system as to how the system would work?

**Mr. Pallister:** In terms of the process, the member asks how is it that we purchase vehicles. There is consultation done with each department to determine what their needs are. The consultation is done with Fleet Vehicles SOA, and Dennis Ducharme is with us who heads up this SOA. There is then a follow-up joint development specification done. A formal issue of tender documents is done to the manufacturers, and

an assessment of each of those manufacturers' responses is done in terms of its relationship to the specifications, and the lowest price gets the order.

It should be noted that we do break up the orders, and I can give you more elaborate detail on that if you like, but it is not a single order that is placed. The orders are divided up, depending on the specific circumstances, to obtain the most competitive price on a single-case basis on occasion as well as for larger orders. Following the purchase, a program has been established whereby the base location where the mileage would be accrued is determined and then we have a program where we can give credit to local dealers in that region and have the decals—we have decals from most of the rural dealers that we can affix to the vehicles so that the auto dealer in that area gets a little bit of recognition for having the vehicle purchased through them.

The auto dealers, as the member may know, like to see their stickers on vehicles. So, we run that program as well and that is, I believe, run with all three of the major auto manufacturers, with their co-operation.

**Mr. Maloway:** Just so I can understand the process, I take it that the department asks the three major manufacturers for quotations, and the dealers are bypassed in that process. Is that not correct?

**Mr. Pallister:** In most cases, the manufacturers are dealt with directly by the SOA, but the local dealers are given the opportunity to get recognition and some credit for the sale, following the deal being conducted with the manufacturers.

\* (1720)

**Mr. Maloway:** Could the minister then tell us what sort of credit the local dealers get from the manufacturer?

**Mr. Pallister:** GM is \$150, Ford is \$100, Chrysler is no dollars. It is paid not by the government of Manitoba; it is paid by the manufacturer to the dealer.

**Mr. Maloway:** How does the auto manufacturer decide which dealer is to get credit? Do they take the number of GM cars and prorate them as to the number

of dealers, or as to the size of the dealers? This is a little confusing to me. I am not sure just how this system can operate.

**Mr. Pallister:** Basically, when we do the order, we advise the manufacturer as to where we will be running the vehicles, then the manufacturer will determine which of the dealers is given credit for the resulting sale, if it occurs, which would be dependent, of course, on the response to the tender.

**Mr. Maloway:** Let us say, for example, it is the City of Winnipeg. How will they then determine which one of the four dealers gets \$100 a car or \$150 a car that the minister has just related to us?

**Mr. Pallister:** The auto manufacturers would divide credits up based on their own arrangements, satisfactory to their own dealers within the city of Winnipeg. That would be their arrangement.

(Mr. David Newman, Acting Chairperson, in the Chair)

**Mr. Maloway:** Can the minister provide us with a copy of how this system works?

**Mr. Pallister:** Mr. Chairman, I think that is how the system works and, you know, hopefully that would give sufficient clarity to the member. It is not rocket science, as they say.

We offer an opportunity for auto dealers to be given recognition. This is particularly important, as the member knows, in rural locations, and is an opportunity that is available to the manufacturers, but beyond that we cannot mandate to the auto manufacturers that they avail themselves of this opportunity. It is one that is available. We do encourage it. It does provide some residual benefits to auto dealers throughout the province if the manufacturers choose to avail themselves of the program, and we encourage them to do that.

**Mr. Maloway:** Could the minister tell us then who does the repairs on these cars, the warranty work and so on that would be associated with the purchase of the cars?

**Mr. Pallister:** The member has asked, who does the warranty work? The dealerships designated as being responsible and accredited dealerships by the auto manufacturers are responsible for doing the warranty work at those dealerships.

**Mr. Maloway:** Right. I am not sure just which manufacturer's dealer was to be in receipt of the 150 and the 100. I know Chrysler was zero, but which one was the \$150 a car?

**Mr. Pallister:** General Motors. For clarification, regardless of the credit paid the manufacturer, and I could be corrected on this, but the manufacturer still designates a warranty obligation will be assumed by a certain dealer. If it is a Chrysler vehicle, it is a Chrysler dealer that assumes the responsibility for doing that work subject to their own arrangements with Chrysler manufacturing.

**Mr. Maloway:** Mr. Chairman, so let me get this straight then. A GM dealer in a designated area would get \$150 per new car plus would be assigned the warranty work associated with this new car for whatever time the warranty lasted. Is that not correct?

**Mr. Pallister:** That is correct if the work is covered by warranty, yes.

**Mr. Maloway:** Mr. Chairman, well, then, what has the local dealer done for this remuneration? I am trying to figure out what is the role of the local dealer. You are dealing directly with the manufacturer to purchase these vehicles. Now, what has the local dealer done to get this money?

**Mr. Pallister:** Nothing. The local dealers who are paid \$150 by General Motors have done nothing to earn it other than the fact that they have a General Motors dealership and that General Motors has made the decision to pay them \$150. I suppose, in compensation for selling direct outside of the dealership, to encourage a better relationship with their own dealers, General Motors has elected to pay that compensation to those local dealers.

**Mr. Maloway:** Mr. Chairman, if I were a GM dealer, I would be quite pleased with a situation like this.

I would like to ask the minister, when did the rebate program start?

**Mr. Pallister:** Perhaps it is not fair, but if the member were a GM dealer, I would buy Chrysler, I think. In any case, the actual program began with the 1995 model year.

\* (1730)

**Mr. Maloway:** So the minister, then, is telling me that this particular program took effect September of last year, September of 1994?

**Mr. Pallister:** Roughly.

**Mr. Maloway:** Could the minister then tell us how much money has been paid out under this program, given that it has been in operation nearly a year? The calculation should be easy enough, just base it on how many new cars you have taken possession of.

**Mr. Pallister:** Just to clarify, it is not a payment per se. It is a service credit allowance.

As I understand it, the dealers have an ongoing relationship with the auto manufacturers whereby they are given credits in the amounts we discussed earlier. This is not again an issue of concern to us from a fiscal standpoint in this government; it is a relationship issue between auto manufacturers and their dealer networks.

It is also true that, regardless which of the big three auto manufacturers, they each provide credit for the sale having taken place at the dealership which they so designate for the purposes of obtaining quotas or production requirements that may be necessitated by their relationship with the auto manufacturing company.

**Mr. Maloway:** My question is, how many new GM vehicles would this program apply to, and how many new Ford vehicles would this apply to? Chrysler, we are not interested in, because there is no rebate or credit attached to it.

**Mr. Pallister:** I am not quite sure I understand the member's direction here or interest in why we would

not be interested in Chrysler but would be in GM and Ford on a relationship issue.

**Mr. Maloway:** Because you said it was zero, there was nothing given on it.

**Mr. Pallister:** The fact is that this is the public's money we are talking about. This is money paid in the form of a credit by General Motors to their dealers and has very little, if anything, to do with the individual taxpayer.

It has something to do, certainly, with the auto dealers and something to do with the auto manufacturers in terms of their relationship with one another but is certainly outside of the purview of this committee or of the members of this House.

In terms of giving the member information on the number of vehicles purchased and from whom they were purchased, I can do that. In terms of dollar value, I will do it for the member from Elmwood rather than in terms of specific numbers of vehicles purchased, though I believe we could obtain more detail if he should so desire.

In '94-95 the summary of awards was as follows: Ford, \$1.468598 million; GM, \$3.226880 million; Chrysler, \$267,222; and various others in varying amounts. I think to give a longer-term perspective would be fairer, so I will give you also the summary of awards for '93-94, lest I leave the mistaken impression that an inordinately large amount of our purchasing is done through General Motors, based on one year's statistics.

In the '93-94 fiscal year, the actual General Motors purchases were \$1.3 million, roughly, while Chrysler was \$1.4 million and Ford was \$1.8 million, so I think the member can see we do not depend on one provider of vehicles specifically and solely.

(Mr. Deputy Chairperson in the Chair)

**Mr. Maloway:** I would still like to know the number of cars for 1995 that this program would be applicable to for GM and for Ford. As the member said, it would not be applicable to Chrysler.

**Mr. Pallister:** We can get that information for the member. We do not have the information here, but I think it would not be unreasonable to tell him the average cost of vehicles that we procure in Fleet Vehicles is, if I am not mistaken, in the area of \$17,500.

If he were to just simply do the division, he would ascertain fairly closely the actual number of vehicles that were purchased from each of those suppliers. For his edification, if he would be satisfied with that, that would be fine. If not, we will certainly be able to get him the more detailed numbers, though they will bear very close resemblance to the numbers that he himself on his pocket calculator will determine fairly accurately I think.

**Mr. Maloway:** Now for the vehicles for the city of Winnipeg. Let us take the GM vehicles, for example, in the city of Winnipeg. How would those be divided up? How would the rebates, the \$150-a-car rebates, be divided up among the dealers of Winnipeg, as divided by the number of GM dealers in Winnipeg or by the market share of those GM dealers in Winnipeg or by the section of the city where the car was being driven? What criteria do they use to decide the proportion of these \$100 rebates to these dealers?

**Mr. Pallister:** That would be up to the manufacturers and their relationship with the auto dealers to determine how that was distributed.

**Mr. Maloway:** Has the minister had any complaints from any of the local car dealers regarding this program?

**Mr. Pallister:** No, we have not. To the contrary, as the member has mentioned in his own comments, if anything, I would think that this is found money for the auto dealers specifically in terms of the \$150 and \$100 fee. It is found money for auto dealers with GM and Ford respectively.

As well, in terms of the credits, giving the credits to the dealers, I believe that also would have some type of monetary value in the overall scheme of things, though not having operated or owned an auto sales outlet, I cannot testify to that with certainty. I would assume

there would be certain monetary benefits to being credited with sales by the dealers, as has recently become the case with the companies that we deal with here.

**Mr. Maloway:** The minister has indicated that the dealership that services the car gets the credit, so could he not tell us which GM or Ford dealerships in Winnipeg got the credit by simply determining who is designated as the service outlet?

**Mr. Pallister:** I have undertaken to the member to provide him with more detailed information and we will do that. The information that he requested, I believe, was which of the dealerships got credit from GM and Ford for sales. The same data we will prepare for him will tell him who has the obligation, of course, to supply warranty work, which was the question he just asked. So I have undertaken and I will provide that information. Our department will put that together for him, and that will answer both those questions, I believe.

**Mr. Maloway:** That is right, Mr. Chairman, because, potentially, we could see Ford or GM in Toronto divvying up the credits, I guess, based on just who they want to give the credits and warranty work to, and so you could have a situation where people, civil servants in a certain department that maybe had a hundred cars, would find that they would be driving across the city because they would be assigned a dealership on the opposite side of the city to get their warranty work done.

Now, is that what is done, or does the person simply go to the nearest dealership to get the warranty work done?

**Mr. Pallister:** Yes, certainly, the member raises a good point. The proximity to the dealerships and the anticipated locale where the vehicle would be driven are taken into account when the arrangements are entered into with the auto manufacturer, so that is a factor that we do deal with. There is further detail we could get into, I suppose, with regard to the warranties themselves, but I want to assure the member that that is a factor that is, indeed, taken into consideration when vehicles are purchased.

\* (1740)

**Mr. Maloway:** So what the minister is saying then is if the vehicles are located in the south end of the city, then they would all be assigned to the nearest Ford dealer in that area and that it would not be apportioned equally then based on (a) the number of dealers or (b) the volume produced by each of these dealers. It would be just a simple factor of going to the nearest dealer closest to where the civil servants work.

**Mr. Pallister:** I think the member may be confusing two different issues. It is probably as much my fault as his. The two issues are the issue of credits and the issue of warranty work. On the issue of the crediting of the sale, that, indeed, can be separate from the warranty work.

The warranty work, itself, will be done by any dealer, and the dealer in closest proximity to the individual driving the vehicle, or if it is the case of a breakdown I would assume in the closest proximity to the breakdown, would be obligated by the nature of their relationship with the auto manufacturer to provide the warranty work to the government on behalf of the taxpayers of the province.

**Mr. Maloway:** So are you saying then that there is no assignment of warranty work, that the warranty work is done by whoever the driver of the vehicle wants to deal with?

**Mr. Pallister:** The process would be that, for example, if the member for Elmwood were, heaven forbid, a government employee and driving a vehicle and that member was to have damage occur or breakdown occur to a vehicle, he would contact the SOA, and he would advise the SOA of his location.

The SOA, in turn, would advise him of the garage capable of doing the warranty work that was the most convenient and most effectively able to deliver that warranty work to the driver of the vehicle.

**Mr. Maloway:** I understand that if it is warranty work that has to be done as a result of an accident or some situation that requires immediate attention then that is the proper procedure. But if it is normal warranty

work, where does it get done? Does the driver of the vehicle go to his or her favourite dealer, or does someone in the special operating agency tell, direct, where this work is to be done?

**Mr. Pallister:** I am not entirely sure I am clear on what the member is wanting to do here, but I think the reality is that we do allow, certainly for assist, government employees who are in operation of government vehicles, in determining where the most convenient, most suitable and appropriate repairs would be available, and that is done as part of the services that the SOA offers.

**Mr. Maloway:** So now the minister is saying that it is the option of the driver of the vehicle, not the special operating agency. I am trying to figure out who is directing traffic here. Now the minister is saying it is the person who has control of the vehicle. Is that what he is saying?

**Mr. Pallister:** The member says that I said something, and then asked me what I said. I did not say what he said I said, so now, perhaps, he would like to ask me another question.

**Mr. Maloway:** Is the warranty work, the decision that is made on the warranty, the normal warranty work, as to which dealership to deal with in the city of Winnipeg – is that decision made by the person who is driving the car, who is assigned the car, or is that decision being made by the special operating agency?

**Mr. Pallister:** The decision is the SOA's decision to make, but in keeping with the customer service orientation of this Fleet Vehicles SOA, it is done in conjunction and recognition of the wishes of the individual operating the vehicle because we recognize, as any small business does, and we have adopted a mentality that is common among successful small businesses, that the customer comes first. So it is our call, but we do it not in isolation from the individual wishes and needs of the person operating the vehicle.

**Mr. Maloway:** Now back to this found money that the dealers are getting per car, \$150 for every GM car, new GM car, and \$100 for every Ford car, this particular money. Why is the government not attempting to get

this money given back to the government in the form of a reduced price for the vehicle? I just do not understand what the reason is for this \$150 and \$100 found money that these dealers are getting for no other reason than that they happen to be in existence.

**Mr. Pallister:** The member expresses an inordinately large amount of concern around this \$150 that General Motors chooses to pay to their dealers for the government having purchased vehicles from General Motors. The only way that we would purchase vehicles from General Motors would be if they were successful in responding to a tender, if they were offered a more competitive price for a product that was suitable to specifications that we had outlined in conjunction with our department's needs, with various government departments' needs, in co-operation with the SOA.

In other words, it is none of our business if GM pays \$150 to their dealers, because our business is to procure the lowest possible price and have a suitable vehicle. That is our business, and that is what this SOA is doing very effectively. If, in other words, General Motors lands the tender, and then subsequent to landing the tender, makes the decision that it will pay \$150 to its local dealers in a manner that develops and improves its relationship with its local dealers, that would be General Motors' decision, and not the government of Manitoba's decision.

\* (1750)

**Mr. Maloway:** Are there any other similar arrangements with other manufacturers in which the government procures goods, services?

**Mr. Pallister:** If the member is referring to other similar arrangements that our SOA and the government of Manitoba have with auto manufacturers, the answer would be no. As far as other jurisdictions, none that we are aware of, but that does not mean to say such arrangements do not exist outside of this province.

**Mr. Maloway:** I am asking the minister whether a similar type of situation might be enforced for the purchase of computers, or computer equipment, or gasoline, or other products similar to this.

**Mr. Pallister:** We are not aware of any similar arrangements with other products at this time.

**Mr. Maloway:** The minister makes reference to conducting a provincial tour of private repair facilities throughout Manitoba to discuss service centre partnership agreements. I would like to know what this refers to and whether he could provide us with all of the relevant details.

**Mr. Pallister:** All?

**Mr. Maloway:** All of them. As long as it is not more than eight.

**Mr. Pallister:** I think, just to clarify generally, what we are after here is a better understanding of one another's needs and one another's requirements and one another's capabilities, so that there is that clear understanding of the expectations that our SOA has of the dealer and vice versa. For example, from our perspective, it is that the dealer understands the quality that we expect in terms of repair, that the dealer understands issues relevant to the access to certain parts; and, from the standpoint of the dealers, it is that they are clear and we are clear with them on the types of capabilities that they do have.

A basic example would be so that we do not send a repair to a certain dealer that is not capable of doing the work, wasting his time, wasting the time of the operator of the vehicle. You know, we are trying to establish a more informed relationship with our repair people across the province so that we manage the time of all concerned more effectively and are more efficient in our operations.

**Mr. Maloway:** The reference here, though, is to discuss service centre partnership agreements. What are these all about?

**Mr. Pallister:** The agreement that the member alludes to is simply, as I have stated, to outline in more detail the expectations of the government to the dealer and the dealer of the government. It simply enunciates—it is an understanding of the terms of the relationship, more than, I suppose, a formal legal document. It is one that just is descriptive of the relationship so that

both parties are more understanding of the nature of service provision and the nature of the services required.

**Mr. Maloway:** Mr. Chairman, are there any partnership agreements in force right now at the present time?

**Mr. Pallister:** Not at this time.

**Mr. Maloway:** The minister also makes reference to potential service to new public-sector markets. What does he mean by these new markets? Where are they, what are they and who are they?

**Mr. Pallister:** I think this Premier (Mr. Filmon) and others have certainly made efforts to increase the efficiency with which governments provide certain services and to reduce the likelihood of inefficiencies through such things as overlapping services being provided.

So the general thrust here would be that we are looking to do things very effectively, for example, with the Fleet Vehicles Agency. We are endeavouring to provide effective service at a very low cost to the taxpayer. We have had some success in doing that, I think, by most accounts, and so rather than having other levels of government attempt to duplicate the service that we provide most effectively here in Manitoba, in our jurisdiction, it would make some sense to have those services provided to other levels of government, rather than having them duplicated by other levels of government.

The simple fact of the matter is there are not really, when it comes down to your tax return, there are not multiple levels of government really. There is only one taxpayer. So we recognize that and that there is a single payer for these services.

We will try to effectively combine those services in such a manner, and this is in the ideal sense, to provide that service in the most effective way that we can to the taxpayer. So it is a sensible approach to trying to do things co-operatively in government and among governments at different levels, and also it may be relevant to Crown corporations and their requirements, as well.

**Mr. Deputy Chairperson:** The hour being 6 p.m., I am interrupting proceedings. The Committee of Supply will resume sitting at 8 p.m. this evening.

## ENERGY AND MINES

\* (1440)

**Mr. Assistant Deputy Chairperson (Gerry McAlpine):** Order, please. Will this section of the Committee of Supply sitting in Room 255 please come to order.

When the committee last sat considering the Estimates of the Department of Energy and Mines, the committee was discussing item 2. Energy and Mineral Resources (a) Energy Management (1) Salary Employee Benefits \$845,500.

**Ms. MaryAnn Mihychuk (St. James):** In terms of the Energy Management section, I have some questions. It was difficult for me to go through the annual reports and get a handle of what current projects are underway. The last annual report that I have is from 1993-94. Can the minister share, is that the most recent annual report?

**Hon. Darren Praznik (Minister of Energy and Mines):** Mr. Chair, that is the most recent annual report. This year's or this past year's report will be tabled in the House shortly. I think we are just getting it. We should have it back from the printers within the next few days.

**Ms. Mihychuk:** It would be very useful in terms of the Estimates process to actually have the '94-95 report as it would give us an indication of what projects are ongoing, what expenditures were the actual expenditures. Hopefully, in the future we could look forward to perhaps an earlier release of the annual report since I understand that the year-end is March 31, and it must be released by the end of June. However, given that we are so close to it, it would have facilitated the process had it been released somewhat earlier.

In terms of questions, I would like to ask the Energy Management section if they could articulate what changes there have been in terms of the overall department, in terms of staffing, and, then, perhaps we

could go into initiatives that the Energy department is taking on.

**Mr. Praznik:** First of all, I wanted to just say to the member that I do not believe there was a significant change between the two fiscal years in the work that department has taken on, but myself and my new deputy, with the manager of that department are undergoing a process now to review its operation.

One reality of this type of branch is that you cannot do everything, and, so, quite frankly, over the summer we hope to be able—and I know staff have been working on it diligently over the last number of months, I have been advised, in order to ascertain where they can be effective and where they have not been and what are the types of issues that this branch should be involved in and can effectively be involved in. Although there has been little change over last year, it is one of the projects we will be taking on over the next while to review the operations of this branch and to target where we want to be.

**Ms. Mihychuk:** Could the minister update us on the wind turbine operating project that was described in a short section in the annual report?

**Mr. Praznik:** I have been advised that that particular project which is the wind generation device you may see on Highway 59 near Birds Hill Park, was installed some time ago, and there were some mechanical difficulties with it that are part of any pilot project, one would expect, and those are being worked through.

\* (1450)

Again, I say to the member, one of the projects that I now have to undertake as a new minister is with this branch to decide where we are best able to be involved, because one difficulty, quite frankly, is the branch has had its fingers in a lot of different issues or a lot of different pies, in essence, and is it a good use of our resources? That is one of the questions we have to ask, and I do not have a preconceived answer for the member.

I would suspect over the next number of months, with the staff in the branch, we will be prioritizing

where our efforts should go as to where we think we can obtain some results and have some influence within the mandate of this branch.

**Ms. Mihychuk:** That is interesting, and I hope to see what areas we are going to focus on.

The Energy department was quite a vibrant section and had a considerable number of employees, so I know that they were looking at a wide variety of projects. I do know that the department has downsized, and there may have to be a re-evaluation. I do hope the minister keeps in mind the overall objective and we still try to make this an important sector.

Energy management is a very important thing to continue to work on, and it does require a certain amount of creativity and leadership. The department has always been able to take that role and these types of project, such as the wind-generating project and some of the other experimental projects they tried. I do hope that these types of programs can continue.

I do want an update on the ethanol projects that were going on, if the minister could.

**Mr. Praznik:** Mr. Chair, an excellent question and an excellent area. Just to put in context, I think the changes in the Western Grain Transportation Act that have been the subject of much discussion in the House and Question Period recently and certainly in the farm community, the effects of those changes are likely to revolutionize our agricultural industry, certainly the grain sector. Given the changes that are happening, the ability or the opportunities in ethanol production for Manitoba grain crops I suspect are greater in the next few years than they have even been before because of those changes. So it is potentially a very exciting area.

I share with the member that an interdepartmental Provincial Ethanol Committee has been established. Its mission is to develop a competitive business framework for sustainable ethanol industry in Manitoba. This committee recently prepared and published a brochure called *Establishing an Ethanol Business in Manitoba: What You Need to Know*. We have copies available. We have one now, and if the member would like a copy, we can certainly provide it to her today.

Work is continuing on a marketing study to determine potential for expanded new markets for ethanol. Work is also underway to review competitiveness of Manitoba's taxation system on motive fuels. This becomes a very critical factor, no doubt, because as the member recalls from our discussion with the railroads, our motive fuel tax which we reduced a budget or two ago is a factor in the cost of railroads purchasing fuel and operating parts of their operation in Manitoba. So that is currently an important part.

I am also pleased to indicate that I understand that Mohawk at their Minnedosa plant, in producing ethanol, is planning or is beginning an expansion estimated to be in the neighbourhood of about \$1.5 million. They have announced this expansion to their Minnedosa facility, and this expansion will include, we are told, the production of a new patented food co-product, Fibrotein, as well as an increase in ethanol production of approximately 2 million litres.

The province supported this development of the Fibrotein co-product with \$28,000 from the Rural Economic Development Initiative Fund, and as the member can appreciate, not just producing the alcohol but finding economic opportunities for the by-products, et cetera, just means a better operation, a more sustainable one.

Mohawk obviously leads the way, and the changes in the WGTA, Western Grain Transportation Act, are likely to create other opportunities here. We certainly want to see those proceed. This is also a significant priority for the Economic Development Board of Cabinet.

**Ms. Mihychuk:** I have a further question in terms of the ethanol. Are there other producers looking at establishing facilities in Manitoba?

**Mr. Praznik:** Mr. Chair, I have been advised that, and as the member can appreciate, I have only been in this portfolio a few weeks, so I have not been part, yet, of any of those types of discussions, but we have had interested parties from time to time. We have had Manitobans often in the agricultural sector, who are coming to grips with WGTA, exploring this possibility.

We do not have anyone who I would consider to be on the hook yet, to use a fishing expression, but I would expect with the WGTA changes that we will hopefully see some movement in this area shortly.

**Ms. Mihychuk:** Is this energy source one that could become a more significant contributor in terms of fuel consumption for automobiles and farm equipment? To what degree can we look forward to this fuel being developed?

**Mr. Praznik:** Mr. Chair, in answer to the member for St. James' question, currently in Manitoba, as the member is probably aware, ethanol is blended with gasoline in the proportion of one to 10, and that blend seems to be, under current technology, the right blend for efficiency.

\* (1500)

There are vehicles that can use up to 100 percent ethanol. The fuel value of ethanol is less than gasoline so the volume, of course, increases.

What we do not know today, and we have all been operating under the current regime, as the regime in agriculture changes with the loss of WGTA and the economics of grain farming change significantly, I would not be surprised to see some additional opportunities for ethanol and ethanol blends, and, of course, technology continues to advance, so this could potentially be a very significant product for Manitoba's grain industry.

The other exciting part of it, and where Mohawk has fit in, is the production of this by-product which I understand is used for animal feed. As we see a growth in our red meat industry in the province, again it is the sustainable option, the ability to produce alcohol from grain for fuel and feed the mash. So this is an area that has, I hate to say it, we politicians say it too much, great potential, but truly it does have potential, and one of the things we will be assessing in the operation of this branch is where we have to be in ethanol.

I can tell the member that ethanol will be one of those priorities we take on. We just want to get a handle on where the world is in ethanol and hopefully

continue to attract some advance opportunities for development in Manitoba of that product.

(Mr. David Newman, Acting Chairperson, in the Chair)

**Ms. Mihychuk:** I want to move now a little bit in terms of to the energy conservation side of it. Can the minister give us some indication of what the status is of the Sustainable Development Innovations Fund program?

**Mr. Praznik:** Mr. Chair, as the member, I am sure, is aware, the Sustainable Development Fund is not housed in this department, although we have a piece for which we are an agency that makes recommendations.

The branch does provide support to the Sustainable Development Co-ordination Unit through technical reviews of applications, as well as monitoring administration of the fund for energy-related projects.

Current projects provided for funding under the Sustainable Development Innovations Fund program have included the Manitoba Advanced House Project, which is being provided to implement a technology transfer plan submitted by the Manitoba Home Builders Association. This project explores new methods of designing and building energy efficient and environmentally responsible homes. I think this is an excellent area as we move into the future.

We also I believe have made, through this fund as a government, a contribution to the feasibility assessment of wide-scale use of geothermal technology. I guess in the vernacular the heat pump system. There have been some problems with heat pumps. I know for some who have not been exposed to them before that is a system of pumping water from the ground, taking out a certain amount of temperature and returning the water to the ground somewhat cooler. It also has the option for air conditioning putting heat into the water.

There have been some problems in this area. It is a very expensive system, but we have been committed to obviously working with that industry to see if the technology, et cetera, can be proven. There is some very potential savings to Manitoba homeowners and

industries. Going to geothermal and ground water is something we are very fortunate to have.

Another project was the electricity-generating wind turbine that we spoke about near Birds Hill Park.

That would be the three main projects that we have been involved in.

**Ms. Mihychuk:** Can the minister update us on the Manitoba R-2000 program?

**Mr. Praznik:** Mr. Chair, the Manitoba R-2000 home program, as the member may be aware, was a partnership involving this department, Natural Resources Canada the federal ministry, Manitoba Hydro, Centra Gas, and the construction association of rural Manitoba. The Manitoba Home Builders Association has made the decision to no longer participate or be identified as part of the R-2000 home program. I believe the reason stemmed from the warranty issue where the Home Builders Association wished a warranty to be included and the other partners were not willing or did not feel that was necessary and there was some disagreement.

I must tell the member that is an area I certainly want to explore as I take over this portfolio, because the involvement of that association—it is very significant. They are a major player, and it troubles me somewhat that they are not part of the program.

The department is administering, managing and leading the revitalization of the initiative in Manitoba. A contribution agreement between Natural Resources Canada and Manitoba Energy and Mines has been signed, I am advised. A trust account has been set up with the Ministry of Finance to handle disbursements of funds. A business plan, marketing plan, a builder research report and a consumer research report have been completed. Marketing and communications support services are being undertaken.

In co-operation with Workforce 2000, technical update sessions are being held throughout Manitoba for the certification of R-2000 builders and 87 R-2000 builders attended the sessions, I believe six sessions in total.

In 1994-95, R-2000 home enrollments totalled 42 compared to 22 in '93-94, and zero in '92-93. So we are making some progress.

**Ms. Mihychuk:** In terms of another home renovation program the government has provided a renovation program which works on a \$5,000 investment to get \$1,000 back. Has there been given any consideration to including some energy conservation measures that these projects I believe are somewhat wide open and it may have been a vehicle to encourage energy conservation?

**Mr. Praznik:** Mr. Chair, if I remember correctly that \$1,000 of assistance for \$5,000 of expenditure program was developed a year or so ago in the budget, one of the purposes of which was to stimulate a host of home repair activity primarily for job creation in the province as we were in the difficult period of the recession. It has been a very successful program.

Home improvements to homes for energy efficiency, by and large, were not excluded from that program. I am sure many of the applicants did undertake or use that program to improve the efficiency of windows and doors and the like.

Because of the nature of the program at that time, which was to be a broad-based stimulant requiring that an energy efficiency component be part of it, it was felt to be somewhat restrictive for the purposes of the program, but it did not preclude the use of energy efficiency. So I think, by and large, it has allowed people who are intending to make renovations for that purpose to do it and has accomplished that goal, generally speaking, although it was not intended for that purpose.

**Ms. Mihychuk:** One of the unfortunate parts of that is that many homeowners, particularly in the older parts of Winnipeg, simply cannot afford the \$5,000 investment and, in fact, many of those homes are energy wasters.

Can the minister provide us any plans or commitment to perhaps changing the grant program for renovations to have a lower maximum and to encourage energy conservation in the projects?

\* (1510)

(Mr. Assistant Deputy Chairperson in the Chair)

**Mr. Praznik:** Mr. Chair, I understand some years ago we had in Manitoba the CHEC Loan Program that the member may be familiar with. I remember as a newly elected MLA dealing with some of the particular cases, there were some definite problems and people were being taken advantage of. Over the years in reviewing the effectiveness of the program, I am advised by those who were involved with it that it was found not to be a very effective program.

If I remember the scheme correctly, it was one where one could borrow money from the program for the purposes of upgrading the energy efficiency of a home and paying it back over a period of time as part, I believe, of the hydro bill. What I have been advised was it was found that there were a significant number of delinquent loans under that program. People were not undertaking to pay back, using the savings, et cetera, to pay it back, and it was found not to be a very efficient program for the purposes intended.

So before one would embark on that type of renovation program or energy efficient program, we would have to determine what realistic goal—was there a need for it. We all can point to examples one way or another, I guess. Is it appropriate for us to be in that business or is there another agency or another means of doing it? Obviously, there are other programs available or other dollars available to renovate homes if they are going to produce a saving that can be used to recover or repay the cost of that capital investment. So we would have to analyze, is that something we want to be in, is that an efficient way of doing it and do we have the resources to get into that kind of program? The experience with CHEC was it turned out to be extremely costly because people did not repay their loans.

**Ms. Mihychuk:** I guess in some cases it worked, and in some cases it did not.

I am familiar with a school program actually that was retrofitted in terms of energy efficiency a few months ago, a fairly new structure. I do not know if the

department was involved but probably—in hydro. I think it was Tyndall Park, or was it Garden Grove? I cannot quite remember. But there we saw Manitoba Hydro provide the vehicle for the capital investment, and then the school division was to pay back the capital on that.

That program, from the school division's perspective that I was familiar with, was very much appreciated. The capital expenditures or the money available to do retrofitting through the Public Schools Finance Board has been extremely limited, and although schools would see that type of savings—and I believe that the payback was three to five years in that case—they were not able to do it out of their own financial vehicles since, as you know, school divisions are not able to borrow for the capital investments.

Has the department looked at such a program for local governments, for example, school divisions or any other public institutions that may not have the ability to put out the capital in terms of retrofitting?

**Mr. Praznik:** Mr. Chair, I think what the member is referring to, to put a name to it, is the energy performance contracting principle. Hydro is in the process of seeing how this works. There have been a number of tests. Obviously she has alluded to one from her experience on a school board.

I understand, as well, that the University of Winnipeg and the City of Winnipeg are now dealing with Hydro on moving it, performing similar kinds of tests to see how this program works.

I am advised that today in our capital city about 130 builders tended a forum hosted by the federal government and co-sponsored by Manitoba Hydro and the provincial government on exactly this type of issue to encourage where they are.

As I pointed out, the issue is recovery. If you create a saving and use the saving to pay the capital cost it works great. CHEC had a significant amount of just bad loans that people were not doing that. I know from my own experience, and the member is perfectly right, there are some cases it works and there are some that do not. I guess whenever you are doing a program and

you get a significant number of cases where it does not work, then you have to question the whole program, and it varies significantly program to program.

I can tell her in my own constituency some of the experiences that I saw firsthand of that program. Some of the homes that were being outfitted in one particular area, quite frankly, the house did not have much of a future ahead of it. You had to really question whether the people were making a wise investment or not.

We also saw a host of scam artists. Not all, but we saw some people who would roll in and say, we will change your windows. We had a case that I remember dealing with the department actually when I was an MLA where a company came in and said, we will change your windows to a very elderly couple in a very poor community. They removed the fairly rotting old glass windows and put up two sheets of plexiglass, and this was energy efficiency.

When one went through the contract and how it was done—I know we had the RCMP involved, and there was not sufficient evidence to lay criminal charges, but it outlined again under that program where we had some really difficult practices. So that was another reason behind the CHEC program.

But the principle is a good one. It works far better with institutions because you are dealing with fairly sophisticated players that are going to be able to repay and that kind of basis. So somewhere out of this we may be able to develop something that works effectively. I would never preclude it.

**Ms. Mihychuk:** I am glad to hear the minister be open to perhaps reviewing it even though that program may have had some bad repayment portions of it. I suppose we could have looked at perhaps modifying the way that we administered it as well. So those are various decisions I guess governments will make.

I wanted to just put on the record that in my riding, for example, which is in the centre of Winnipeg, it is very difficult for families to invest \$5,000 for a Home Renovation Program. Hopefully, this minister and the government will look at making something more available for lower income families.

I do not have any further questions in terms of Energy Management.

**Mr. Assistant Deputy Chairperson:** Item 2.(a) Energy Management (1) Salaries and Employee Benefits \$845,500—pass; (2) Other Expenditures \$225,200—pass.

(b) Marketing (1) Salaries and Employee Benefits.

**Ms. Mihychuk:** This is an interesting area. From Friday's discussion, the minister talked about this being an exciting new venture, many new options, a new thrust. I would ask the minister what his plans are. What is the vision for the marketing of Energy and Mines?

**Mr. Praznik:** Thank you very much, Mr. Chair, for what is becoming, I guess for me, a passion in this department. I am very excited by the work that was done by my predecessor, the Honourable Don Orchard and also the Honourable Jim Downey. It is our mandate to make Manitoba the place to be in the mining industry in Canada, if not the world, if one can be so bold.

What my predecessors have done, and I am now taking over the mantle, is we want to analyze very thoroughly, and we have been working on that, as to what makes a good place to be in mining. What do we do well? What do our competitors do well? What do we do poorly? What do our competitors do poorly, et cetera?

There is a host of issues. Many of them government have no control over, geology being one. Some of them we do have control over, levels of taxation, regulation, and that does not mean one abandons regulation, but, obviously, the ability to streamline the administration of regulation becomes very important.

So we are continually working in this area. Now, having said that, one has to target who you are going after and where your shortfall is. Obviously, we have some major players in the mining industry operating in Manitoba, Hudson Bay Mining and Smelting, International Nickel Company, Sherritt Gordon. These companies have continued and will continue to do

exploration programs. It is in their interests, obviously, to secure their future operations, their future sources of material, which they need to support the very heavy investment they have in smelting operations in this province, particularly HBM&S and Inco.

\* (1520)

What we found, of course, is their exploration programs tend to be very much on the western central side of the province. We have some very significant greenstone belts in the far northeastern side of the province where have had little work done on the ground.

So when we look at what we have to be doing, obviously one key component is to be encouraging significant exploration work today and next year and the year after and so forth in those particular areas. Who is likely to go into those areas? Likely junior companies, high-risk venture capital companies in exploration who are there to look for the next Voisey Bay.

So our efforts in marketing on that side of the coin have to be to target the 200 or so potential companies that exist in Canada, who are our likely customers, to get into the business of exploration in those areas. So our intention in the short term, at least, is to concentrate on our potential customers, our potential clients, those exploration companies, for the purpose of getting them into the areas where we need to do exploration.

What we need through this branch, and we discussed the director's position and what we are looking for, the kind of skill set, is to be able to target that specific group of people we need to attract. That is not to preclude anyone else, of course, who is interested, but like all marketing, one has to know what you are looking for, know the potential customer and devise a strategy to deal and go after that potential customer. That is what we are going to be in the process of doing over the next while.

It is very exciting. I should tell the member, as well, that in the world mining community, what I am learning, and it is very significant, is that Canadians and Canadian companies tend to dominate the world

mining industry. It is one area where Canadians have a great wealth of experience and ability.

I know my deputy minister attended a meeting or a conference on mining in the Americas. It was a promotion held for mining in Central and South America. His brief estimate was that some 80 percent of the participants in this conference were Canadians.

What we have seen is Canadians and Canadian companies going all over the world. We have a chart in Energy and Mines, and I should share it with the member. I do not think I have a copy now. It is one of the slides we use in our presentations that shows where Canadian companies are in business outside of Canada. The number of locations all over the world is absolutely phenomenal.

So we have to ask ourselves—we have not had the exploration in Manitoba and most of Canada over the last decade or so for a host of some very solid reasons. We are now building the climate to encourage that. Who are the customers we want to get back?—they are Canadians and Canadian companies. We have to target them. We have to find out what their needs are. We have to bring them back into the marketplace.

**Ms. Mihychuk:** Does the plan include a significant amount of outreach, of travelling around the world to promote Manitoba's mineral resources that we already have, for example, or are we looking at bringing in further exploration?

**Mr. Praznik:** Mr. Chair, a very good question. Again, part of developing the strategy is when you know whom you want to go after. The question is, where are they and where is the best place to first meet them?

In Canada today there are two significant meetings which we are exploring now—and I am sharing with the member a lot of information that is not settled as we sort of develop our program—but the lead event every year is the mining and prospectors convention held in Toronto each spring. This is the prime conference of those who are in the prospecting and exploration business. Manitoba has traditionally had a presence at this convention in a variety of ways to let people know

about what we are doing. We are looking at refining how we deal with this conference currently.

(Mr. David Newman, Acting Chairperson, in the Chair)

The second event is in Vancouver where I believe—and we are just getting information on that—there is an event annually in Vancouver which attracts the West Coast prospectors or a significant number there.

The kind of companies that we are looking at bringing in have a very significant presence in Canada in the two main financial centres for raising the capital to support exploration work. Of course, what we want here is a significant investment of private capital. How we reach out to those people yet, we are developing that strategy now.

**Ms. Mihychuk:** Can the minister outline the personnel changes that have occurred in the Marketing section? I see that we have one additional staff year in this section.

**Mr. Praznik:** Mr. Chair, that is a business development officer position which was I believe originally transferred over to the mineral development agreement side when we had one with the federal government, and that staff year position was charged to that appropriation. Since that mineral development agreement has ended and it certainly looks like the federal government will not be in the business of investing very much money in development agreements over the next number of years as they struggle with their own and our, as a nation, fiscal problems, that position has been returned to the appropriation of the department. So that is why we show the increase in that particular area.

**Ms. Mihychuk:** Moving along, specifically the line, I see that there has been a fairly significant increase under the section, Communication. Can the minister share with us what the plans are in terms of communication that have resulted in the increase?

**Mr. Praznik:** Mr. Chair, I am advised that has been the general increase in the type of material and printing

that we are putting out on what we are doing in Manitoba. Obviously, as I know the member will appreciate, if you are going to be selling what you want or selling to your customers, you have to have packaging and material to reach them and so that is where the increase, I am advised, comes from.

**Ms. Mihychuk:** If there is going to be increased Manitoba presence at national and perhaps international events, is there a line item under this section that includes that increased travel allowance for members of the department?

**Mr. Praznik:** Mr. Chair, that is part. It will always show up. It is just part of the general administrative costs of that particular branch. Obviously, too, because money is an important resource for us and we as a government are trying to manage well, some of those decisions will have to be priorities we set as to where we go and where we spend dollars and in what do we invest time and the money that is attached to it, so whether we need additional dollars to do that, something we are in the process of determining, whether or not we can reprioritize, et cetera, but that item for travel will always appear on that administrative line.

**Ms. Mihychuk:** Moving down, we see also an increase in Supplies and Services. Can the minister share with us what that is related to?

**Mr. Praznik:** Mr. Chairman, I advise that again that is monies that were spent and assigned to the mineral development agreement as the province's share coming back over to the branch. I take it, not having been involved with this before, that obviously there were resources from the department assigned as part of the mineral development agreement, and when that agreement ended, some of those resources will come back into the line of the department.

**Ms. Mihychuk:** Can the minister share, are the staff years all filled or are there any vacant positions in this section?

**Mr. Praznik:** Mr. Chair, there is one vacancy, that is of the director, Mr. Lyle Skinner, who has joined me here who I believe is in an analyst position. A business

development officer is currently filling on an acting basis the director's position and so his position would be vacant pending decisions as to where we go on the director's position.

**Ms. Mihychuk:** With some leave I suppose from the minister, could you share with us, does the department have a number of vacant positions as a whole? I should have actually asked this question under the administrative section.

\* (1530)

**Mr. Praznik:** Mr. Chair, I understand that as of May 25 we had six vacant positions. I understand one may have been filled in the deputy minister's office. We have six vacancies. The administrative secretary, the additional one we discussed in the deputy's office, as I understand it, is being charged to Northern Affairs to carry that work. So we have six.

**Ms. Mihychuk:** Can the minister share with us in what departments or in what sections those vacancies are in?

**Mr. Praznik:** Mr. Chair, there is one in the executive offices. I believe that is an administrative secretary for the deputy. In Energy Management there is an administrative secretary, in Marketing one part-time position. It is an administrative secretary, as well as the director of Marketing, which is filled on an acting basis.

The Petroleum branch, there is a petroleum registrar and a petroleum engineer position that are vacant currently.

**Ms. Mihychuk:** Can the minister tell us if the intent is to post those positions and fill them in the near future?

**Mr. Praznik:** Mr. Chair, I cannot give assurances one way or another on that matter.

As the member can appreciate, both myself and my deputy have been in the department, I guess, the deputy for about two and a half months and myself for a little over a month. At the current time, we are both assessing the needs and those staff years, whether or

not they need to be filled or they can remain vacant somewhat longer, and do in fact we need those positions.

I am not in a position today to indicate one way or another because in my own mind, and that of the deputy, we have not made those decisions yet.

**Ms. Mihychuk:** What mineral commodities or resources are we presently marketing per se?

**Mr. Praznik:** Mr. Chair, one area, of course, is the Pipestone Lake titanium vanadium deposit. We are attempting to market that. A private sector joint venture conducted an 80-hole diamond drill program to outline the grade in the tonnage, so we are obviously working to see that development.

A private sector company was formed to explore the Arborg kaolin occurrence. I must admit, I am not sure at this stage of my career as minister what a kaolin occurrence is, but I will learn. The pilot plant study for the production of paper grade kaolin was completed in 1994.

A private sector company is also investigating the potential of a stainless steel master alloy facility in Manitoba. A very interesting project, I am sure, for an urban member is the granite curbing project. The use of granite as a curbing stone in our urban areas is being explored.

I understand that it will be installed or is being installed in the Graham Avenue transit mall this year as a pilot. Of course, if that particular project is accepted as being cost-efficient, then we could see quite a use by our urban communities each and every year in replacement for granite curbing. As someone who represents a constituency with a great deal of granite, I am looking forward to that happening.

**Ms. Mihychuk:** Manitoba actually has a wide diversity of products that we go out and market, and it is exciting to look at our resources. The granite project has been ongoing for several years in fact.

Recently, I had the opportunity to go down to Mexico and visited a glass plant, and the individuals

there were saying they imported silica sand from New Jersey. I found that quite astonishing, that the resource was travelling such a distance to north-central Mexico.

Are our silica sand deposits of the high quality needed? Have we explored international markets in terms of silica sand?

**Mr. Praznik:** Mr. Chair, a very interesting opportunity to be pursued. Obviously, the NAFTA with Mexico and the development of various trucking routes through the mid-central corridor, et cetera, start to build some potential opportunities.

I am advised that we currently have a float glass study underway in the province as to the quality of those sands for glass. I can tell the member representing Beausejour that the silica deposit at Beausejour, which is now not available for commercial development, at the turn of the century hosted the first glassworks in western Canada.

So I would suspect that there is a fairly high-grade silica available in certain deposits. Some of this is already in private hands, et cetera, and I am sure it is a matter of time providing the opportunity in terms of freighting costs and connections.

With the results of this study, another area to pursue.

**Ms. Mihychuk:** I do not have any more questions in Marketing.

**The Acting Chairperson (Mr. Newman):** Item 2. Energy and Mineral Resources (b) Marketing (1) Salaries and Employee Benefits \$856,800—pass; (2) Other Expenditures \$412,200—pass.

2.(c) Petroleum (1) Salaries and Employee Benefits \$856,500.

**Ms. Mihychuk:** Can the minister share with us what is new in terms of the petroleum industry and let us know in terms of exploration and taxation?

I understand it is a very good year for the petroleum industry for Manitoba, so I am looking forward to hearing the good news.

**Mr. Praznik:** Mr. Chair, yes, it is good news. As I outlined in my opening remarks, there is quite a bit of interest in the Williston basin, and we have seen a fair bit of expansion and activity in Saskatchewan. We have seen it in Manitoba, to a greater degree in Saskatchewan across the border.

It may have something to do, of course, that the geological resources are currently better there, and so we have greater drilling activity and bid price on loans. One of the steps we are in the process of taking is to improve and update the way that we make our data available so that we can take advantage of that same interest.

In the petroleum industry generally, we have seen signs of continued growth. Total industry expenditures in 1994 were estimated at \$75 million, up from an estimated \$73 million in 1993. Increased geophysical exploration and the expanded use of horizontal drilling technology made 1994 a very good year. Last year 10 geophysical programs representing expenditures of approximately \$830,000 were conducted. That is up from nine programs and an expenditure of \$226,000 in 1993.

Sixty-seven wells were drilled in Manitoba last year compared to 87 in 1993. While the number of wells drilled was down, the increased number of exploratory wells and the aggressive application of horizontal drilling has meant, generally speaking, a more productive year.

\* (1540)

After declining since 1990, total oil production was up 4 percent to 657,870 cubic metres last year. This is due in large part to the successful application of horizontal drilling, notably in the Williston and Pierson fields.

Our first Crown oil and gas lease sale of 1995 held May 3 was indeed remarkable. Total revenues from the sale were almost \$1.6 million, making it the third largest sale in the history of Manitoba Crown lease sales and the largest in a decade. The revenue collected at the sale exceeds the combined revenue collected at the last two Crown oil and gas lease sales by over

\$300,000. The average bonus per hectare paid by industry at the sale was \$125.41, an increase of 65 percent over the last sale in November of 1994.

As a result of requests from industry, Mr. Chairperson, the department has added a third lease sale to be held August 23. This is in addition to the spring and fall sales. The significant increase and interest in Crown land is an indication that industry plans to increase its level of exploration and development in the province.

The positive signs listed above are due in no small measure, I believe, to the fact that crude oil prices have been quite robust in recent months. However, I also believe that the number of initiatives that the department has undertaken to make this an attractive place to be has also been responsible for that.

Work is also continuing on the Manitoba Oil and Gas Well Information System. This system is designed to increase the amount of data and the availability of that data to those people in drilling companies who are accessing it and making their drilling decisions, and, as I outlined earlier, that is one of the reasons.

Although we have done well, our sister province in Saskatchewan, on the other side of the Williston basin, has done somewhat better, and that has to do with the information that is available.

So this department has been reacting by putting in place or is in the process of putting together a plan to upgrade the accessibility, in essence, of our geological information. One comment that was made to me was that the bright, young minds at work in many of these small oil companies which are in the drilling business, they need easy access to data, and they draw it off of a computer system. They buy it from you via the network, the internets that are developing, and are able to make their recommendations to their boards of directors based on that data.

Manitoba has not traditionally been on that system, and we are seeing now we have to be, so we are trying to put together a means of getting on, so that those people have access to our information. We think that will increase the bid price of the leases when they do

come up and ultimately increase the activity even further in our province—very exciting.

**Ms. Mihychuk:** Can the minister outline what steps are taking place to get us online? Do we have additional resources in place for the programming or whatever may be necessary to provide us with a modern setting?

**Mr. Praznik:** Yes, we are in the process of dealing internally. As the member can appreciate, this area has brought in some significant dollars to the Treasury, more than was budgeted for or expected, and we are in the process now of dealing to see what additional—first of all, determining the additional resources we will need in order to get that online, a plan to put it into effect, and we are speaking to Treasury Board now about how we will finance that.

There is fully a recognition that this additional information will likely more than pay for itself, and so I am not at liberty to go into great detail at this time, as the member can appreciate, but the point of taking advantage of the opportunity is not lost on us, and we are moving in that direction.

**Ms. Mihychuk:** It is true. It is a wise investment to sometimes put money back in when we see the payoff increase so much, so I am sure the branch will put it to good use.

It is in this section that we see two vacancies. Is that not the case, and those two vacancies are in what sector?

**Mr. Praznik:** Obviously, these two positions are vacant, but given the fact that we are moving in to take advantage of some new opportunities, that is one of the things we are quickly sorting out, is how these positions could be used within that framework. In fact, we have gotten along for some time, I am advised. We may not need necessarily in that capacity, and that we are still sorting out.

So we are cognizant of that. What I would hate to do is when you are in a period of change and you have a vacancy is to fill it necessarily to meet the old criteria of when it became vacant, when you may find, as you

are putting together your plan, that this is not what you need, and that is a shame to the person who gets the job, if it is not what you actually need at the end of the day.

So it is better to take a little time, and as a new minister with a new deputy, that is what we are doing with our staff, to assess exactly what we need, and I would suspect these positions will be filled at some point in the Petroleum branch, but we want to make sure the skill sets we are putting together match what we need, given the new direction we are taking or the opportunities we are pursuing.

**Ms. Mihychuk:** Can the minister enlighten me actually as to the functioning of the petroleum industry? Is Manitoba at its capacity? Is there a certain maximum that we can draw down in terms of our oil fields? How does the petroleum business actually work?

**Mr. Praznik:** I do not for one moment pretend to be an expert. In some ways, I know the member's background is not petroleum, nor is mine. So perhaps this is the blind discussing with the blind on the issue, but my understanding from discussions and briefings that I have had to date, I guess, the question, because I have asked those same questions about what our capacity is, it is really dependent on technology ultimately.

We have probably only drawn down a relatively small percentage of the oil reserves that are there, but we have drawn them down to the limit or close to our capacity of technology. Horizontal drilling, for example, has increased the volume at the wellhead very significantly. Now whether that is drawing new oil or whether that is drawing the existing available supply at a faster rate, we are not quite sure yet, I am advised, so what our long-term capacity is, it depends very much on technology. It is in our interest, obviously, to be continuing to support the industry as it develops new methods of extraction and exploration.

One of the questions I put when I became minister to those in the industry: is there such a thing as truly a dry well? They said, well, sometimes, but a change in technology can make a dry well a highly productive

one. Of course, a lot of this is driven by international prices. We now produce about—what we do produce accounts for about 25 percent of what we consume in the province. We are not a huge producer. We are not even meeting what we consume, but it is still a significant industry in the province and certainly in the southwest corner of the province.

It is our view that we have to continue to work with the industry to take advantage of new technology and what is there in order to maintain that industry and hopefully expand it. How much oil is there? How much can we extract? Those are questions only time will ultimately tell.

**Ms. Mihychuk:** I believe it was in the annual report '93-94 that an estimate was given that Manitoba supplies 30 percent of our fossil fuels. Are we saying that the proportion is actually decreasing?

**Mr. Praznik:** Mr. Chair, I may be wrong in recollecting my briefings; I was told approximately 25 percent. I imagine that goes up or down depending on a host of factors. What we produce can vary from year to year somewhat. Our consumption can vary somewhat depending on such things as a cold, cold winter, which can increase our consumption considerably, so 25 percent, 30 percent, I imagine, though both numbers are accurate depending on a given year, and that can probably be up or down within a range.

\* (1550)

**The Acting Chairperson (Mr. Newman):** Item 2. Energy and Mineral Resources (c) Petroleum (1) Salaries and Employee Benefits \$856,500—pass; (2) Other Expenditures \$194,700—pass.

2.(d) Mines (1) Salaries and Employee Benefits \$1,874,900.

**Ms. Mihychuk:** I have some interest in this section. I would like to get an update on the mineral projects that are undergoing. We have seen some exciting times in terms of diamond exploration, so I look forward to some information in that sector. I am going to be asking some questions in terms of our aggregate industry.

Overall, we see a slight increase. Actually we see three positions, that there are three additional positions. For the record these additional positions I understand come from the mineral development agreement, is that correct?

**Mr. Praznik:** Yes.

**Ms. Mihychuk:** Can the minister share with us the overall situation of the Mines branch in terms of leases and activity at the Mines branch?

**Mr. Praznik:** If the member wishes I could provide her with an exact copy of '91, '92, '93, '94 of that particular information. It might be just as expedient to do that as opposed to go through.

**The Acting Chairperson (Mr. Newman):** The honourable minister is then tabling that and that is acceptable to you?

**Ms. Mihychuk:** Yes. Can the minister tell us, is the branch going to be putting its information, its leases and other information it may have on this information system that the industry is interested in getting?

**Mr. Praznik:** Mr. Chair, absolutely. I think it is critical in meeting the needs of our clients.

As I talked about the strategy of attracting the people we want, we have to meet their needs, and one of the areas we have been rather short in is the area of data and the ability to access data, two different issues. We do have some very good data, and we are in the process now of developing a plan in doing work—we have done some already—on digitalizing this information and making it available through—I do not know if it is the Internet—whatever the system is, so that by and large those people who are sitting in offices maybe thousands of miles away, developing their plans for the next year or looking at where they are going to do an exploration plan, will be able to very quickly transfer that data. They are going to pay for it of course but access it very quickly via the modern communication systems so that they can make their decisions.

I think the days of paper maps and paper information are long gone in this industry, and we have recognized

that that information and information exchange is absolutely critical to serving our clients. We are now developing the kind of work, and we have started already. We have some digitalized and ready to go in certain areas to be able to meet that very critical need of our clients.

(Mr. Assistant Deputy Chairperson in the Chair)

**Ms. Mihychuk:** I would like to just follow up. I know that there has been interest from the private sector, and I am interested in getting some time frame. When could we expect the department to be online?

**Mr. Praznik:** Mr. Chair, as I am advised, as we get into this, most of our claim maps are already available via modem. We have a host of other bits of data we have either had or are in the process of getting on. Part of our difficulty today is to refine this and work the difficulties out of the system, and that is going to involve obviously a further investment in resources as we do that. But, as I am learning, we are a fair ways into the system process already as part of our general improvements, but there is still a ways to go, considerable ways.

**Ms. Mihychuk:** How long has the department been working on this effort, this initiative to get online?

**Mr. Praznik:** Mr. Chair, I am advised that the process began in about 1985, but there was different information, were different systems, I understand. The push really has been in the last couple of years, as I think that all of us have seen the explosion in information technology, and it is moving at such a fast pace. The incentive, the demand is absolutely there now to bring it all together.

We are still working out those kinds of kinks, but, it started, I guess, a long time ago, but the urgency was not there because not everybody was doing it. Now it is absolutely critical.

**Ms. Mihychuk:** It is my understanding that certain other jurisdictions are online, as the minister has indicated. Can he share with us in terms of Canada, are we perhaps the last province to get online? How far behind are we in terms of this process?

**Mr. Praznik:** Mr. Chair, for those who work in this area, they tell me, I think, that it would be inaccurate to say that we are far behind. We are probably in the middle to upper-middle of the pack of Canadian provinces. We do not have the exact list of where everyone is, and I imagine it depends on what you are providing, your geology, the type of information that you are providing and how much of your province you are providing information for, but our people are comfortable. We are not the leaders yet in this field, but we are certainly not at the end of the pack and probably somewhere between the middle to the high end of accomplishment.

**Ms. Mihychuk:** Given the minister's and the government's interest in marketing and becoming as friendly as possible in terms of industry and users, are we going to look at additional resources to get the department modernized or current, or are we going to look at redeployment of existing resources?

**Mr. Praznik:** Mr. Chair, the answer to the first part of the question is yes, and I guess to the second, yes, as well. One always has to look at redeploying resources, whether or not one is getting value, or it is a high enough priority as time made something redundant. Obviously, when you are using technology, sometimes you can free up hands that were doing other things that you do not need to do now, and it only makes sense to put them in the new area.

I gather from the member's question, the gist of it is that—it is a question of whether we are prepared, as a government, to put additional resources in. I think the answer is yes. My job as minister is to make sure that in times, in very difficult times, those resources are fully justified and take those proposals forward to Treasury Board as we go and to justify them to some very tough colleagues. I am confident we will be able to do that as we advance.

\* (1600)

As the member and I agree, sometimes it is worth investing some dollars. The return, certainly in this sector, can be very significant. But it is absolutely critical that we get value for what we are doing. We have not always done that.

**Ms. Mihychuk:** I commend the minister, and I hope him well in his presentation to his colleagues in Treasury Board.

The issue is really that to do something like this, this initiative, may mean that you have to pull people away from projects they are already undertaking, to get caught up. So I think in terms of the department that has seen a downsizing, and given that it brings in significant revenues, it would be, indeed, to our advantage to bring on some people so that we are at the forefront and can market and promote our province to create more jobs and economic security. So I commend the minister, and I wish him well, that we can go ahead with this.

In terms of the aggregate section, I am somewhat familiar; I did work in this section. There is a great deal of resource in this component. It is quite distant, actually, from Northern Affairs. Most of our reserves are utilized in the south. One of the major initiatives is the rehab program. Can the minister share with us what types of revenues we are seeing in that program? I believe there is a rehabilitation fund that is established by a certain levy on the extraction of aggregates.

**Mr. Praznik:** I think this is an excellent program. For those who have worked in this sector or industry or represent rural constituencies—I do not think there are many unrehabilitated pits in St. James—but for those of us who have some in our riding, they present a bit of an eyesore and a bit of a problem from time to time. As the member knows, this program levies a 10-cent-per-tonne charge on aggregate production, and I understand that we have, since the program's inception, collected approximately \$3.7 million in the Quarry Rehabilitation Reserve Account. To date, approval has been given, by way of Order-in-Council, to undertake 232 rehabilitation projects at a total estimated cost of approximately \$1.86 million, almost \$1.87 million. Other projects are pending and will commence this year.

Two major projects representing individual expenditures in the order of about \$200,000 are expected to be undertaken this year, and, as the member knows, many of these projects tend to be very small expenditures of money to clean up the pits. So it

has been a very successful project. We are taking in more than we are currently spending, but that means nothing. As one knows in government, the demand for those dollars is certainly likely to be there in the years ahead. So we are very happy with the project. I think the industry is happy with it, and those who live near those abandoned pits and quarries, I think, appreciate the work that is being done in rehabilitating them. It is certainly part of a sustainable industry.

**Ms. Mihychuk:** In terms of the fund itself, is that kept in a separate revenue envelope?

**Mr. Praznik:** That, like the fire fund, is kept in a separate trust and does not, I believe, appear as revenue, general revenue to government, and it requires approval of Order-in-Council to expend dollars out of that account.

**Ms. Mihychuk:** Can the minister share, over the years that it has been in existence, what the revenues were in terms of the levy versus the amount of money expended?

**Mr. Praznik:** Mr. Chair, I will undertake to have staff, perhaps, prepare that in detail, if the member would accept that, as opposed to go through those numbers. I think, from the totals, we have taken in more than we have expended, but in any given year there are a lot of factors—which pits are closing. Some years we may take in very little revenue and yet have great expenditure or vice versa. A lot might depend on the construction program. I would suspect in 1993, although this is strictly off the top of my head, that because of the very significant rain and the delay in so many construction projects, it may have had an effect on what was drawn out. So we will provide that to the member.

**Ms. Mihychuk:** Can the minister share with us how many depleted gravel pits and quarries we have in Manitoba?

**Mr. Praznik:** I am tempted from the member's question to suggest maybe—my director of Mines, the member suggested we go and count them all, something like 6,000, approximately, pits in the province. We do not have an accurate description of

how many would be depleted. I do not think that would be a high priority in our staff time. I jest a little bit.

As we get a sense that they are depleted or they are found or people come to us with the project, then we proceed to deal with them. Some that may look depleted still may have significant reserves in them. Many of them are on private property, et cetera, and people are not ready to abandon them and rehabilitate them yet. They feel there is still material there.

So there are quite a few, and I am sure there are many that are old and in certain parts of the countryside long abandoned and unknown to anyone. Those who left it may long be dead and gone, and there may have been no activity there for a number of years. So bit by bit, we clean it up, and that is our long-term intention.

**Ms. Mihychuk:** Well, I can attest that actually the department would know where, I would say, the majority, maybe 90 to 95 percent of those pits are located, does have a fairly accurate record, or did, of the reserves available.

Can the minister share with us what the aggregate industry is worth in terms of Manitoba's economy?

**Mr. Praznik:** Mr. Chair, I am advised by my staff that they would not be able to provide an accurate number to the member under the old act. We only really kept track on the ability of those that were government leases. Anything on private property would not be included in that number, and there are a significant number of private operations.

Under the new act, I am advised we require registration, so we should be able to, over the next short years, determine an annual amount more accurately than we could in the past.

\* (1610)

**Ms. Mihychuk:** One of the issues that Winnipeg, for example, faces and communities such as Morden, Winkler, Emerson even, is the access to quality aggregate, quality. They have some fairly poor material in those areas, and in some other areas,

trucking is a significant issue so that the cost of a tonne of aggregate is fairly high in those areas. Manitoba has a challenge because our resources are buried by a blanket of clay, and certain exploration activities have been done in other jurisdictions.

Can the minister share with us what type of exploration activities are occurring to find new aggregate deposits, particularly in the Winnipeg region?

**Mr. Praznik:** Mr. Chair, over the last number of years, I am advised by the department that there has not been an active campaign on the part of the department to identify alternative sources.

However, one should not forget that there is still a fair bit of nondepartmental activity out there. Certainly, municipalities which are a big user of aggregate are always on the lookout for sources of material that are inexpensive and close to where they want to use them. I know the municipalities in my constituency, we tend to be blessed with a fair bit of aggregate in my area, but most municipalities do that on a regular basis. I would expect the City of Winnipeg, also, it is in their interest to be pursuing that because they pay the bills ultimately.

I know that many of the private construction companies also regularly scout for good sources of aggregate material, because it becomes critical to them in bidding on projects, both for the province, for municipal governments or for private people.

Although the member raises a question, should the department—there is an issue here of good-quality aggregate material close to where it is needed to reduce the trucking costs which is the major expense in material—one has to look at whether or not it is the Department of Energy and Mines role to be finding that. Is there a need that we would be looking for it? I would suggest that, by and large, those who are paying the bills have a very direct interest in finding the least cost sources and are out there actively looking for them.

I can just share with the member, I know in my neck of the woods, there are a number of contractors who

from time to time find some pretty good resources on private property and that there are options purchased. We may never know about until that individual is ready to bid on a project. They keep that fairly confidential, quite frankly, because that is the card up the sleeve for them on being the most economical bidder on a project. You learn about the source as they find a need to develop it.

I would not for one moment want to suggest that because the department is not actively pursuing this, that there is not a cadre of people across the province, whether it be work superintendents for municipalities or people working in construction, who are not out regularly looking for deposits of that material to reduce their own costs. So I think the work is going on, just not by the department necessarily.

**Ms. Mihychuk:** Well, in this case, I am going to have to disagree with the minister. There are not actually very many aggregate geologists in Manitoba. Most were housed in Energy and Mines, and they do have a different focus.

Exploration is also important in this sector, I would argue, and it would seem unlikely, for example, that the City of Winnipeg would hire an exploration geologist to look for this type of resource. In fact, Manitoba has had a long history of doing exploration and having an inventory of what aggregate reserves we have had in Manitoba.

Similarly, we have a group of geologists that go out and give us information in terms of hard rock and base metals in Manitoba, so, actually, the Manitoba government has always played a role in terms of exploration.

Then we look at other sections, the Marketing branch, for example, or the Mines branch to provide information to the public sector in the form of maps, which the industry will come in and access. I would suggest that it is indeed unfortunate that in this area in which we have seen significant usage and cost to the construction industry and the increased burden in terms of municipalities, not only the consumers but in terms of road haulage and the wear and tear of our roadways as we see longer and longer distances of hauling, that

it may be somewhat shortsighted on behalf of the government to actually shut down exploration in this area.

To the minister, are there any plans to perhaps review this focus?

**Mr. Praznik:** Mr. Chair, the advice I have received from people in my department is although we had the program, the feeling was that the vast majority of exploration work and the type of geophysical work that I guess has to be done to identify those locations in southern Manitoba has, in fact, been done.

So to maintain staff for limited work just for the sake of saying we are doing it is, I am sure, the reason behind the fact that those geologists are no longer with the branch. I am sure the member would agree that at some point you have a fairly significant database. That is not to say there are not pockets that are there, that every absolute corner of the province has been canvassed. So to reinstate that program with perhaps limited ability to find anything becomes a question of use of resources.

I would say, though, that an organization as large as the City of Winnipeg who is a major user of aggregate has some responsibility to be ensuring that it can keep its own costs down in making the arrangements that it has to make, and I am sure that if they believe there is a significant savings to be had, they do not necessarily have to hire a staff person. There are many consultants in the business who do that work on a regular basis, and a contractor, too. To look at a potential area or to review the data that is available to see if there is a potential area is not an onerous or ongoing bill.

Regularly, we get comments from members of the opposition and from others, and we are asked to do things that are in the best interest of the city of Winnipeg or any other municipality. I would make the argument that if it is in their interest, they have some obligation to pursue that.

I appreciate the member's point. I never want to preclude the need to reinstate or look at a position or put someone on contract to re-examine that information if it becomes, of course, a pressing need, but at the

current time, relying on the advice of staff, it would not be a high priority, given the work that is already done.

The need may be a priority. The work that a geologist would do, from what I am advised, may have been significantly done. I also would not remove the City of Winnipeg or any private companies or any municipalities from the obligation to be looking at the most economical way to meet their needs.

By the way, I can tell the member I have not had communication that I am aware of from either the Union of Manitoba Municipalities or the Manitoba Association of Urban Municipalities requesting assistance in this area. I may be wrong but it is not an issue that has been brought to my attention by those organizations.

I appreciate the member's point. I guess there may be some disagreement between her and staff in my department as to priorities, but the point is noted and appreciated. I do not think we are arguing over the need for aggregate, perhaps the best way to find it or even if there is the ability to find any. I will leave that to the experts to argue with the member. I must admit I am not cognizant enough as a new minister to engage with great conviction in this debate one way or another.

**Ms. Mihychuk:** The department also undertakes the review through the land-use policies of development in areas that could potentially be of conflict. The area that we see the greatest amount of conflict is actually with housing developments that are encroaching on mineral deposits. These mineral deposits, because they are in the south, are aggregate deposits.

Can the minister share with us the number of applicants that the department has reviewed and the number of conflicts or hearings that the branch has processed?

**Mr. Praznik:** Mr. Chair, my staff advise me that information they do not have here, but we will endeavour to provide that to her in writing.

**Ms. Mihychuk:** It is always when you have a mining industry, no matter whether they are pulling out tyndall stone, limestone, kaolin or hard rock, you have the

encroachment of development onto the mining and you end up with land-use conflicts. I would be interested to see if the process has changed and the number of conflicts. I appreciate the minister's co-operation.

There are other encroachments in terms of mineral deposits. I would like an update in terms of—there was a showing I believe in the Seal River area and then I understand that there were several talks about park development. I am not quite sure, my memory does not serve me, but do we have situations where we have parks and mineral resources perhaps in conflict?

\* (1620)

**Mr. Praznik:** The members asks one of the great significant policy considerations as this government deals with the set-aside and the Brundtland Commission Report and our parks policy which is part of that.

One of the things we try to do—and I speak as a cabinet minister not just Minister of Energy and Mines—is as we identify land for set-aside that we want to absolutely reduce to the lowest possible degree the potential for conflict.

One of the things that we do when we are looking at the case of the parks the member references in the North is a very thorough examination of that territory for the kind of rock that would be mineral bearing or have potential land-use conflicts. That, by the way, also includes Treaty Land Entitlements and other things. So it is a long process, but a worthwhile one.

What potentially of course can hamper that is, you know you are only as good in that process as the information available to you. I would be somewhat remiss if I stood here today and said we know absolutely everything about the geology of the province that we can say with 100 percent certainty that in any given area we do not have potential mineral development. There may be minerals there for a use for which we do not know.

To the degree to which it is possible—and that is one of the reasons our Exploration Incentive Program is there—obviously we have targeted areas, and we want

to go in and do more work in those areas. This is a critical part of the land set-aside process that we are involved in including settling treaty land claims.

The member has hit upon, I think, a very significant issue, and to the best of our ability we are trying to minimize if not eliminate those conflicts, but I would not want to be held to the point that in an area where our maps show no potential for mineralization, et cetera, metallic minerals, some day 20 or 30 or five years or 100 years from now somebody does not find something that presents a conflict or thinks there may be something there that presents a conflict because they would not be able to do exploration. But as much as possible we are trying to do that.

**Ms. Mihychuk:** In terms of the four or five parks that are on the table for establishment, has the minister been I suppose assured that there has been a recent survey by the geological crews of the mineral resources in those areas?

**Mr. Praznik:** The parks which the member refers to which are also set-asides under the Endangered Spaces Program were thoroughly reviewed by the Department of Energy and Mines in making the recommendation that there was not to the best of their knowledge a conflict.

The type of geology situate in those areas—I think there was some concern with one particular park. It was identified and resulted in a change in boundaries, et cetera. So to the best knowledge that we have and from the general type of geology of those areas, there was a very significant comfort level with the creation of these parks.

**Ms. Mihychuk:** There has been over the past few years the development of several new mines. Can the minister share with us what projects are coming online? What is the timetable? When can we send out job applications?

**Mr. Praznik:** The member and I have had a very, I think, good exchange in this debate. There is one difference of opinion that I think we share that I have not had a chance to comment on, but I know her references to Manitoba Mineral Resources and the need

for government involvement in exploration. As well I think at one point in the interruptions we have had, there was a question about are we hiring more geologists to go and do exploration work.

I have a constituent who served on Manitoba Mineral Resources for quite a number of years. My staff, my assistant, before coming to work for government, was very much involved in exploration work. Interesting enough, I think Manitoba Mineral Resources had very limited success. They backed into one particular development that they did not find—and I look for confirmation—and basically use their back in expropriation of that resource to fund a relatively small exploration program over a number of years, and a host of other factors including government, climate, taxation and back-in provisions, kept most private exploration out of the province.

So we are now recovering from, I could say, a drought in discovery in the province. By the way, not all of it is internal to Manitoba. Some other provinces had very attractive programs that drew investment dollars away. So there are two sides to the coin.

Having said that, I know the argument has been made from time to time that since my party came to power we have less mining jobs today and that may or may not be true. If it is true, the fact of the matter is it really has to be blamed on lack of exploration over a long period of time. So we have a lot of improvement to do and the benefits of that improvement we are starting to see now and we will see over the next number of years.

So to answer specifically, I know one in my own neck of the woods, Rea Gold at Bissett, which obtained a new mine status which allowed it to take advantage of our incentive programs, they have done a great deal of exploratory work and they will be making a decision at some point in the near future as to whether to proceed or not. I am hopeful that it will be a positive decision, but that is yet to be made.

We are looking at opening two new shafts this year in Manitoba. I think in the fall we will be opening the Photo Lake Mine and the second one is the New Britannia Mine owned by TVX at Snow Lake which, obviously, gives that community a new lease on life.

Generally speaking, I know the discovery by Inco of a very major deposit within sight of the headframe in Thompson bodes well because it means there will be a supply of material for that particular smelter operation for many decades to come.

So we are starting to see the results of some changes in policy. It starts slow, obviously, the first ones are always most difficult, but there is potential. The other one that comes to mind of course is Cross Lake where the First Nations is a significant shareholder in that development. It is felt that the reserves are sufficient to warrant a very significant operation. There are some internal issues now between the band or its development company and its partner Gossin Resources, which I hope are settled in the near future, and will lead that to another very significant project.

Again, I cannot underline enough that it takes 10—as my assistant keeps reminding me—five, 10, 20 years of work to actually see a project come to fruition. Manitoba and Canada, to some degree, has been remiss over the last two or three decades. We have always taken it for granted, and the consequence has been we had a very long period where we did not have the kind of intense work that was needed. Manitoba Mineral Resources did not at the end of the day lead us to another operating mine anywhere, nor even to the kind of deposits that we could foresee an operating mine.

So there were, in my opinion at least, very good reasons to get out of that and the kind of programs and exploration work we have seen recently and what we intend to see happen in Manitoba, hopefully, will lead to a bright future and more proven reserves and development in the years ahead. So it is a long process. We are starting. We have a lot of ground to make up. The country has a lot of ground to make up, but I hope at the end of the day it proves to be very fruitful.

**Ms. Mihychuk:** What is the status of the potash project in the Russell area?

**Mr. Praznik:** Mr. Chair, as the member may be aware, we are, I believe, a 49-percent partner with a French company, which owns 51 percent of that deposit. That particular French company traditionally—Canamax, I believe, is the name of the company. The

French company is named EMC, which is a company owned by the government of France, and I understand that they operate some significant potash mines in the north of France, which they will have to close in the very near future. So their mandate has been to look around the world to find other sources of potash to replace those mines and, of course, bought into Canamax, who is our partner in the Russell operation, and now are 51-percent owners.

\* (1630)

The fundamental question, I guess, for EMC, our partner, is if and when they will develop the Russell deposit. Obviously, they have a fair bit invested in it, to secure that particular reserve. I am not sure what they own elsewhere in the world. They do have, as a Crown corporation, I suspect, a political problem in what was an election year in France in closing some very significant mines. That can be pretty tough when you close those operations in your country, laying off potentially thousands of people, I would imagine, and open up a new mine halfway around the world. So, inevitably, they will have to do it, and I am talking relatively short-term future. We want to make sure that Manitoba is their operation of choice, their option of choice, and we are getting a handle on that as best we can.

Obviously, Manitobans will have to face a very significant decision when the day of development arrives because as a 49-percent owner, the question for us will be: Are we prepared to invest public dollars as a 49-percent owner in the very expensive investment of opening a mine and developing that resource? Given the current fiscal situation of the province, that is going to be, I foresee, a very tough—well, it might be a very simple question to answer because we may just not have the resources, in which case we will have to make a determination how best to see that mine developed.

What that will be, I do not know; if that involves finding another equity partner—but I can tell you this: however it is done, it will be done in such a manner that we will want to see a development of that operation that maximizes the revenue and opportunities for Manitobans. Exactly what that will be, I am not sure yet. I do not even want to speculate on it because

I do not have, as a new minister—I am not comfortable enough yet with my handle on this issue. I intend to become so over the next number of months, but that is my best lay of the land to the member now, and I guess what we wait for, ultimately, or what we will be preparing for is the decision that our partner will have to make very shortly about developing a new source of potash as they close their existing source in their home country. They have a tough decision to make.

**Ms. Mihychuk:** That concludes my questions in this area.

**Mr. Assistant Deputy Chairperson:** Item 23.2 Energy and Mineral Resources (d) Mines (1) Salaries and Employee Benefits \$1,874,900—pass; (2) Other Expenditures \$596,100—pass.

2. Energy and Mineral Resources (e) Geological Services (1) Salaries and Employee Benefits.

**Ms. Mihychuk:** In terms of this section, this section has a number of geologists involved that are out there, I know, looking at the mineral resources of Manitoba in terms of the hard rock sector and in fact the surficial geology.

Can the minister tell us how many crews we have out this year and are those crews actually in the area that the minister has indicated as a priority, and that would be the northeast corner of the province? What are the projects that are going on for this year?

**Mr. Praznik:** Mr. Chair, we currently, I am told, have 16 field projects underway for the season through the department, about two-thirds of those are in the Flin Flon-Snow Lake area. We recognize that we need to be moving that work over to the northeastern side, but obviously we have a commitment to HBM&S in that area too as they wish to augment their copper and zinc reserves which are very critical and it is an immediate need.

I do not know if the member is aware, but I understand Flin Flon smelter has been importing concentrate from as far away as Australia to be processed in that particular smelter. That is good for the province in terms of additional work, but we would

be more comfortable obviously if they had greater reserves. So as that initiative finishes off, we will be moving over to the high priority areas where we have done little work over the past. We are finishing off one set of issues and planning to move in the years ahead.

**Ms. Mihychuk:** Sixteen field parties—if I understand correctly there are close to 30 geologists in that section, and I could be wrong, but I am just looking under the Professional/Technical component, what are the number of other crews or geologists and what are they doing this summer?

**Mr. Praznik:** I understand, as we are in the final parts of the Canada-Manitoba Mineral Development Agreement, that a big thrust, obviously as we complete our work, is the putting to mapping or mapping the results that we have obtained over the last five years. So a fair bit of the staff I understand are dedicated to that function as we complete our requirements. Obviously we need the data too, so that would probably explain the difference.

**Ms. Mihychuk:** Can the minister assure us that the staff that have been working over actually what I think is about ten years that we have had mineral development agreements are going to be maintained after the Manitoba Mineral Development Agreement is concluded and that they will be actively out there looking to ensure the mineral resources for Manitobans?

**Mr. Praznik:** Mr. Chair, I learned a long time ago, in my short political life, never to give absolute assurances or strong assurances. One never knows what happens out of Treasury Board, but it would be our intent, obviously, as a department and which I share as minister—these are very valuable staff and a key to what we want to achieve—to maintain those people and continue to move them into the priorities that we take on once the development agreement is done. So I recognize her point and am very supportive of it.

**Ms. Mihychuk:** Can the minister share with us: these civil servants that are out in the field now and have been in the past years, what types of resources or showings have they discovered? Can you give us a

handle on the value of those geologists? Are they worthwhile? The team that we have out there have, I am sure, discovered mineral resources in Manitoba, and I would just like the minister to share with us some of those showings.

**Mr. Praznik:** Mr. Chair, as I come to appreciate and understand the work of this particular branch and our geologists, our people, by and large, are out there doing the kind of background or base data that we obviously need to entice those who go in and do the further work in actually finding the claims. So, as I am advised, how does one put a dollar to that? A mineral undiscovered is worth nothing; a mineral discovered has potential. It is not until it is out of the ground, I guess, that one has a dollar value. How does one put that onto it? It is, I think, too difficult.

\* (1640)

The point to be made, and I am sure the member would support this, is that the work of our geologists, in firming up a lot of that important data we need to attract exploration companies and further exploration work to lead to active mine sites, is critical. As was pointed out to me, the titanium-vanadium deposits, the interest that led to where we are today, came because of work that was done on our summer projects, that it was enough to attract others to come in and do the work. The granite issue is the same thing. So if one looks at the role of the department, I would say our role is not to go out and be doing exploration for the purposes of finding the specific mineral spots.

Goodness knows, if one of our staff found a Voisey Bay and the province owned it, I would be absolutely delighted and probably a hero by those who sit on Treasury Board, but the reality of it, of course, is they are building year by year, square kilometre by square kilometre, the kind of geological information that I know the member is familiar with, far more than I, that attracts those who come in and do the more intense work and ultimately the diamond drilling and those things that lead to the deposit.

How does one put a dollar value to it? I do not think you can. I would not want to begin, but it is absolutely critical to our program. Again, when we look at what

our customers want to be here, good geological information that allows them to pinpoint where they want to invest their dollars and spend their time, it is critical, and that is what our staff ultimately do.

Ultimately I think it is probably dollars well spent in the end, and with the resources we have I think bit by bit we are building that base up to where we become, as some have said to me, probably currently one of the best places to be, and that is part of it. We have a lot of work yet to do.

**Ms. Mihychuk:** Well, the minister raises an interesting scenario. Let us say that we have one of our crews out doing some exploration in an area that we—I mean, I understand that we are trying to secure—there is a deal in the Flin Flon area.

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

Let us say there is a crew out that discovers a deposit like Cross Lake. Is the minister then in favour of that geologist and the department claiming that for the citizens of Manitoba?

**Mr. Praznik:** Mr. Chair, I am advised that we have never had that happen with our geological crews, but if we were to find that Voisey Bay somewhere, and it can happen—one also learns in politics never to say never—then of course it would be staked in the name of the Crown, and we as a government, as the holder of that particular property, would then have a very significant decision to make as to what we did with it, but to date we have not had that happen. I do wish that I will have that decision to make or issue to deal with as a minister during my tenure.

**Ms. Mihychuk:** Well, it is a difficult subject, how many deposits civil servants have actually discovered and then others have worked up. Had we taken those steps I guess we would have a better knowledge as to the mineral potential of those properties, but normally it is my understanding that the work is done, exploration occurs, the information is released and then industry gets the benefit of that and follows up, so it is indeed very difficult to pinpoint the value of what I think is a valuable team of civil servants providing good to Manitobans. I just, for the record, wish that we

did have a more solid basis of the mineral exploration that that crew has provided to Manitobans.

I am familiar that Newfoundland, and I had the opportunity to work there for two years, does take a more active role in terms of securing mineral assets for the province. Geologists are encouraged to stake claims for the Crown, and then those holdings are sold off, or at least that was the situation back in the early '80s. Would the minister consider that for the province? Have there been such discussions here in Manitoba?

**Mr. Praznik:** Mr. Chair, the member raises an interesting set of questions and, I think, dilemma for government. Barring discovering on the surface of Voisey Bay, that is once in probably a century occurrence, the problem you get in if you do it actively, if you regularly stake ground, or you find some potential, and the Crown stakes it, and we put it out for sale and in essence get into the exploration business.

I would worry, and I think it is a fair question, about the potential of conflict and liability for the Crown, obviously, because if others are buying from us on the fact that we think there is some potential and nothing turns out, did we have, as a government, a higher liability or duty because we are viewed as the providers of solid information, et cetera, and the like? I do not know. I would have to give that a great deal of thought. It does strike me as a potential for some difficulty and perhaps some liability.

You also get into the question of, should the province be in the business of furthering exploration? Because, needless to say, if you discover a deposit and want to prove reserves, do you go and find a private sector partner, or do you do it yourself? My friends in the mining business and my assistant, who was in it for many years, always points out to me the great risk involved.

The investment of taxpayers' dollars in getting into where we are doing more than determining basic geology, from which others go in and invest and often, more often than not, lose their dollars, I think, would be a very difficult issue for government. I would suspect there would also be a point where if you had some claims that your own geologists said looked good and

you did not have the money to develop them, you might end up sitting on them for long periods of time and prevent them from being explored and developed.

If you ask for where I come from on this philosophically, I think we have an obligation as taxpayers to provide, if we want to encourage the industry, some basic geological information that leads others to invest, risk and, more often than not, lose their money in trying to explore for minerals.

If others are able to find a claim, prove resources and lead to the next stage of development and, ultimately, see that deposit commercialized, then we as a government have the full right and ability to take our share out of taxes. As long as we are not so heavily taxing that we lose the development altogether, and that has to be a happy balance compared to what others are doing, we as provincial citizens benefit from the profits, from the employment income, the taxes we receive, from sales taxes and all of those things.

I think the history of mining is such that wherever government has tried to get into the business of, whether it be exploration or mining, the result has always been unfavourable 99 out of a hundred times to the taxpayers in the end. So I think it is much better for government to define its role and its opportunities as one to provide the basic geological information, encourage the industry, perhaps invest some through incentives to get the work going that one wants and ultimately reap its benefit out of taxation at the end as opposed to being partners and active partners in mineral exploration.

Government should stick to what it knows best which I think is governing and basic public service. It should not get into the mining industry. If we have learned one thing from Manitoba Mineral Resources from the days of Sid Green and the buy out, we have learned how to kill a mineral industry in the province, not to encourage one or not to benefit the taxpayers of Manitoba.

\* (1650)

**Ms. Mihychuk:** Can the minister share with us what the impact of the closure of the Geological Engineering

department at the University of Manitoba will have on the geological community in Manitoba?

**Mr. Praznik:** Mr. Chair, for fear of diminishing the education of my assistant somewhat, he is, I understand, a graduate of that particular faculty, and the day the announcement was made, he and I had a very long talk about that.

The advice I have received from him, and by the way I have had no comment yet, and I look to my staff, our offices had no comment or complaint yet from any in the industry about the loss of this faculty. From the comments that were made to me by my assistant, who was a graduate of that faculty, the sense was that it was really kind of a lost sheep to some degree between the skill sets that were really needed.

It kind of fit in but did not really offer what was needed and so, quite frankly, for an engineering faculty of the U of M, who has to make some tough decisions about where it wants to be and what it can do and what is effective, when I speak to someone who has gone through it and he says to me this is probably a very wise decision by that faculty, I have to accept that. That is confirmed to me by the fact that within the industry we have not had any hue and cry or anything anywhere near it.

In fact I do not think we have had one call or comment from the industry saying this is something that is critical to us and we need it. In fact the silence from the industry on this announcement has been deafening, and that says to me that it confirms the comments that were made to me by a former graduate that this was probably not the most ideal of programs. So its effect on the industry will be—its loss will be nil.

(Mr. Assistant Deputy Chairperson in the Chair)

**Ms. Mihychuk:** Just one final area and this is in terms of employment opportunities. The department does send out crews, I am familiar with, into the North and all over Manitoba. What projects does the department have in terms of employing people from those regions, natives from the North, in particular? I mean we do tend to go up North, exploit those resources. It always seems to me that it would be beneficial to those people

as well as something that the department could actually do in terms of the geological crews that are out there.

**Mr. Praznik:** Mr. Chair, the member for St. James gets me into an area that is perhaps one of my pet hobby horses within the Department of Northern Affairs. One of the observations that I make, having served as minister for almost two years, is every time we talk economic development in the North, the people we often talk with who represent economic development organizations who are not necessarily looking for work or projects themselves but are doing a lot of discussion about it, I have yet to take on as a project a determination of what opportunities are there from whether it be exploration, the advance exploration where they are proving drills, mine development, et cetera.

One of the things that I wish to take on over the next winter, and this is one of these back-of-mind projects that one in the spring is starting to look at when we get out of this place in a week or so and get down to a little bit of a vacation and clearing the mind and then planning where we are going to go in the following year.

I certainly want to make the effort, and we may involve this in the mines and minerals and petroleum conference. We may do this as a separate activity in the North next year, but find a way of dealing and making people aware of potential opportunities, matching opportunities with people who want to take advantage of them for the whole mining area in the North. There are lots of people who earn their living providing services to the mining industry currently. There may be, and I have no reason to believe one way or another that this is the situation, more opportunities that can be taken advantage of by northerners, and yet I have not yet seen economic development people in the North take this on as a practical project.

So, having both portfolios, it is an area that I want to pursue. How we are going to do it yet, ask me in August after I have had a time to think about it and talk to some people who have expertise in this area.

**Ms. Mihychuk:** Then I take from those comments that we do not have initiatives specifically to provide

perhaps field experience or exploration programs hosted by the department. Is the minister prepared to perhaps use that as a vehicle to provide some training and opportunities for people of the North?

**Mr. Praznik:** First of all, it has just been pointed out to me, that in co-operation with the Cross Lake Band and Gossin Resources, their partner, the department this year will be supervising two aboriginal geological student assistants over the summer. The department will also be working with the band, the Cross Lake high school, and universities in reviewing options that will encourage aboriginal enrollment in the university's geology program.

What is fundamental here is you need people who have the educational background to do the work, and the member well knows this and I do not question that for one moment. It is, how do you do the linkage, how do you encourage the interest? On the First Nations side, the fact that Cross Lake is a partner in this so-far deposit, that is all we have—hopefully, it will be more—is very encouraging, so we want to see where this goes. How we are going to take it forward, I am not sure yet. I think the critical part, though, is awareness.

You do not necessarily need programs if people are aware of opportunities. Sometimes you need a little help; sometimes you need a little guidance in education. I just share with the member at Bissett the work Rea Gold did, virtually all the timber that they purchased was from the sawmill in Manigotagan, the Kennedy sawmill; again, it is making sure that, if Rea Gold goes ahead, people who had the potential to supply locally are aware that this is happening and aware there are opportunities and are able to bid on that work.

What I found to date is sometimes the awareness level is not as high as it should be, and that is part of northern Manitoba because it is a vast area and not everyone knows what is happening everywhere else. I recognize your point, but how we are going to handle it, I am not sure yet. It is an area that I want to address.

**Ms. Mihychuk:** That is very positive and I look forward to those initiatives. I have cut out actually fairly recently an ad in the Free Press by Placer Dome

Canada Ltd., and they are developing a gold property in Ontario. They are doing a community project with the native community there, and they are hiring a native employment co-ordinator. So, as these opportunities perhaps open, we can look at other jurisdictions and models. I think that this one, for example, deserves some exploration in terms of their initiatives in working with the aboriginal community in the North, and I look forward to similar projects in Manitoba.

**Mr. Praznik:** I wish to just say to the member that the reference she makes is an interesting one, because there you have a private sector company working with aboriginal people, and government is not a partner, or maybe it is not appropriate it be a partner. And I have to say to her that I know the Pine Falls Paper Company in my constituency—I attended a dinner just the other night with their shareholders from the Sagkeeng First Nation, which was a very significant dinner. Their relationship is building with southeast tribal resource development corporation where they have common interests.

I am not at liberty to get into detail, but some of the projects that are potential happenings in Manitoba are looking at the same kind of thing. So I would think that the business community, the corporate community in mining is certainly very cognizant of the need to involve aboriginal people in their operations and that there are far more good things happening out there than the public is aware of, and by and large because the media rarely cover it.

The member's point is well taken. I think a lot of that is happening, and I am certainly very encouraging of it.

\* (1700)

**Ms. Mihychuk:** That is it for this section.

**Mr. Assistant Deputy Chairperson:** Item 2. Energy and Mineral Resources (e) Geological Services (1) Salaries and Employee Benefits \$1,927,700—pass; (2) Other Expenditures \$539,300—pass.

2.(f) Canada-Manitoba Mineral Development Agreement (1) Salaries and Employee Benefits \$53,900—pass; (2) Other Expenditures \$31,100—pass.

Resolution 23.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$8,413,900 for Energy and Mines, Energy and Mineral Resources, for the fiscal year ending the 31st day of March, 1996.

Item 23.3 Mineral Industry Support Programs (a) Mineral Exploration Incentive Program (1) Salaries and Employee Benefits \$72,700—

**Ms. Mihychuk:** Mr. Chairman, I have a question in terms of the Acid Rain Abatement Program in Flin Flon. We have invested a considerable amount of money in that program. Can the minister share with us how effective that investment has been?

**Mr. Praznik:** Yes, an excellent question, and for the good of our environment and the people of that district, I think, a good answer.

HBM&S, or I should say the Department of Environment, as of last Friday have informed us that HBM&S are in compliance with all terms of their operating licence and have in fact bettered the requirements of their SO<sub>2</sub> licence by reducing sulphur dioxide emissions by 30 percent since 1994 with the completion of the new bag-house filter system. The order under which they were living called for 25 percent reduction. So although it is never perfect, it is ahead of where they were supposed to be, and I would hope as technology develops it will even get better.

**Ms. Mihychuk:** Can the minister tell us how many days the air quality level in Flin Flon exceeded what is considered the base line last year?

**Mr. Praznik:** Mr. Chair, I do not have that information for the member.

**Ms. Mihychuk:** Well, I had the opportunity to go through a book produced by the Department of Environment, and it is indeed interesting. We have made significant improvements to the air quality because of the initiatives that we have taken in the Flin Flon area.

However, it is still an ongoing issue, as the community does face numerous days per year where emissions are above what we would consider the base

line. So as we look at technology, and hopefully we can do this with a joint program—and as we are doing, we can see the air quality in Flin Flon improved even more. In addition, I would inquire, has the department conducted or are they aware of studies conducted in the Flin Flon area in regard to the acidification of the lakes?

**Mr. Praznik:** Mr. Chair, I do not have that information. My staff does not have it on the acidification of the lakes. I would suggest to the member that information is probably best obtained from the Department of Environment or the Department of Natural Resources. What I would ask of my staff to do for the benefit of the member is to make that inquiry and either advise her where we can get it or if it is easily available provide it to her.

**Ms. Mihychuk:** One further question on this line item and that would be in regard to the potash program. This year we are including \$220,000 in this program, can the minister tell us what that line item is for?

**Mr. Praznik:** I am advised that when the province bought into this particular project, the money for it, of course, was borrowed and this would be the annual interest allotment on that part of the debt. I would suspect the fluctuation will have to do with fluctuating interest rates or estimates of those rates.

**Ms. Mihychuk:** Thank you very much, I am finished with this line item.

**Mr. Assistant Deputy Chairperson:** Item 3.(a) Mineral Exploration Incentive Program (1) Salaries and Employee Benefits \$72,700—pass; (2) Other Expenditures \$45,000—pass; (3) Grants \$2,000,000—pass.

(b) Acid Rain Abatement Program - Flin Flon \$3,841,000—pass.

(c) Manitoba Potash Project \$220,300—pass.

Resolution 23.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$6,179,000 for Energy and Mines, Mineral Industry Support Programs, for the fiscal year ending the 31st day of March, 1996.

The last item to be considered for the Estimates of the Department of Energy and Mines is item 1.(a) Minister's Salary on page 50 of the main Estimates book. At this point we request the minister's staff leave the table for the consideration of this item.

Item 1.(a) Minister's Salary \$22,800—pass.

Resolution 23.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,214,900 for Energy and Mines, Administration and Finance, for the fiscal year ending the 31st day of March, 1996.

### STATUS OF WOMEN

**Mr. Assistant Deputy Chairperson (Gerry McAlpine):** The next set of Estimates to be considered in this section of the Committee of Supply sitting in Room 255 is the Estimates for the Status of Women.

Are the minister and the critic for the official opposition ready to proceed? Does the honourable Minister responsible for the Status of Women have opening comments?

**Hon. Rosemary Vodrey (Minister responsible for the Status of Women):** I am pleased to present today the working Estimates of Manitoba Status of Women ministry for the fiscal year ending March 31, 1996.

This year marks the 125th anniversary of our province in Canadian Confederation, and all Manitobans can reflect upon an impressive history of accomplishment. Manitobans from across the province have worked together to share new ideas and explore new opportunities to build a strong province and to enable future generations to meet the challenges which still lie ahead.

Throughout the past 125 years, Manitobans have witnessed significant change and progress in all facets of their lives. Women have and continue to be among the chief architects of that change and progress in Manitoba. Pioneer women worked hard to enhance the quality of life on the prairies and were key in establishing schools and other community services. The courageous women of the Grey Nuns order brought Manitoba its first hospital. Political activists

such as Nellie McClung and Margaret Benedictssen worked tirelessly for women's suffrage and succeeded in making Manitoba the first province in Canada where women could vote.

Although women do not have a long history of being in the workplace in great numbers, as early as 1881, Dr. Charlotte Ross became the first woman to practise medicine in Manitoba, and Marion Ironquill Meadmore became the first aboriginal woman to be called to the bar in Manitoba in 1978.

Manitoba Status of Women ministry, through the work of both the Manitoba Women's Directorate and the Manitoba Women's Advisory Council, works to ensure the women of Manitoba continue to achieve and participate fully in all aspects of Manitoba life. The Manitoba Women's Directorate is the department of government which works to ensure that the needs and concerns of Manitoba women are understood by government in the establishment of its legislative policies and programs. The directorate carries out its mandate through the establishment of co-operative partnerships with other government departments, jurisdictions across Canada, the business sector, community groups and other external organizations. The directorate is not involved in the direct delivery of service.

The Manitoba Women's Directorate, through its participation in federal-provincial-territorial working groups on education and training, gender equality in the justice system and violence against women, has worked with its counterparts across the country to address issues such as socialization of children and young women, violence against women as well as maintenance enforcement and economic equality for women.

The education and training working group participated in the development of the video and print material, Raising Young Voices, an educational package to raise awareness among parents, teachers, principals and administrators of the effects of socialization of girls and women. This program has been designed so that educators and community groups can use the material for workshops and discussion groups with a view to minimize sex-role stereotyping

in raising and educating young people. It will be distributed this fall with the co-operation of Manitoba Education and Training.

The directorate has established partnerships with other departments of government and external agencies and this year partnered with Investors Group and the University of Winnipeg to produce the poster, Role Models, featuring members of the very successful University of Winnipeg women's basketball team, thereby promoting both women's sport and academic excellence.

This year, the Women's Directorate worked hard, with the support of other departments and corporate sponsors, to organize Moving Ahead, the very successful conference for women. The conference provided a forum in which more than 700 women from across the province were able to discuss topics which impact greatly on their very busy lives and share strategies for success.

As most Manitoba women of working age are in the paid labour force, the challenges now are to enhance women's career and financial prospects as well as to bring balance and manageability to the competing demands of work and family responsibilities. The conference, with sessions on strategic approaches to training, financial planning, stress management and healthy lifestyles, was enthusiastically welcomed by participants as timely, relevant and useful.

Moving Ahead also showcased the wealth and diversity of Manitoba women's expertise and accomplishments as well as their willingness to share their experience with other women, a real highlight cited by many of the participants.

Also last year, the directorate developed Training for Tomorrow, an exciting new scholarship awards program for women, which encourages them to take a strategic approach to post-secondary training, high skills training leading to viable long-term careers in high-demand occupations, in other words, ensuring a good job waits at the end of their training rather than a place at the head of the unemployment line. Training for Tomorrow, administered by the directorate with the guidance of the labour market researchers in the

Ministry of Education and Training as well as community-based advisory committee, provides 50 scholarship awards of \$1,000 each to women pursuing two-year diploma courses in math-, science- and technology-related fields at Manitoba's community colleges.

This program not only underscores the importance of education in achieving economic self-sufficiency, it also puts the recommendations of the Roblin report into action. The view of the report of the Manitoba Skills Training Advisory Committee, that colleges need to attract a larger share of high school graduates, is shared by the University Education Review Commission. In its report, the commission recommends that new resources be directed to this area of our post-secondary system in order to expand practical career choices for high school graduates while enhancing our capacity for economic growth and competitiveness.

They further state that community college diploma programs are essential to creating a pool of highly trained individuals who will bring advanced knowledge to the running of production processes, to the use and maintenance of sophisticated equipment such as that used in medical settings, and to the application of complex technological design to a variety of work settings.

It is very important for women to maximize their employment opportunities in this high-tech workplace of the future in order to achieve economic self-sufficiency for themselves and for their families. This government is committed to promoting the well-being of families and children. The economic well-being of Manitoba's single-parent families, most of whom are headed by women, is all too frequently jeopardized by the failure of noncustodial parents to pay their maintenance.

Maintenance enforcement has been and continues to be a primary focus of the Women's Directorate. The directorate works closely with officials of the Maintenance Enforcement Program of the Department of Justice and participated in the recently held community consultations. The first automated enforcement program in Canada was created in Manitoba as the direct response to this problem of

maintenance default. Now our goal is to strengthen the program and create the most effective deterrence for those seeking to evade its reach. It is not acceptable to have families and children live in poverty because court-ordered maintenance payments are ignored. We have introduced legislation to send the message that paying maintenance is a payer's first obligation. The best interests of the family demand these payments be made.

Highlights of the legislation include suspending and refusing drivers' licences and motor vehicle registrations; reporting delinquent payers to the Credit Bureau; increasing the maximum jail term to 90 days from 30 days and raising the maximum fine to \$1,000 from \$500 for wilfully avoiding payments; introducing measures to seize assets owned by the payer with other people, such as jointly held bank accounts and other assets; and assessing accumulated pension benefit credits before retirement payouts begin.

Administrative changes are also underway to improve the Maintenance Enforcement Program's ability to enforce payments: the automated voice response system to provide 24-hour seven-day access to payment and enforcement information; an improved computer system to speed up and enhance enforcement efforts; information sessions for recipients and family law lawyers; implementation of more convenient ways for payers to make their payments with the introduction of a direct payment debit card and a drop box for maintenance cheques. The program will also establish a payment plan for delinquent payers who want to catch up on their payments.

At the recent annual meeting of ministers responsible for the Status of Women, ministers pledged to work collaboratively to enhance the reciprocal enforcement of maintenance among all jurisdictions. In Manitoba, we continue to lobby the federal government for greater access to its information resources to enhance both the location of payers as well as payment.

Nowhere is this government's commitment to the women of our province more evident than in our efforts to address violence against women. As Minister responsible for the Status of Women and, as well, as Minister of Justice, I am able to ensure that Manitoba's

justice policies and initiatives directly reflect the reality of women's lives.

The Manitoba government has worked to develop a system that responds to the special needs of women in crises and aids women who want to end the violence in their lives. Such policies and programs include a policy of zero tolerance whereby persons, usually women, who are being abused by their partners will not be ignored by the justice system when they need help. This policy ensures action and firm intervention to put an end to the violence; prompt and effective action by the police will be supported by vigorous prosecution of offenders.

The establishment of a specialized Family Violence Court that considers the unique nature of wife assault, child abuse and elder abuse cases in the court; this is the first court of its kind across Canada. An aggressive prosecutions protocol for Crown attorneys which directs the Crown to proceed in a manner consistent with its legal and ethical obligations and which ensures that the criminal justice system helps victims of violence.

As well, the protocol directs all Crown attorneys to take a more aggressive approach with respect to orders made for the protection of women: restraining orders, protection orders and peace bonds, for example. Prosecutors have been instructed to assist and assume conduct of peace bond applications on behalf of the victim.

The expansion of the Women's Advocacy Program, both in Winnipeg and across the province to assist women who are faced with the justice system as a result of an abuse by their partners.

Manitoba has one of the most comprehensive shelter funding models in Canada with volume-sensitive per diem rates, follow-up counselling and children's counselling services. The new model was implemented in 1992, doubling the operating grants and reducing per diem rates thereby ensuring the financial stability of smaller shelters as well as 24-hour access.

A 12-week educational program for abusers, as well as long-term treatment has been established. All

sentence offenders are required to participate in a treatment program.

The creation of a simple, easily assessable nonmolestation order to be served by police under The Family Maintenance Act. Nonmolestation orders were introduced January 1, 1993, and a central registry for domestic violence has been established and is assessable to all law enforcement agencies in Manitoba. All orders of noncommunication and weapons restrictions are now centrally recorded.

\* (1710)

As well, the province of Manitoba has taken a tough stand on issues outside of provincial jurisdiction. As Minister of Justice, I have lobbied the federal government to strengthen Bill C-68, the gun control legislation. The Manitoba government believes that this bill as it currently exists will not increase public safety. We have lobbied for tougher sentences for offenders who commit violent acts with a weapon, not just a firearm as is noted in the bill, this includes all types of weapons, not just firearms.

Criminal harassment and stalking has also been a major issue for this government, and I have lobbied the federal Minister of Justice to change the current legislation to be tougher on offenders who stalk their victims. Recommendations from Manitoba include notification of the victim upon release of the offender from jail, enhanced penalties for stalkers who violate protective orders, and the implementation of a reverse onus for bail where an accused is charged with stalking.

These initiatives demonstrate this government's tough stand on violence against women and its commitment toward making Manitoba a violence-free zone. That is a commitment to Manitobans that I take very seriously.

In addition to its research and analysis functions it performs within the government, the directorate also provides an outreach function to the women of Manitoba. The outreach staff has been a source of information, referral and support services to women's groups as well as to individual women throughout the province.

Members of the outreach staff are based in Portage la Prairie, Thompson and Winnipeg and to ensure a truly province-wide service. Staff of the unit have reached out in the past year to a number of rural and northern communities, including Cross Lake, Snow Lake, Cranberry Portage, Russell, Carman and Oak Bluff, to name a few.

A toll-free women's information line has been established in order to provide women from any part of the province with easily assessable information on programs and services within government and the community. In support of this initiative the Women's Directorate continues to enhance an extensive database of government and community-based programs and services. Information capabilities will include retrieval according to specific concerns and according to geographical regions of the province. Information gathering for the databases is ongoing and updated on a regular basis.

In order to keep up with the steadily increasing demand for speakers on a variety of topics of interest to young girls and women, the directorate established a speakers' bureau, which includes speakers from within government, the private sector and the community. The bureau provides community groups and other interested organizations with knowledgeable speakers for their functions.

During the past year, two expanded issues of the popular About Women newsletter were produced and distributed to interested Manitoba women. Through the Profiles on Women newsletter segment, several prominent successful Manitoba women were featured as a tribute to the contributions of all Manitoba women. Through this ongoing feature the directorate will continue profiling the successes of Manitoba women in future issues of About Women.

The Manitoba Women's Advisory Council is an arm's length body whose members are appointed by the government. They represent the different geographical regions of the province and various communities of interest, providing advice on issues of concern to women. In August 1994, a council consisting of 13 new members, two reappointments and a new chairperson was appointed. To date, council has held

five meetings and one outreach meeting in the Interlake area of Manitoba. A strategic plan was developed and council determined its priorities to be health, education and training, women in politics, women appointed to boards and commissions, the challenges facing recent immigrant women, and violence against women.

At its meetings since August, the council has invited a number of guest speakers to make presentations on topics such as rural child care, women travelling alone, the experiences of Filipino domestic workers in Manitoba, zero tolerance, profiles of Winnipeg resource centres, a review of Bill C-68, and the underrepresentation of women among the faculty at Manitoba's universities.

In August 1994, council participated in the national nongovernmental organization's preparatory meeting for the Beijing World Forum. Since then, the council has facilitated biweekly meetings for the Manitoba-Beijing network. The meetings have consisted of representations of a minimum of 20 nongovernment organizations. Attendees have discussed policies set forth, the process for changes to platform and the logistics of going to Beijing. The Beijing network is comprised of rural and urban women, and the council regularly mails out information to the more than 100 participants.

The Manitoba Women's Advisory Council prepared a brief for presentation to the federal Ministerial Task Force on Social Security Reform. The brief stressed the contribution women can and do make to Canada's economic and social well-being. The council also stressed its deep concern regarding the plight of single-parent families and urged consideration of the impact on children of social security reform. The Manitoba Women's Advisory Council made a number of recommendations to the task force aimed at enhancing the lives of single-parent mothers as well as enhancements to unemployment insurance as it relates to women.

Once again, the council has been updating its highly successfully Parenting On Your Own, a handbook containing descriptions of a comprehensive list of services available to single-parent families. The council is now seeking to partner with the community

to ensure the ongoing life of this resource. A committee has been established to find partners to co-finance the third printing of the handbook. Council is hoping to have the reprint available in the not too distant future.

Parenting On Your Own continues to be immensely popular. To date, over 7,000 copies have been distributed. Council continues to receive requests for copies of the handbook from agencies such as the Fort Garry Women's Resource Centre, Aboriginal Training and Employment Service of Manitoba, Manitoba Health, the Social Services Advisory Committee, and Winnipeg Child and Family Services.

Council assisted in the organization of the Moving Ahead conference, the 1995 celebration of International Women's Day. Council was instrumental in the development of the French panel, The New Economy: A Franco-Manitoban Perspective. Council has worked in conjunction with the University of Manitoba Advanced Communications class to create a pilot project to develop a marketing strategy for council to enhance its profile in the community and expand opportunities for the public to have input into council's priority setting. The new approach is already having an impact. In 1995, the council will reach out to the students at the University of Manitoba to create, in young women, an awareness of the council's role.

The Manitoba Women's Advisory Council continues to develop a broad base of resource material in its library. Council is in the process of making its informational resources more accessible to the public by creating a computer data bank. University and high school students, teachers, professors, women's organizations and other individuals have found council's library helpful and one that fills a need for a wide variety of information.

Council continues to make faxing, photocopying and mailing services available to numerous women's organizations. Council also makes the Status of Women boardroom available to nonprofit women's organizations for meetings, upon request. The council has continued to participate on a consultative basis in women's project and event planning committees, when asked. The council attended meetings that focused on

key issues of concern to all women in Manitoba such as maintenance enforcement, single-parent consultation, social security reform, judicial code and municipal act review.

The council assisted the Coalition for the Education and Training of Women with the preparation for its political forum debate, and council looks forward to another productive year. In keeping with its mandate, council will continue to work with all women and women's organizations.

I am very proud of the successes of both the Manitoba Women's Advisory Council and the Women's Directorate, and during the coming year I am confident that both organizations will continue their work to ensure equal opportunities and equal participation for Manitoba women in all aspects of our society.

**Mr. Assistant Deputy Chairperson:** I thank the honourable minister for those comments. Does the critic for the official opposition, the honourable member for Osborne, have opening comments?

**Ms. Diane McGifford (Osborne):** I too would like to thank the minister for her opening statement. This is my first Estimates for the Status of Women, so I look forward to becoming more familiar with the ministry.

I have had, however, in the past, experience in working both with the advisory council and the Women's Directorate in another capacity so I do know something about the working of the ministry.

I want to begin by making some points about my own political background and point of view and begin by making the point that I came to politics by way of feminism and that I bring to this ministry a feminist perspective. I was going to say a feminist perspective to the political arena but note, in passing, that arena is such a value-laden term these days, I perhaps should not use it.

My political influences are those feminist thinkers of the 19th and 20th Centuries who are much too numerous to mention, so I simply will not do that. As far as my beliefs, I believe that we as women live in a culture where sexism is alive and where misogyny

thrives or at least, I suppose not thrives, lives. I have an alternate vision, a vision of a community where men and women are full and equal participants living together in support of harmony, and I think I want to make the point here that feminism embraces the masculine. It is patriarchy and hierarchy that we take issue with.

Of course, there is a great deal of difference between the ideal and the real, or as T.S. Eliot said, between the ideal and the real, the shadow falls, and there is certainly a shadow characterizing the lives of women in Manitoba. For example, and I am going to give several examples which, I am sure, the minister is familiar with, but I think it is important that we give these examples over and over again.

\* (1720)

We live in a society where women still earn 72 cents for every dollar that men earn. We live in a society where women are more likely to live in poverty, to be single parents, to bear the economic and actual burdens of child rearing, and I am thinking here of the emotional and physical costs of bringing up children as well as the economic costs of bringing up children.

Women are still far less likely than men to hold powerful or prestigious positions, whether these be political positions, whether they be ones in corporations, high-level administrative positions in universities or school principals. Most of our medical models, apart from when work is done in specifically female diseases, are based on the male body and the ways in which disease threatens and attacks the male body.

Interesting in this regard, one day last week I attended the annual general meeting of the Women's Health Clinic, and the speaker there pointed out not only has there been a massive neglect of women's health issues, but where women's health has been highlighted, she said the accent on the differences between men and women has led to some very dangerous social policies for women.

I could share those with the minister at another time if she were interested.

Back to some of the examples of the inequity between men and women in our society, I noticed that our language and our education remain basically dominated by patriarchal norms and expectation. Curricula at all levels often do not include materials written by or about women, and as I say, this is true of education at all levels, and I think particularly true at the university level of which I have some direct experience. So I was very glad to hear of the work that the advisory council was undertaking with the university system. True, there has been some progress, but some is not enough, and I think women in Manitoba are still not satisfied.

I might add here the findings of the recent Report of the Ad Hoc Committee to Investigate Climate in the Department of Political Science at the University of Manitoba—that is quite a title is it not?—and its findings of a chilly climate, to put it very mildly. I think it is a pretty frigid climate. Certainly this report is an index to the barriers bedeviling women, even those who we usually think of as very privileged, and it is also an index to the misogyny in what we usually think of as a very progressive institution. Certainly that report makes clear some of the difficulties women are experiencing at the university level, and I think it needs to be taken very seriously.

The last example of this nature that I want to provide, although I note this is far from the last instance of the inequalities plaguing women, the last example I want to mention is violence against women. We still live in a society, of course, blemished by domestic assault on women where numbers of women each year are murdered by their partners or their husbands or their ex-partners. I believe it was 14 women murdered by their partners or ex-partners in 1994.

Other kinds of domestic assault on women abound, but they are not indictable offenses. I am thinking of things like women who live with years and years and years of verbal assault or who are denied money or other family resources. Those certainly are in my opinion examples of abuse, and certainly they are endemic in our culture.

I point also to sexual assault and sexual harassment. They continue to undermine the quality of women's

lives and to keep some women subservient, compliant, frightened and disempowered and, I think, to keep all women frightened and a little wary. So certainly any kind of violence is felt by us all, even if we are not the direct recipients of violence. We live in a violent society. Sadly and shamefully I think many women live lives where they are subjected to a number of the injustices that I mentioned. Poverty, humiliation often permeate the lives of many Manitoba women.

I guess I would like to just mention without pointing out the double jeopardy in which women living with disabilities or immigrant women or aboriginal women or visible-minority women face. Certainly their road is a tough one.

To repeat then, my perspective, as the critic for the Status of Women, is informed by feminist analysis. I believe that the personal is the political and that there are political legislative solutions to personal injustices, though, I point out, these need to be accompanied by educational programs and social services which target women.

My theoretical stance is combined with some very practical hands-on experience. I have a long history of work in the women's community that I would like to share with the minister. For example, I have been a counsellor at Planned Parenthood in family planning. I have been a sexual assault counsellor at Klinik. I have worked at the YWCA Women's Resource Centre. I have been president of Fort Garry Women's Resource Centre. I have taught women's studies at the University of Winnipeg. I have been president of the December 6 Women's Memorial Committee, a member of the Urban Safety Project for Women and Children. I have written extensively on women's issues for local, national and international magazines, and I have been an editor of *Contemporary Verse 2* which is one of Canada's few feminist poetry magazines.

As the critic, I continue to consult with these groups and with other women's community groups, seeing my duty as critic to be maintaining the lines of communications with community women and their concerns. I see the important issues challenging women to be, as always, economic, sociocultural, educational and the empowerment of women.

I would like to talk about what is standing in our way. When I had the opportunity to speak in the House on Bill 3, The Maintenance Enforcement Act, I made the point that what we need to do, as men and women, what we need to do is change the world, and I believe the best ways of working towards that goal are through legislation, education and social service supports.

As far as legislative policies are concerned, I think we need sound visionary legislation and policies which are cognizant of the misogyny in our culture and which promote the full and equal participation of all women, especially the marginalized women in our communities.

I recognize that I myself, and I think most of the women sitting at this table, of which there are four, are probably very advantaged, but certainly this is not true of women throughout our culture. So I think it is really important that we have policies that are designed to look after all women, especially the marginalized.

\* (1730)

I believe here we need to renew our commitment to affirmative action and continue to enact legislation that protects women against violence. We need to increase support so that specialized family court can fill its mandate as providing expedient resolutions to matters of family violence. As the minister knows, I believe we need to enact amendments to Bill 3 if maintenance enforcement legislation is to indeed fulfill its goals.

Legislation, I think, needs to be accompanied by educational programs and community development. We need educational programs and curricula which take issue with the cultural biases that perpetuate inequalities. We need to replace antiquated curricula with models that recognize the perspectives, achievements, cultures and values of both women and men. We need education and training which provides women with the knowledge and skills they require to live with economic independence and to be competitive. We need to encourage women to enter those vocations, those disciplines that are thought of as masculine. In other words, we need to educate women to set themselves at odds with tradition and create new traditions.

As far as community outreach, I think we need community outreach which meets women on their own terms and in their own places, which locates, encourages, supports and empowers the disenfranchised and the marginalized women in our society. We need to be able to reach these women because their self-esteem is not such that they can go out and seek these programs out. Healing has to begin before change can happen. Just as change requires sound legislation and appropriate community education programs and outreach in education, so does the full and equal participation of women depend on the social service supports which honour women's perspectives and which recognize women's social inequality. I think these are necessary for some very obvious reasons.

First of all, women need supports, counselling resources, information and advocacy if they are going to be in a position to take advantage of educational programs. But as well, and perhaps more important, if women are to be full and equal participants in our society, it is vital and necessary that they have a safe place where they can explore their individuality, where they can heal, where they can gain self-esteem and where they can begin to discover their own personal resources and their own strengths. I think for these reasons women's resource centres or programs that target women are absolutely vital if we are to change.

\* (1740)

Within government itself, I think it is clear that we need concerted and frequent consultations and communications between the various ministries and the Minister for the Status of Women. I think we need to do this if we are to move women from the margins into the centre.

During the past few weeks I have spent some time visiting women's community groups and consulting with them. It has not been easy. I have certainly been involved on a steep learning curve, but anyway I have managed to squeeze in a few consultations. My consultations with women's groups suggest that many are nervous. History tells women that during times of economic upheaval or restraint, our needs, desires, aspirations are often the first to suffer. Though we are not the cause of economic problems, we are often

expected to shelve our personal and political agendas in order to provide solutions.

The women's groups with whom I have spoken feel threatened by the cuts to the federal transfer payments and by the provincial planned balanced budget legislation. They know that arenas and bridges are often valued more than women's centres and shelters. They know that social assistance and its benefits are always on the table. They know that innovations and women's education and community development programs are always at risk. I think women know too that daycare is always at risk. One of the things that I was busy in in the 1980s was working with the then-NDP government on daycare standards.

One of the things that I just find startling is that it is 1995, and I can go to a meeting of women and one of the first issues that still comes up always is daycare. This was happening in 1970, and we still have not resolved our daycare needs. I find it just absolutely astounding. Until we have a daycare program that meets the needs of Manitoba children, women are not going to be able to enter fully into our society or fully into the workforce. Anyway, that was a diversion.

I was talking about my consultations with women's centres, and one of the things that I want to say here is that women know that all too often a 'blame the victim' psychology pervades, and that women are blamed for the social, economic and educational inequalities in which they live when the real culprit, of course in my opinion, is the patriarchal and hierarchical nature of our culture.

Indeed our times are volatile and when it comes to equality and social services, some women and some women's groups feel that they are under siege. They feel that there is a greater and greater disparity between the haves and have-nots, between the rich and powerful, and the poor and the disenfranchised. Therefore, at this time it seems to me leadership in the women's community is particularly important—leadership from the minister, from the Women's Directorate and from the Manitoba Women's Advisory Council. I am very interested in the activity—activities, let me use the plural—activities of the Women's Directorate and of the advisory council. I am interested

in their priorities for the future and the activities of the past year. I am interested in their leadership. I am sure that the minister will honour my questions. I promise, in return, my commitment to work for, and here I borrow from the established goals from the advisory council: To work for the full and equal participation of women in society and to promote changes in cultural, social, legal, and economic structures in order to advance that end.

Finally, as I have implied earlier and perhaps throughout my remarks, I look for a community that honours and values all of its members equally, a community which will be characterized by fairness and justice, and I sincerely hope this vision will be realized before the end of the second millennium.

**Mr. Assistant Deputy Chairperson:** I thank the critic for the official opposition for those comments.

We will return to 1.(a)(1) Status of Women, Manitoba Women's Advisory Council, Salaries and Employee Benefits, on page 136 of the main Estimates book.

At this time I would like to invite the minister's staff to come forward and the minister to introduce her staff at present.

**Mrs. Vodrey:** I would just like to take a moment to introduce to the committee Theresa Harvey, who is the Assistant Deputy Minister of the Women's Directorate; Ruth Mitchell, who is the manager of the Policy Unit; and Betty Nordrum, who is an analyst with the advisory council; and Maggie Nashimura, who is the chairperson of the advisory council for the Status of Women.

**Mr. Assistant Deputy Chairperson:** I thank the minister for that information. It is customary for the committee to proceed line by line. What is the will of the committee in this instance?

\* (1750)

**Ms. McGifford:** If it is acceptable to the minister, I would like to just ask some questions basically about the Women's Advisory Council and then pass on to the

Women's Directorate. I suppose in one way that is proceeding line by line, is it not?

**Mr. Assistant Deputy Chairperson:** Is it the will of the committee to proceed line by line, then? [agreed]

We will now proceed with line 22.1(a) Manitoba Women's Advisory Council (1) Salaries and Employee Benefits \$175,500.

**Ms. McGifford:** I would like to ask the minister a few questions about the—I suppose more about the employees—but a couple of questions about the salaries. The minister has identified two women present as working at the advisory council and also identified their titles. I wonder if I could ask the minister basically what these people do.

**Mrs. Vodrey:** I just wanted to take a moment because, as the member for Osborne (Ms. McGifford) knows, the advisory council is at arm's length to government and they operate at arm's length. So in the questioning which follows, I will be making sure that I am representing them fairly to the member in Estimates.

The two people who I identified, let me start with Betty Nordrum who is sitting here who is an analyst with the advisory council. Her role is very wide ranging. She reviews issues, she is responsible for also looking at what the policy issues might be as she is reviewing issues, she organizes consultations, she liaises with women's groups, she also liaises with students, her role is as a staff person with the advisory council, and she provides staff support in relation to the issues which come forward.

Maggie Nashimura is the chairperson of the advisory council, and her role is to set the agenda with members of the advisory council on the issues that the advisory council will be working on. The advisory council's role is to reflect what issues are within all of Manitoba that are of interest and concern to government, and their role is particularly important because they are not employees of the government of Manitoba. They are not looking at the issues with that kind of an eye. They look at the issues instead as representatives of their own community group whether it is a geographical and a professional group and what issues have been

represented to them and to bring them forward to the council and then to in turn pass those on as the minister's advisory council.

**Ms. McGifford:** Could the minister explain to me how the chair is appointed?

**Mrs. Vodrey:** Mr. Chair, the chair of the advisory council is appointed by Order-in-Council by government.

**Ms. McGifford:** Well, who gives the Order-in-Council? How does that evolve?

**Mrs. Vodrey:** Mr. Chair, the Order-in-Council is brought forward by the Minister responsible for the Status of Women and presented as a recommendation to government.

**Ms. McGifford:** So the Minister for the Status of Women makes a recommendation in regard to the chair.

**Mrs. Vodrey:** That is correct.

**Ms. McGifford:** I wanted to ask also about the increases in wages, and I want to preface that I am always happy to find that women's salaries are going up, but I do notice a difference between 1995-96 and '94-95, and of course we are continuing with Filmon Fridays.

**Mrs. Vodrey:** Mr. Chair, the numbers are going up due to the benefits to employees.

**Ms. McGifford:** So these increases are natural increments?

**Mrs. Vodrey:** Yes, that is correct.

**Ms. McGifford:** I guess I should have said usual increments as opposed to natural ones.

On June 8 in the House I asked the minister if and when the executive director's position would be advertised and posted through the Civil Service Commission, and the minister told me in response that she believed this process was underway. I would like

to have a report on the process and how it is progressing and indeed when we can expect the advisory council to hire an executive director.

**Mrs. Vodrey:** Mr. Chair, I can tell the member that we are following a procedure set out by the civil service.

In fact, when I made that response to her, yes, things were in progress internally, and I am told that there will be an ad placed in the Free Press within two weeks and it is expected that the position will be filled by the beginning of August.

**Ms. McGifford:** Will the executive director's position be a full-time position?

**Mrs. Vodrey:** Yes, it is.

**Ms. McGifford:** If it is going to be a full-time position, I guess I would like to take a look at the staff years and I wonder where it would fit into the staff years allocated, which I see are 3.3.

**Mrs. Vodrey:** Mr. Chair, it would be the managerial position.

**Ms. McGifford:** Then the executive director is the managerial position and that is one staff year; and I am assuming that the professional/technical position is that of the policy analyst and that is one staff year; and that the administrative support people, who are not with us, that is the 1.39. Is the chair position not included here then?

**Mrs. Vodrey:** Mr. Chair, I understand that the chair's position is part of the operational budget.

**Ms. McGifford:** It seems to me that if there will be less than one month between the ad in the Free Press and the appointment of the executive director that that is going to be a very hasty process. I wonder if the minister could comment on that.

**Mrs. Vodrey:** Certainly we are not looking in any way to short circuit the process, so I am told by staff from the directorate that it may be unlikely that the competition can be completed by the beginning of

August, although the advisory council has indicated their anxiousness to proceed in the filling of the position. If it is not possible to have processed all of those people who are interested and to have done the interviews and the competition according to the civil service, then we will take a little bit longer.

I am advised it could take up to six weeks, though the goal of the advisory council is to have someone in that position as soon as possible. They would like the position filled by August 1. However, if it takes a bit longer, then it will, in order to comply with everything that is required.

**Ms. McGifford:** How long has the position been vacant?

**Mrs. Vodrey:** Mr. Chair, the position has been vacant since January 1.

**Ms. McGifford:** Is it usual for it to require six months before there is anything done about it?

**Mrs. Vodrey:** Mr. Chair, I am told sometimes yes, that it is possible for positions to be held vacant. The new chair, who is relatively new, also had an opportunity to get to know what she was requiring in terms of an executive director as well, and so it has taken a little bit of time. However, we are looking to have that finished as quickly as possible.

**Mr. Assistant Deputy Chairperson:** Order, please. The hour being six o'clock, the committee will recess until 8 p.m. We will resume back here at 8 p.m. to continue on with the Estimates of the Status of Women.

#### URBAN AFFAIRS

\* (1450)

**Mr. Chairperson (Marcel Laurendeau):** Would the Committee of Supply come to order, please.

This section of the Committee of Supply has been dealing with the Estimates of the Department of Urban Affairs.

Would the minister's staff please enter the Chamber at this time.

We are on Resolution 20.1 Administration (b) Executive Support.

**Hon. Jack Reimer (Minister of Urban Affairs):** Before we begin, on Friday, the member for Wellington asked for the terms of reference for a feasibility study on a permanent voters' list and also the membership regarding the provincial land-use committee. I have that information for her, and I will just maybe give it to one of the Pages to bring it across. Thank you.

**Ms. Becky Barrett (Wellington):** Mr. Chair, I would like to continue on with the Executive Support line, and I have a question that I believe I recall seeing in last year's Estimates. Of course, I cannot find it now, but I think I did see it.

Anyway, it was talking about special operating agencies. The minister was referring to this as a new kind of entity within the department, and I am wondering if the minister can give some background on this item and how far it has been extended into the department, if at all.

**Mr. Reimer:** Mr. Chairperson, in regard to the Department of Urban Affairs, because of its structure and its make-up, the application of SOAs or special operating agencies have really not been entertained or looked at in any type of a direction just because of the structure of our department. No, we have not looked at anything like that.

**Ms. Barrett:** I understand that, but could the minister, just for my own information, give me a general outline of what SOAs are?

**Mr. Reimer:** Mr. Chairman, SOAs or special operating agencies are set up in various areas within government. A good example is the Fleet Vehicles department. In essence, what it does is it sets up a faction of competitiveness in analysis and critical decision making regarding the accountability of various aspects of funding within the department. It sets up a goals attainment and a goals achievement type of directive within the department—pardon me, within that particular area of concentration, as I mentioned, for example, fleet vehicles.

In essence, what it does is it sets up a competitive nature within the department to look after, not only their budget but be competitive in the, for lack of a better word, private sector in an analysis of where the money is spent and the best accountability and the best direction and the best bang for your buck, if you want to call it.

**Ms. Barrett:** I will try and get some more information from a department that may have more of an opportunity, like Government Services, the minister said.

I will go onto another topic, if I may. This one is dealing with an issue that has had some public awareness attached to it and also some concerns raised by various people. It is dealing with the amendment to Plan Winnipeg request from the city that would redesignate land west of the Perimeter Highway between Saskatchewan Avenue and Portage Avenue to a neighbourhood policy area in Plan Winnipeg.

I am speaking in particular now about a letter that was written by the minister on May 19 to the mayor of the City of Winnipeg outlining the approval, subject to the following conditions of the request of the City of Winnipeg to amend Plan Winnipeg. I would like to ask some questions in that regard if the minister has the material.

\* (1500)

**Mr. Reimer:** As mentioned by the member for Wellington, the property in question is the property just on the other side of the Perimeter. This was, in essence, a concept for sort of, from what I understand, an auto mall set up in that particular corner. What it will do also, it will realign one of the road entrances so it lines up with, I believe it is called, Camp Manitou Road in there for a better access and ability for traffic flow. It is all part of, as mentioned, Plan Winnipeg. The analysis was gone through with public hearings. There was public presentation, and the Council of Women, I believe, were also in favour of this plan that was put forth.

**Ms. Barrett:** Mr. Chair, my understanding is that the letter that the minister wrote to the mayor was that the

Plan Winnipeg by-law would be amended if the questions dealing with servicing and commercial use were addressed.

The question I have is that it appears from this letter that the minister has written to the mayor that he in fact is just sending back to the city that which it had already done, that the approval has been given before the conditions have been met. Is that accurate?

**Mr. Reimer:** It has been approved subject to the conditions that have been outlined in the letter.

The conditions were regarding servicing. It is to promote the efficiency in servicing the development in accordance with the plan. An analysis shall be required of the overall cost of servicing the land to ensure that the property can be economically and efficiently supplied with the full range of services, and that the cost for these services can be apportioned fairly to this development and also the condition of commercial use in accordance with the Plan Winnipeg policy 5A-26, limited shopping centres. Limitations shall be placed on the floor area for the department-store-type uses to ensure that the development does not constitute a regional shopping centre.

**Ms. Barrett:** So what your letter is saying is that this will not be approved finally unless the city writes back to you saying that, yes, they have conformed with these conditions?

**Mr. Reimer:** My understanding is that they have approved the by-law and they recognize these conditions already.

**Ms. Barrett:** So under the servicing paragraph it says an analysis shall be required of the overall costs for servicing the lands. Has that analysis been undertaken, and if so, has the minister seen that analysis?

**Mr. Reimer:** An analysis does have to be done on the overall servicing costs of that property. The City of Winnipeg will not get into a development agreement until they know what type of costs are involved and what the commitment and where the direction of funding is, so that in essence there has to be a cost analysis done before there is a commitment.

**Ms. Barrett:** So who does that cost analysis?

**Mr. Reimer:** The City of Winnipeg and the developer will do those cost analyses.

**Ms. Barrett:** So the province has no more jurisdiction in this regard, having written a letter of May 19?

**Mr. Reimer:** Yes, that is right. That is correct. I should point out too that there has to be an awareness that the conditions are met, and then if they are not then the province would be involved again at that point.

**Ms. Barrett:** How does the minister know when an awareness that the conditions have been met has taken place?

**Mr. Reimer:** I point out that staff are in touch and monitor and are aware and cognizant of what is happening, and there is not an area that they cannot be made available to or aware of regarding the development on it.

**Ms. Barrett:** Will one of the elements of servicing and the overall cost for servicing be water?

**Mr. Reimer:** Yes. Water, sewage, drainage, all those things would be evaluated.

**Ms. Barrett:** I think this is an example that gets me into the next area that I wanted to spend some time on, which is Capital Region Strategy, and the concerns, very extensive concerns that we have about the direction or, in some cases I believe, the lack of direction this government is showing in regard to the capital region.

I think that this power mall, as it has been described in the media, is an example of what can happen when you avoid taking leadership and development issues, when you eliminate, as was done in 1993, the urban limit line in favour of a more flexible area designation strategy which in and of itself may not be a bad thing. When you do not have anything to put in its place, you end up with ad hoc development, you end up with something that appears to us to be not controlled from any central planning framework. There does not appear to be any real guidelines against which to judge

a project. There certainly is not any overall sense of what is or should be the look and appearance and function of the various elements of the capital region.

What I would like to do is to talk for a bit of time actually with the minister about the Capital Region Strategy, using as a framework the Capital Region Strategy workbook that has been put in place and is in the process of revision and finalization.

I would like to ask first a specific question. The workbook talks about the process that will be undertaken and the revised strategy that will come out of the consultation, and the revisions will be adopted by the Manitoba Round Table on the Environment and Economy, the Manitoba government and the municipalities and the capital region. I am wondering if the minister can explain the process whereby that strategy will be adopted? Will it be under the guise of the Capital Region Committee that will adopt it, or will there be a more formal adoption process?

**Mr. Chairperson:** Order, please. Is the committee at this time prepared to pass 1.(b) Executive Support? I notice the honourable member has moved to 3.(c) Region Sustainable Development Strategy.

**Ms. Barrett:** Mr. Chair, at the beginning of the Estimates process we sort of decided that we could deal with pretty much every issue under this one. So I will leave it up to the minister to say.

**Mr. Chairperson:** Number one, it is not up to the minister, it is up to the committee. The committee will make that decision, and we had made the decision that we would deal with the resolution 20.1, not all the resolutions as a unit.

**Mr. Kevin Lamoureux (Inkster):** Mr. Chairperson, just for clarification, I believe it was the consensus of the committee the other day that in fact it would be all right with the minister and the member for Wellington and others who were in attendance to be able to ask policy questions, some detail, and if in fact it is too much of a detail, the minister would then get back to us once we hit that particular line in order to facilitate maybe a different staff being warranted at the table. I do not have any problem whatsoever with what the

member for Wellington is proposing, and we should just continue on.

**Mr. Reimer:** Agreed.

**Mr. Chairperson:** Okay, so is there leave then to deal with the entire Department of Urban Affairs as a whole? Leave? Leave is granted.

**Mr. Reimer:** We keep staff moving all over the place here. Thank you very much.

The Capital Region Strategy, I would like to point out to the member for Wellington, is something that came about in 1989 because of a lot of the concerns that were brought forth not only by the department but by the municipalities and the R.M.s around the city of Winnipeg in trying to come to some sort of an understanding and a direction of achievement and a concern of various aspects of growth and development and movement of peoples and movements of industry in and around Winnipeg and the various municipalities.

\* (1510)

The committee itself, as been pointed out by the member, is made up of I believe 16 municipalities plus the City of Winnipeg, and they meet on an average of two to three times a year. As mentioned, this has been ongoing since 1989 to try to come to a consensus of opinions and a consensus of direction. The study and the workbook that was brought out, the workbook on the Capital Region Strategy, Partners for the Future, was unanimously adopted by the municipalities, the R.M.s around the area and the City of Winnipeg. So you are looking at 16, in total, partnerships in the adaptation of the strategy.

The strategy is a workbook. It is a guide. It is an all-encompassing direction covering multifaceted areas. It is working within the partnerships of regional citizenship, the quality of environment. It is talking about the directed growth, the physical infrastructure within the area. It is looking at the economic strengths of the province and the region through the socioeconomic security for people. There is a flexibility of the workforce that is looked at, not only the youth but the workers. There is the striving for

knowledge and technology and the sharing of these things through the advancement and support of the provincial and the regional economic development.

The fiscal soundness of the surrounding areas are taken into accountability of what is best for not only one area but for all areas, and there is the social quality which is naturally involved for the people that are moving or involved with the decision making in respect to any type of fostering of direction. Naturally, the quality of life is involved for the area, which must be maintained and enhanced. So there is a fairly broad spectrum of direction that is outlined in the book, and it gives the opportunity for consensus building within the whole area of the region for some sort of direction, a commonality of goals and an achievement that has been put forth.

The province's role is there as a facilitator to try to encourage this type of growth, to try to come up with a consensus, and being faced and recognizing that we are dealing with elected officials, not only within the city of Winnipeg but also all the municipalities and the R.M.s that are around Winnipeg and the small towns. I believe Stonewall is involved and some of the other areas. So you have elected officials who are all trying to bring forth various directions on what is best for the whole region, including the city of Winnipeg.

The Department of Urban Affairs, in a sense, acts as a catalyst or a facilitator in trying to bring these various factions together. The idea of being the sole mediator and the sole direction of decision making really is, to a degree, I guess, a difference in philosophy between the member for Wellington (Ms. Barrett) and government.

I think this is evident in what we look at in the various elements of government, not only here in Manitoba but across Canada, in a sense of people are wanting to be able to be part of change. They want to be able to contribute to change. They are looking at the fact that the heavy hand of government or, as the old cliché, government in your face, is going by the way. The people are wanting to be part of the decision making.

This government feels that if people have the choice, they will make choices that are not only good for

themselves but good for their citizens and the people that are involved with their community. So the strategy itself, with this book, is a framework. It is a partnership. It is something to strive toward. There are quite a few and various objectives within the book, but it gives a broad sense of trying to accomplish in a direction that it is going.

At the same time, as the various aspects are being looked at, there is the opportunity for involvement. There is the opportunity for input, and, with anything, what possibly was considered in 1989 is out of vogue in 1995. This gives us the opportunity, through this committee, to look at these types of changes and try to incorporate them into a better plan, not only for Winnipeg but for all areas in the surrounding area.

So it is a good working relationship that we are fostering, but, at the same time, to have the department as the final authority and the direction of authority and the department that is the only one to give direction, takes away from the meaningful relationship that can be fostered through all the various communities and the various people that are, as I mentioned, elected by the people.

As we come into 1995, we are very, very aware of the fact that we have an election coming up.

This is a good time from the people who are seeking election, not only here in Winnipeg but people who are seeking election in the municipalities, to come forth with visions of what they feel is best for their area and the leadership that they can come forth.

The people that are going to be put forth for election, not only here in the city of Winnipeg, from the mayor right down to councillors, all have an obligation to tell the people what they feel is important, what they feel is a sense of accomplishment that they would like to feel for the city of Winnipeg.

These are the types of things, and, if there is consensus and there is a willingness to make change and there is the desire to make change, the government and the department are there to ensure that this type of facilitation may indeed come about. So I feel fairly optimistic and quite anticipatory that the people who

are going to be elected will be able to put forth their ideas as to where they feel the services are best needed, where the accountability of services is going to come forth, where the priority of the spending should be, where the accountability is of the monies spent, where the tax dollars are going and what type of return the people are coming back for.

What we are faced and what we are going to be exposed to in a very short time, before the end of this year, is the fact that a lot of people are going to be running for election. They will have platforms to build their campaign on, and it will be interesting to see what type of priorities they put, whether they feel that they can tax and spend, or they can look at things in a very analytical and in a very critical manner as to what is best, not only for the taxpayers but what is good for the environment and what is good for the sustainable development of the region, including Winnipeg.

I feel fairly optimistic and feel the strategy that we have put forth through the capital region study is an excellent opportunity for anybody who is looking at a political career; they can run very, very strongly on these proposals that we have brought forth.

**Ms. Barrett:** I appreciate the minister's comments. He certainly has given me some food for further discussion.

I would like to make a couple of comments at the beginning. Number one, I do not think anyone on this side of the House—and I certainly do not believe I have ever said that the provincial government should be the sole director or have entire control over anything. If I have, I was misinterpreted.

I believe that we have a very challenging and I think unique situation in the province of Manitoba where we have a capital region—a capital city actually, not even the region—the city of Winnipeg with almost two-thirds of the population of the province residing within its borders and approaching 75 percent of the population in the capital region. No other province certainly west of the Lakehead has anything approaching this kind of challenge. I think it is very definitely a challenge.

\* (1520)

The other thing I would like to say is I think that city councillors, reeves and the elected officials in all parts of the capital region will continue, as I am sure they already have, to look very carefully at the issues that have been raised and the suggested solutions that have been sketched out by the workbook. I would put emphasis on "sketched out" because I think in many cases one of the major weaknesses of the document so far is that there is no leadership given in the directives.

I know the minister and I have had our discussions about the concept of leadership before. It is very clear to me from what he has just said and from the answers in Question Period and other avenues that we do have a distinct, very clear difference in how we see the role of leadership.

In the minister's own supplementary Estimates it says in Historical Background: Urban Affairs was first established in 1971, coinciding with the new City of Winnipeg Act and recognizing the uniqueness of the Manitoba situation in which its capital city contains over half the population of the province.

The role and mission of the department is to develop and co-ordinate provincial policies, not in isolation, of course, but in conjunction. I would suggest, Mr. Minister, with all due respect that the role of the Department of Urban Affairs is in the area of leadership as well as facilitation and of being a catalyst. There is no question the number of people in the department preclude lots and lots of direct programming, because that is not the nature of the department nor was it intended to be the nature of the department.

To abrogate, which I think the minister has begun to do, one of the major roles of the department, particularly in dealing with the issues that are facing the capital region, is not the way to go, I feel. I think you can be conciliatory and facilitative and still retain a leadership role in dealing with the issues facing the capital region.

The minister said that the communities will make choices that are good for themselves and their communities. My response to that is, yes, one would hope that were the case, but we are dealing with, as is

brought out in this workbook, a huge range of issues and realities and facts that are facing the capital region.

We have the city of Winnipeg which has all of the characteristics of an urban centre. Luckily, some of the negative characteristics have not become as fully functional as they have in some of the cities in the United States, but the potential for that is found in the city of Winnipeg and in the facts and the trends that are identified in this workbook.

In addition, there are the other communities that are part of the capital region and they have among themselves a range of issues that they are dealing with. Selkirk is a community that has been established for quite a long time. It has its own centre, urban centre if you will, and suburbs that are coming about. It has a stability and a history that rivals Winnipeg as far as length of time and the fact that there is something that is Selkirk. Some of the other communities are just in the process of establishing that identity, and in some of them the actions or lack of actions on the part of this government are precluding them from being able to come up with an identity.

Part of the comments in the provincial land-use policies say that you should do your development around the urban core, that you should not string things out. You should develop from the inside out so that you do not have an octopus effect with strip malls and strip actions all the way along those trunk highways and those corridors. What I see with the Chipman Power Mall and with the East St. Paul and the Headingley proposals is exactly that, an allowance by this government for that kind of development to take place.

I am saying that has been allowed to happen because there are 16 communities involved in the capital region. You are not going to get consensus, I believe, on any meaningful level when you deal with these issues because the self-interest, enlightened self-interest—I will give the enlightened self-interest—of the people who are representing the community of Stonewall versus the community of Headingley versus the community of East St. Paul, Selkirk, any one of them versus the community of Winnipeg, they are not congruent in many basic important ways.

We could deal with the issue of water, the issue of development, all of the issues that are identified. The issue of population is never dealt with in any meaningful way in this workbook. It outlines the problem very, very well I believe, the out-migration, the fact that the city is becoming older and less affluent while the suburban communities are becoming younger and more affluent.

What are we going to do about that? Well, this workbook says the trend will continue. There is nowhere in this workbook that I can find nor in any of the policy-area actions that meaningfully addresses this, and I believe part of the reason is that the committee is made up of 16 equal partners. I understand that there are problems with not doing it that way, but when you have one community that holds over half of the population in the whole province, with all of the urban characteristics that it has, attempting to work with 15 other communities that have more or less suburb and exurb and rural coming together, old, new, medium size, there is just too broad a range here for there not to be some recognition—I would suggest both—on the part of the committee structure and make-up as well as very definitely some leadership on the part of the provincial government. I do not see that taking place.

In speaking with the leadership—and then I will let the minister respond—when we look at the policies in the various areas and the actions that are to be taken, it talks about the three levels of the public sector, Manitoba government, municipal government and other—I will be honest with you, in many cases I have no idea who that other public sector group might be which I think is another major downfall of the workbook at this point—vs the private sector and NGOs. I think it is interesting that category is not split out. I think it would be much more helpful if the private sector and NGO categories were split out because they are very different groups of organizations—and then finally individuals.

\* (1530)

Nowhere here does it ever say which one of these categories should take the lead in developing the action plan that is underlined here. Sometimes there are only two or three of the categories that are checked, but

there are cases where there are all five categories checked, and nowhere does it say one of these five has the most logical leadership role. I am saying a number of things here, but there are some major concerns that we have with the workbook and even more so with the underlying philosophy that I see pervading this and pervading your comments, and that is very concerning to us.

**Mr. Reimer:** The member for Wellington has mentioned a few areas, and I would like to just comment on them in regard to development in and around Winnipeg and that. I would just like to point out that there are various departments within government that are also involved in the achievement of any type of direction that the municipalities or the City of Winnipeg is looking at. For example, the Department of Rural Development is involved to a degree with plans that are brought forth on a municipal development area, so we have not only this department involved, but you have government involved through Rural Development.

The Environment department plays a significant role in a lot of development—well, I should not say a lot—in the development of plans that are put forth. A very good example is the call for public input regarding the solid waste management proposals that have been brought forth for hearings in August, I believe, August 15 and 16, and it has the opportunity for even some other dates, 17 and 18 or 14, 15—in and around that area anyway. There is the opportunity for input on a public basis to be part of any type of decision making, so there is more and more the achievement of trying to get public involvement. The co-ordination of the plans is achieved through provincial approval, so the province is involved in a sense through the various departments.

The trend, as the member mentioned, is there are people that are moving out and that. I guess you have to look at the amenities, the social characteristics that our people are looking at, whether they feel that the life in the country, if you want to call it, is a better quality or a better direction that they feel they want to get into. They may look at the movement of people because of the fact that they may be more recreationally involved with some of the sporting events or recreation in the country that they move out for.

There are various reasons why people move out of the urban area. I guess one of the biggest areas is the fact that, as has been alluded to from time to time, maybe the taxes that they feel they are paying are too high and they can feel that it is justified to move, but at the same time they have to look on the other hand at what they may lose on one hand, they may have to gain on the other hand. Possibly they have to look at commuting time. They have to look at the social interaction that they would enjoy here in the city with all the amenities and the tremendous amount of art and culture that we have here in Winnipeg that everybody is very, very proud of. They have to look at the lack of that if they move out to the country.

They have to look at possibly the insurance costs regarding fire, and the servicing of policing is at a different advantage. When you are here in the city, you are very close to any type of help, whether it is through the police or through the hospitals and through the emergency, so there are certain advantages that everybody weighs in their decision as to why and where they stay, whether it is in the city or in the rural area.

The availability of choice will always be there, but the administrative leadership that we provide through the government is something that is there. We can put in the regulations through the Environment department. We can put in the regulations through Rural Development for the development of the plant. The Capital Region Strategy, that we referred to just recently, provides the policy framework for the preparation and the amendments of these plans by the municipalities.

So there is a leadership role that is being played by this government on the administrative side and the fact of what the regulations and the rules must be for any type of development. So there is that type of an awareness, and, as mentioned, Environment is very, very aware of and involved with any type of new development or developmental plans as mentioned—with Rural Development also. So there is a close liaison between the three departments as to what is happening not only in Winnipeg but what is happening in and around the area. It is conscientious decision making that the government feels is best in looking at

any type of development plan so that it fits into the criteria of sustainable development and the quality of life that people are looking for.

**Ms. Barrett:** Mr. Chair, the minister has spoken quite consistently on the issue of choice as it relates to the Capital Region Strategy. He talked just now about the kinds of issues that people look at in determining where they are going to live, the choices that they are going to make. Yes, that is true. There are people for whom this is an option, but the majority of the people who live in the city of Winnipeg do not have that choice. They do not have the financial wherewithal to be able to go and buy a house in a suburban development even within the city boundaries, and they most certainly do not have the choice to go to the large lot developments of St. Germain or Vermette or East St. Paul.

Anyone knows who drives through those areas, as we more and more are doing as we go through that corridor that is being developed, for example, from Winnipeg to Selkirk, the people who have those choices in front of them are not the people—a large number of them live in the older communities, the older portions of the city of Winnipeg, the core and the older, what used to be, suburban developments. For many of those people, as I said earlier, the city is becoming a city more and more of the poor people, of the elderly and of people who do not have choice.

One of the major things that is a problem with the underlying philosophy here of, let all 16 individuals come together and make these decisions by consensus, is that they are not making choices for those people. The workbook itself talks about the problems that municipalities have in reaching any kind of consensus. On page 11, for example, it says while there is a formal co-ordinated approach lacking—now this is talking in terms of institutional and regulatory framework—municipalities often compete rather than co-operate with each other.

These statements are made as the reality facing the municipalities in the capital region, and yet nowhere in this book and nowhere in the minister's comments do we find, having recognized that reality, a set of principles or a set of actions that addresses that reality, that you are not going to get those 16 municipalities.

Even if you took the city of Winnipeg out of the mix, you would have a lot more homogenous group, but it certainly would still have a huge range of issues and perspectives.

When you put the city of Winnipeg into that group you have a challenge that is nowhere addressed adequately in this workbook about the fact that there is no formal mechanism, even in the action plans. There is no formal mechanism to say, if you have this as an action plan this is how it is going to be implemented. Who is going to take the lead in this?

\* (1540)

I guess there is not an addressing of a dispute resolution mechanism to talk in terms of trade treaties. Perhaps there are some parallels here that we need to deal with. I do not want to try and make a comparison where one is not valid. But when you are dealing with individuals in communities like this you cannot avoid the necessity for coming up with what happens if people cannot agree.

In families we have that happen all the time. Often there is a hierarchy in most families, the parents on top and the kids underneath. We can argue whether that is the best way to deal with intrafamilial situations, but it is something that is there and it does show a person or a part of the system that has the responsibility to take charge.

Nowhere in this Capital Region Strategy nor in the minister's comments is there a recognition that consensus is difficult at the best of times. When you are dealing with these massive issues facing the capital region it is going to be virtually impossible to reach on any kind of a level of any meaningful activity.

You can have consensus to meet three times a year for a dinner meeting, which is my understanding that the Capital Region Committee meets. You can have consensus that there will be minutes taken of those meetings, but beyond that, when you get down to any real discussions, I think it is going to be very difficult for that to take place. Again, this strategy does not take into account the fact that the issues facing the city of Winnipeg are very different from the issues facing the

rural communities and the ex-urban communities and the suburban communities surrounding Winnipeg.

When Winnipeg has only one-sixteenth of the membership of this committee and three-quarters or 80 percent or whatever of the population of the region, that is not a good sign. What that says to me, Mr. Minister, is that the end result of the implementation of this workbook is going to be more or less development at the whim of the developers, that there will not be a check-and-balance system established to ensure that the needs of all of the residents of the capital region are met.

My statement to you, Mr. Minister, is that in this workbook and in what you have said, the residents of the city of Winnipeg are getting short shrift, and they are going to continue to do so because, Mr. Minister, nowhere in this book does it talk about what we need to do to reverse the population trends, what we need to do to reverse the tax base, which is shrinking in the city and expanding in the other parts of the capital region. Nowhere does it talk about what we need to do to try and avoid the doughnut that faces many of the urban centres in North America and that we are so far managing to hold at bay, minimally.

This workbook and the philosophies underlying it do not address those major issues, and I would like to ask the minister if he shares any of my concerns and what he is prepared to do about it.

**Mr. Reimer:** One of the things that I would like to point out to the member for Wellington, I agree with her when she says that Winnipeg and Manitoba have a uniqueness. We are very much a part of a structure that has the highest percentage of our population in one particular area, which is the city of Winnipeg.

One of the comments that was made, and I guess it was attributed to some other politician, was the fact that when you sleep next to an elephant anything that moves you feel it. I cannot remember who said that, but I think it was another politician. Anyways, it is true. And because of this uniqueness this is one of the reasons why the Province of Manitoba got involved with the capital region study, to try to recognize that there is this inequity or this disproportionate amount of

people in our great province of Manitoba concentrated in one area.

Winnipeg is unique, as outlined by the member, in our deliverance of services and our people who are involved. The member mentioned the seniors and the things that they are faced with. At the same time, it has to be recognized that a lot of people in the rural area, when they retire, they like to come to Winnipeg because they have all the conveniences of services, they have the shopping available, they have the availability of the arts and the entertainment that is here. So you do not only have the population moving out of Winnipeg, you have a population of people coming in to Winnipeg. In fact, I believe one of the statistics that I saw was that about 17 percent of the workforce in Winnipeg actually leaves Winnipeg every morning to work outside of the city of Winnipeg. So that you know, that is where they have their working conditions.

You have got people coming and going out of the city in a sense, and at the same time Winnipeg becomes a magnet for a lot of the spending—the monies that are accumulated, the money that is spent through various aspects of entertainment or commodities that are purchased, so that Winnipeg also becomes a very strong merchandising centre for people to spend their money in. There is a benefit within the city of Winnipeg of all the sales tax that they should be getting.

I would like to mention to the member that in 1994 when there was the allocation of provincial grants to the City of Winnipeg, we ranked as one of the highest in Canada in the amount of money that we give to the city for their sources of revenue. In fact, in 1994 we contributed 17.5 percent of their monies to the City of Winnipeg compared to, say, a city like Regina where the province of Saskatchewan only contributed 7.5 percent. In Edmonton it was down to 6.5, and in Calgary it was 6 percent. So when we contribute over 17 percent of the city's monies by grants to the city, we are contributing an awful lot of money to the city for their use and for providing services.

The allegation that the city people are moving out of the city a lot of times can be attributed, and I hear it and

I am sure the member has heard it, to the fact that they say the taxes are too high in the city of Winnipeg. The taxes that I am paying on my property do not compare to where the money is going. To a degree, in fact, believe it or not, just this morning I went and paid my property tax, and it was hard paying that money when I had to go to the bank this morning and pay for my property. I do not begrudge the fact because I enjoy my life and my exposure to what is available in the city of Winnipeg, but a lot of people are saying that they do not want to pay these taxes.

I guess the City of Winnipeg has to look at the fact that, well, maybe they should be looking at the services that they are providing, and maybe their services they are providing have to be changed. Maybe they have to look at a system where there is some competition for the services that they are providing. Maybe they have to look at the servicing out of contracts for certain types of facilities. At the same time I guess the City of Winnipeg has to look at the elimination maybe of some programs that they feel they should no longer be involved with.

Some of these things are often attributed slowly, just like a set of dominoes, to the fact of where the money is accumulating up and the taxes keep going up, and finally the people are saying, well, maybe I have had enough of it. The City of Winnipeg has to show leadership in the sense that, well, if we want to keep attracting these people to stay in Winnipeg, and if we want to attract businesses to stay in Winnipeg, we have to look at possibly eliminating some of these services or cutting back or being more competitive in our bidding for the supply of services, and possibly government has to look all over for ways of improvising where the money is coming from.

As has been pointed out within the department and in other various departments, with the scarcity of funds and the fact that the federal Liberal government is cutting back on transfer payments to the province, all these things are directly proportionate to the services that we are able to provide.

The provincial government has to look at where its monies are going to go and where the priorities are going to be, and in essence the City of Winnipeg has to

do the same. They cannot continually look at the province and say, well, we have problems, come and solve them; we have problems, come and give us more money; we have problems, allow us to raise more taxes. Those are the types of things that people are getting tired of. They are saying, no more, no more taxes, no more government in your face. We want to be able to enjoy the quality of life and maybe we have to sacrifice some of the amenities and some of the things that we take for granted.

\* (1550)

At the same time, there is an opportunity for change through, possibly, the privatization of some of the services, or the farming out of some of the services, or the cost-sharing of some of the services, the availability of selling some of their services. The City of Winnipeg has tremendous assets in some of the services that they provide that possibly they should be looking at selling them to the municipalities around so that the municipalities do not have to duplicate their facilities, that the City of Winnipeg could supply some of these services. A good example is the 911 service. Possibly the City of Winnipeg should be selling that service to the rural area.

These are the types of areas where they have to be more innovative. There has to be more of a conscious effort of accountability of funds, priority of funds. It is going to be difficult, there is no doubt about it. The forum that we provide through the urban strategy committee is one of the most positive things that can be brought forth because it is a unique situation. Manitoba is totally unique.

Compared to what you look at in some of the other provinces where you have a diversity of population and a population base spread out over a large area, we here in Manitoba are very concentrated in Winnipeg. In that analogy the member from Wellington is very correct. We have to work at trying to find a solution and an area of commonality.

The elected officials that are involved, the people that are not only here in the city, but the mayor and people now are recognizing this more and more. They are working towards an efficiency in their fiscal capital

budget and the budgeting that they are doing now. There are slow and methodical areas of concentration that they can come up with in trying to look at it.

I think the people are saying to us, as elected officials, we want more bang for our buck, we are tired of paying taxes. Somewhere along the line we, as elected officials, have to recognize this, and the changes and the decisions have to be made, and they come back inevitably a lot of times to the monetary considerations and the monies that are available, which in essence are taxes. As has been pointed out and talked about a lot, there is only one taxpayer, and whether that person is paying tax municipally or provincially or even federally, it is the taxpayer that is telling us now that they are either voting or they are walking for a better return on their monies that they feel they are investing.

**Ms. Barrett:** Mr. Chair, now I am going to take a bit of exception to some of the stuff—well quite a bit of the material that the minister has put on the record. It is not just this minister. It is the entire government, lumping all citizens of the province or the country as the taxpayer. First of all, most taxpayers that I know, most citizens that I know, do not object to paying taxes. They do not like it, but they recognize the fact that they get services for those taxes.

There was a study that was just done that was just released in the Globe this weekend that said that 75 percent or 80 percent of Canadians even if they had an opportunity to go to the United States and have the same job at the same rate of pay would not go, because they know they get the better services here in Canada than they do in the United States. So to say that taxpayers are tired of paying taxes and are voting with their feet does a disservice to the vast majority of the citizens of this province and this capital region and is not accurate anyway.

As I stated earlier, Mr. Minister, most of the people in the city of Winnipeg do not have a choice to move to East St. Paul or to move to St. Germain or to move to any of the other regional areas around the city. Most of the people in the city are forced to stay where they are, and they count themselves lucky to have a home that they own. In many cases they have trouble maintaining

that home. So let us just be a little more clear when we talk about taxpayers and not lump everyone of them into the same category. Taxpayers, Mr. Minister, do not just live in the suburbs.

**Mr. Chairperson:** Order, please. I would ask the honourable member to put her comments through the Chair, not to the minister.

**Ms. Barrett:** Mr. Chair, I will try and do that.

The minister has talked about the city and wanting more money and that kind of stuff, and that is another whole area in dealing with the relationships between the City of Winnipeg and the Province of Manitoba, not just in the Department of Urban Affairs but in many other areas. I think that is, to my way of thinking, a tangential issue to the one that we are dealing with in terms of the Capital Region Strategy. I think the issue of reliance on property taxes is one that the minister actually raised and one that is a very important issue. Winnipeg, of the five prairie communities, Regina, Saskatoon, Edmonton and Calgary, has the highest reliance on property taxes than any other one of those prairie cities, and it is shown to be a major problem. There is no question that there is too high a reliance on property taxes.

There is also no question, Mr. Chair, that the City of Winnipeg has repeatedly asked for the ability to raise revenues from other sources and that the province has repeatedly turned them down, so until there is more dialogue in that area, then there will be a reliance on property taxes. I would hope that this minister will change the lack of progress of his predecessors and work with the city to try and come up with a fair and equitable sharing of sources of revenue.

One of the areas, Mr. Chair, that the minister has talked about—again going back to choice and people want to move to rural areas, et cetera—there are a number of vacant land sites within the city of Winnipeg, many of which have quite substantial rural characteristics. They are not the large lot sizes, although there are some of those too that you would find way out, the further you go from the city, but there is no shortage of land for individuals to build homes on within the city of Winnipeg boundaries.

One of the concerns that we have, and one of the concerns that has been raised by the City of Winnipeg, the provincial Council of Women and other organizations, is that this vacant land is not being utilized, and the reason it is not being utilized as much as it could be is because the province is allowing development outside the boundaries of the city of Winnipeg. They are listening, Mr. Chair, far more to developers and private interests than they are to the common wheel of the people of the capital region.

One of my colleagues was saying that I was not being forceful enough in this, one of the few times I have every been accused of not being forceful enough. I cannot state too categorically and too strongly that we have not seen in any of the actions of this government an understanding that they are the government for all of the people, and when it comes to dealing with the capital region, that it is essential that the needs and the aspirations and the choices, Mr. Chair, of all of the people in the capital region are looked after, and the choices that people in the city of Winnipeg have are far more limited than people have in other areas of the capital region.

I would like to also, Mr. Chair, put on the record some of the trends and facts that underlie our concern that are also found in the workbook. The minister spoke about people choosing to come to Winnipeg, seniors sometimes choosing to come to Winnipeg because of the resources that are available here. That is true, but the trends over the last 20 years have been in exactly the opposite direction.

The Winnipeg population increased by 15 percent while the rest of the region's population increased by 51 percent. East St. Paul increased by over 122 percent in the last 20 years, 122 percent increase in population in an area of the capital region that only recently started to have any sense of community. The number of occupied dwelling units increased by 48 percent in Winnipeg, by 91 percent in the rest of the region, a doubling of the number of occupied housing units.

The rate of household growth in Winnipeg declined from an average increase of 3 percent per year from '71 to '81 to 1.4 percent from '81 to '91. The average rate of household growth also declined in the rest of the

region, but to not nearly the same extent. The population in the city of Winnipeg, the people which are the basic resource upon which we build a community, is expected to increase by 5 percent between 1991 and 2011, in the next 20 years, while the rest of the region is expected to have a population increase of 28 percent, more than five times the rate of increase of population.

The rate of change in Winnipeg is expected to be slower due to slow economic growth, changing city boundaries, out-migration of young people to other provinces, an aging population, decreasing fertility rates and low in-migration.

\* (1600)

These are facts that are not in dispute, and they are trends that this workbook sees as continuing and does not address in any meaningful way. What the Provincial Council of Women, the Urban Development Institute and the City of Winnipeg all stated in their presentations at public hearings last month or earlier this month were concerns that these issues were not being addressed in any meaningful way in the workbook.

If we had some leadership shown, if we had some accountability—the minister talked about accountability and how public officials and in particular the City of Winnipeg had to take some accountability—well, I would suggest that a goodly portion of the problems that we see with the Capital Region Strategy to this date, and with the comments made by the minister, would be alleviated if he and his government and this workbook took cognizance of the fact that there needs to be accountability.

There is very little accountability present in this document. It says this is the situation now, and this is the situation as it is going to be exacerbated in the next 20 years, and, gee, there is not much we can do about it.

I am suggesting that there should be a great deal that the government can do about it. The government must take a leadership role in this area, the government must look at these issues, and the government must reflect

the needs of not only the developers and the people who have "choice," but the people of the city of Winnipeg.

Finally, Mr. Chairperson, I think it is unfortunate that the needs of the residents of Winnipeg are being put on the block against the needs of the rest of the region. I do think that there is the potential for working together. I do think the concept of a Capital Region Strategy is an excellent one. I just think that there is no Capital Region Strategy outlined in this workbook. What there is is a continuation of what is already underway, continuing reliance on the private sector, on developers, on corporations that do not have as their best interests at heart the common wheel of the people of the capital region. Until that changes, I am afraid that we are going to continue to be very uncomfortable with what is in this book and, most importantly, what is not in this book.

I would like to end by asking the minister a specific question. The Capital Region Strategy has held public hearings throughout the province. They have had presentations made to them, and I would like to know what is going to be done with those presentations, those recommendations, those concerns, and what is next on the agenda for the Capital Region Strategy?

**Mr. Reimer:** I listened quite intently to what the member for Wellington was saying regarding the direction and the ability of leadership that she refers to, or so-called lack of leadership by the government. In her comments she mentioned the fact that the city has come forth with various recommendations for wealth creation, if you want to call it, which, you know, I guess is what we are talking about, allowing them to be able to give them different types of broader tax authorities to tax the people of Winnipeg for various venues of concern or direction.

I would suggest that this is an excellent time, as I mentioned earlier, with the civic elections coming up, that the councillors in the city, if they feel that that is what they want, they should have that on their platform so that when they go door to door they can say, well, we want to be able to tax you for frontage so that we can get more money to provide you services, or we want to tax you for gasoline so that we can give you

more services, or we want to tax you for hotel tax or something of that nature so that we can give you more service, because we feel that the province is being unfair to us so we want to tax you more, so re-elect me. I think that is an excellent platform for candidates to run on now so that they can say that the province is shortchanging them of funding so we should be able to tax more.

I would think that would be very interesting if the mayor or hopeful mayors bring forth their ideas of how the Province of Manitoba is not giving them enough money because they feel that they should be getting more money so they should be taxing the property owners or the business owners with more taxes, because they feel that they want to provide more services so that they can do something better for the people.

It is an interesting scenario that is going to come forth, and I look with interest to the campaigns of all the councillors and the hopeful mayors as to what they feel the province is not doing for them because they want this taxing authority. It is a very interesting scenario that they can run on. In looking back at the amount of monies that the province gives to the City of Winnipeg, I can point out that in 1990 through various departments and through various grants and monies and co-operation within the City of Winnipeg, that there was over \$129 million that was direct and indirect assistance to the City of Winnipeg.

In 1995-96 in the Estimates, the various direct and indirect assistance is almost \$200 million, just over \$190 million which represents a 47 percent increase in funding that we as the Province of Manitoba have given to the City of Winnipeg. Yet they keep saying that we need more money, we need to tax more, we need to get more from our owners because the province is not giving us enough money. Mr. Chairman, it is absolutely ludicrous for the City of Winnipeg to think that they are being short shrifted. I mentioned earlier that our provincial grants as a percentage of revenue is well over 17 percent. I have indicated that through direct and indirect assistance to the City of Winnipeg, we are looking at over \$190 million. Money does not make the city a better spot. If it was that, we would have a tremendous city because all we have to do is just

give them more money and everything was going to be better for them.

Mr. Chairperson, people do not like this scenario of taxing and the fact that that is the best way to supply services. What I am saying is they have to look at the services and the monies that have been made available to them, do with what they have, make smarter decisions, make the commitment and the priorities of where monies are going and let the taxpayers of Winnipeg know where they stand as to what they feel is taxing and where it stops.

The member mentioned about housing and the fact that there seems to be an innuendo or—I apologize for that word—that the developers are the ones that are driving the city of Winnipeg, that is not true. There has been a tremendous amount of co-operation of housing developments. A good example is the shared development in the member for Inkster's (Mr. Lamoureux) constituency with Qualico Developments for housing and affordable housing for people that are in that area. These are partnerships between a developer and the province for joint-held land through the Department of Housing, which is a different department that I am the minister for.

I can relate to the questions that the member for Wellington (Ms. Barrett) is talking about, through the fact that these are good developments. They are good for the people. The availability of homes, by the fact that the homes are selling, there is a demand for them so the market itself will dictate where the homes are going.

\* (1610)

The member has mentioned the statistics in comparing Winnipeg to some of the municipalities. We have to be careful when we look at statistics because in Winnipeg, when you talk about a 5 percent growth when you are talking 600,000 or 700,000 people, that is 30,000 or 35,000 people. When you look at say 120 percent growth in a small community of 1,200 people, that is maybe 1,000 people or maybe even less in regard to statistics. So statistics and percentages can be misleading as to the interpretation and the analysis of what it is applied to. We have to be

very cognizant of the fact that when we are looking at large numbers of people like in Winnipeg, where we are looking at almost 700,000 or 650,000 people, and that percentage is a lot bigger than say in a small municipality.

The member asked what is the next step regarding the capital region study and the fact that the public hearings are going to come out with a paper called, What You Told Us. Through that consultation process there will be another evaluation as to the suggestions and the input that was brought forth. A more definitive direction will be most likely transpiring from that.

**Ms. Barrett:** I thank the minister for his specific answer. I will ask the specific follow-up question. Who will be putting together that next stage, and will the province be taking a leadership role in the institution of that? At what point does the workbook stop being a workbook and actually become the policy or the document that can be used as a measure?

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

**Mr. Reimer:** The document, What You Told Us, will be brought forward to the Round Table on the Environment and the Economy and from there there is a bringing together of the report which is then brought forth in co-ordination with the Department of Urban Affairs.

**Ms. Barrett:** Mr. Chair, to comment on what the minister stated in his last comment about the housing situation in the city of Winnipeg, I know that when we get to the Housing Estimates the discussion of social housing will be a major portion of that agenda. The statistics that I quoted, the minister is accurate that the actual numbers are very different when you look at a base of \$650,000 as opposed to a base of \$2,000.

What is important in those statistics is not the numbers per se but the trend lines, and the trend lines are continuing to go in what we believe is the wrong direction where we are slowing down our growth rate in the city of Winnipeg and greatly expanding our growth rate in the ex-urban portions of the capital region. That is negative not in and of itself, but

negative if the implications of those trends are not understood and recognized and used as a basis for future action. I am coming back to my comments that I have made throughout this discussion that the workbook and the action plan does not provide specific lead individuals or departments or groups to begin to implement or design the actions that are identified, and it also in a more global context does not deal with the negative implications that these trend lines have, not only for the city of Winnipeg but for the capital region as a whole.

There is nowhere in this document that I can find where it says we have some problems here and we have to reverse it. As a matter of fact, it says on page 15 that the population will continue to change in the ways that it is changing now. Where Stonewall, East St. Paul, St. Clements and Springfield will probably increase in population by more than 30 percent, and the city of Winnipeg's population will not change much at all.

Now, Mr. Chair, that is not leadership. That is not a vision. A vision, to my way of thinking, is looking towards an ideal. This vision as detailed in the workbook is just a continuation of the current reality, and I would suggest and have been suggesting throughout this discussion that the current reality, the current trends are negative for the city of Winnipeg.

They are also negative ultimately for the capital region as a whole. The people that go out to the more rural, suburban parts of the capital region today, who are making those choices, who have the ability to make those choices, are, if this booklet, if this strategy is not tightened up substantially, going to be faced with the same kind of negative decisions and the same kind of negative choices that they have been moving away from the city to get away from.

There is going to be urban sprawl, there is going to be ex-urban sprawl, there is going to be strip development all the way through the capital region, all along those highways, those trunk roads, if we do not watch out. There is going to be a strip of development and that is not good for anybody. It goes against the provincial land-use policies in a big way.

\* (1620)

The whole issue of water is an issue we have not touched on, and it is an enormously important issue. It has to do with Urban Affairs, it is in Environment. What are we doing about the whole issue of our water supply? The city of Winnipeg has a huge problem on its hands, potentially, because that aqueduct is 75 years old and it is going to take hundreds of millions if not billions of dollars to repair or build another aqueduct. That is going to have to be dealt with, and that is an issue that not just the City of Winnipeg can be responsible for. This is an issue that the entire province has to look at. Within that context we are faced, as a capital region, with some enormous questions and issues dealing with water utilization throughout the capital region.

The previous minister in the Estimates last year mused about the possibility of rural communities such as Headingley buying water from the City of Winnipeg. Headingley is now asking for access to Winnipeg's water supply. This is an issue that crosses all of the boundaries in this province, it crosses many departments, and it is a bedrock issue for the people of Manitoba.

As far as I can tell, the Capital Region Strategy does not address in any meaningful way how we go about answering the questions about water strategy. We have 16 individuals who meet three times a year for dinner. This is not the kind of working group with those terms of reference who can make those decisions for the people of the capital region and the people of the province of Manitoba.

I am not for a moment casting aspersions on the work that committee has done or the framework under which they have been operating, but if we are going to actually be dealing with these issues in a directed, focused manner, we need a process put in place that is going to be clearly defined, clearly delineated with responsibilities laid out for the various partners in this activity, and we do not have that in this strategy and I am not hearing from the minister that we are going to have that.

In the meantime, in the absence of any kind of directed, focused structure to implement water policy, for example, we will continue to have decisions made

on an ad hoc basis. Yes, we will look at the provincial land use policies, yes, we will look at this and then we will proceed to just put in place the East St. Paul development that is going to require a huge amount of water and a huge amount of infrastructure. We probably will accede to Headingley's request for additional water. What are the water implications of the Chipman Power Mall that has just been approved? We do not know and I do not feel comfortable that there is any organization or group in place in this province that is prepared or able to deal with these kinds of issues.

Finally, going back to something else the minister said earlier that the City Council candidates and the mayoralty candidates—he would be delighted to see them campaigning on a we-want-to-tax-you-more platform. That was not the intention of my comments nor is it the intention of anybody from the city who has talked about the need to end the overreliance on the property tax system. If you end the overreliance on the property tax system and give the City of Winnipeg more flexibility to deal with its revenue sources, then you do not necessarily tax people more, you tax potentially more fairly.

There is an enormous range of possibilities that could be implemented that other communities have very successfully implemented that the province will not give to the City of Winnipeg. I find it very interesting, or I will quote one of my favourite MLAs' "passing strange," that the province wants to offload responsibility either upwards to the federal government or downwards to the municipal governments in many areas, but they are not prepared to give the city the ability to deal with its finances in a fiscally responsible manner.

As long as they are straitjacketing the city, there will be major problems, and I do not understand the reluctance on the part of the province to implement these kinds of changes. It is not saying you will do this, you will not do that. Surely, there is enabling legislation that the province is putting forward in the City of Winnipeg amendments in Bill 7 and Bill 17. It is enabling the city to either act or not act as it sees fit. Now, what is the big deal about doing the same thing in the financial area?

**Mr. Reimer:** I should point out to the member for Wellington that the city from time to time has brought forth suggestions for the additional funding, and we have given them the ability to initiate these things. One of them, if I recall, that was brought forth was the request for a frontage fee that they wanted to put into effect against all property owners in the city of Winnipeg. We intended to give them that type of authority but with the understanding that they do public consultations and have some public input into that type of idea. They proceeded, from what I understand, to have some public consultation meetings, and it was roundly and soundly defeated by the people that did not want this type of thing. So they had the opportunity there to switch some of the tax load, if you want to call it, to a different type of format.

We also, from what I understand, a few years ago gave them the ability to charge for garbage pickup. They have not responded in any way that they feel that it is warranted to charge for this. So they have had the opportunity to utilize the garbage pickup as a utility, in a sense, like they do with some of the other areas.

There are opportunities there for them to respond, but it is the political will and the political decision making by the City of Winnipeg to proceed with this if they feel that that is the way they want to do it.

The entertainment of ways to raise funding are always open by this minister and this government to respond to. It is not that we shut the door on any type of discussion, whether it is by the mayor or through her councillors or through the committee as to innovative ways for fundraising. I guess where there is a concern is that you would look at an offsetting type of thing, so it is a revenue-neutral type of situation that you would hope if there is an increase in one area that there would be a decrease in another area. It offsets it so that it is not an escalation of taxes that are going up and up just because there is an interpretation or an evaluation that this is the funding that the City of Winnipeg needs. You can always justify spending money. It is the fact of trying to look at it in a priority manner of where the fundings are going and what direction should be taken.

The member alluded briefly to the water here in the city of Winnipeg. It is a concern. I think it is worthy

of note. I agree with her that these are areas of discussion that have to be taken into account in the near future. We see right now with the addition of the Deacon Reservoir, under construction right now with I believe it is another one or two holding cells, because it is recognized that the aqueduct has to be properly serviced and maintained, not only for the water now but for the future. With the extra cells it is going to eliminate some needs and hopefully we do not get into a situation of a critical nature. These are some of the things I will be pursuing with the City of Winnipeg to try to get a resolve on the important areas of water.

The member mentioned the ad hoc type of development and the strip malling, if you want to call it, on major arteries leading in and out of the city. I must point out to her that through the municipalities there, the province through Rural Development has to have an approval mechanism for the municipal development plans and anything of that nature. So there is a control factor involved by government through the various factions, and if it is on highways I am sure that the Minister of Highways (Mr. Findlay) will have just as much input into what can and cannot be developed within the safety frameworks of highway traffic and the people and their perceptions.

It is not a random helter-skelter type of approach that we would advocate, and I am sure that through the departments and through the various venues that are available, whether it is through Highways or through Environment or through Rural Development, Urban Affairs plays a part, but it is one of the parts that come into play with any type of decision that may be coming forth for the area around Winnipeg.

\* (1630)

Government involvement is there. The department of Urban Affairs in a lot of places is the lead department but it is not the only department because of the various responsibilities of growth. Whether it is, as mentioned, through Highways, they have to have a strong input as to the use of land and the jurisdictions that they encounter.

Rural Development comes into account, naturally, with the approval process that comes through them, and

naturally Environment is playing more and more of a role as to the contributions and the parameters that they set up for development. So as I say, and I repeat myself, government does have a role and it is very conscientious of the direction that it does want to take with this, taking into concern and taking into effect what is better for Manitoba.

**Ms. Barrett:** Mr. Chair, I have one comment on the minister's last response and then I have some specific questions, if it is appropriate, to just go through some numbers before we carry on.

The minister was talking about the need to have any additional revenue sources to be revenue neutral, and I was struck by the comment by the then federal Minister of Finance when the goods and services tax was first introduced that this too would be revenue neutral. Also, I do not think that the minister's government has followed his own guidelines because—actually I think it was about a year and a half ago we figured out that given the tax changes and the user fees that have been implemented by this provincial government, the average family in Manitoba was paying actually over \$400 a year more in user fees and taxes. So revenue neutrality is perhaps a goal to be achieved, but it certainly has not been achieved by this government.

I would like to ask some specific questions, if I may, and I will try and go through them in order.

The General Support Grant, 2.(c), last year the Estimates were \$8,090,000 and this year it is \$8 million. Can the minister explain the decline?

**Mr. Reimer:** The figure is based on the City of Winnipeg's eligible payroll cost, and as the member is aware, there has been some downsizing in the city workforce. So that would be reflected in this line here, the General Support Grant. This is why it is down, too. It is based on a percentage. I believe the percentage is 2.25 percent.

**Ms. Barrett:** So the method of determining the grant is the eligible payroll costs. Are there any other aspects to the grant eligibility criteria?

**Mr. Reimer:** No, it is just based on the payroll itself.

**Ms. Barrett:** That suggests that according to the Expected Results, the unconditional grant towards the cost of all city services and the definition on the part of the government of the cost of city services is solely payroll costs, not taking into account any other nonpayroll costs.

\* (1640)

**Mr. Reimer:** It is an unconditional grant regarding that, and it is, as I mentioned, based on the salaries itself. As the City of Winnipeg salaries would go down, our grant would go down accordingly.

**Ms. Barrett:** A question about the Dutch Elm Disease Program, 2.(d). I know it has stayed the same for several years now. Is this grant an unconditional grant? Are there controls that the province has over the implementation of the Dutch Elm Disease Program?

**Mr. Reimer:** It is not an unconditional grant. I will just relate to the member that it is to deliver the Dutch Elm Disease Program in accordance with the regulations and guidelines in The Dutch Elm Disease Act.

It has continued to have its Dutch Elm Disease inspectors monitor quality control according to The Dutch Elm Disease Act and its regulations. It is also to provide a status report to the province on the program. The report will include a summary of the expenditures by activity, which will allow the province to determine the level and the success of the program delivery.

It is also to include an overall assessment of the disease levels, the tree removal, the replacement plantings, et cetera. It also is to have the City Auditor verify on an annual basis that the grant funding provided by the province was used as intended.

**Ms. Barrett:** This may be beyond the scope of this particular line, but can the minister give us any indication as to how well we are doing?

**Mr. Reimer:** Actually, the program is showing a degree of success because the disease levels are being maintained at about 2 percent annually of the trees that

are lost. There is a certain amount of success within the program; the levels are being maintained that way.

**Ms. Barrett:** Item 3.(c), the area that the previous Chair wanted us to get to earlier, which we refused to do—the money this year is down substantially from last year. Can the minister explain why?

**Mr. Reimer:** I think the member can recognize that with the establishment of the report itself, the printing involved with the initial report, and the bringing out of this report, there were certain costs that were non-recurring now, and this is why the expenditures are going down. It is mainly because of the cost involved with the printing and the distribution.

**Ms. Barrett:** So the money this year will be for What You Told Us and the endorsed Capital Region Strategy, most likely in the next fiscal year?

**Mr. Reimer:** Correct.

**Ms. Barrett:** In future years—I would like to ask the minister to look into the crystal ball just a brief moment—assuming that there is a strategy that has been developed and devised and finalized by the end of this fiscal year, do you anticipate another line item like this in future fiscal years? I guess what I am asking is, what is the future for financial support for the strategy once it has been outlined?

**Mr. Reimer:** Mr. Chairperson, there may be additional costs involved as it prevails, but it is hard to envision or speculate as to what might be available down the road.

**Ms. Barrett:** So what you foresee is that perhaps the actual implementation of the strategy would go into other departments rather than there being a co-ordinating or, dare I say it, leadership role for the Department of Urban Affairs?

**Mr. Reimer:** Mr. Chair, as the member recognizes, as some of the initiatives come forth there will be other departments that would be involved with the decision making and the taking up of direction that would come about.

Urban Affairs would be partially involved through the leadership that is shown through the staff and the amount of involvement that they would be involved with in their leadership role and their development of direction, and contributions would come about that way, too.

**Ms. Barrett:** I would like to go now to 4.(a) Financial Assistance to the City of Winnipeg, 1994 capital commitments. There was a major substantial reduction in the capital commitments. Is that decline due to when projects came on stream or were concluded? Is that a cash flow kind of situation, or is there another reason behind this anomalous situation?

**Mr. Reimer:** It has been pointed out that what we are looking at are cash flows towards the commitments of these various capital projects that are outlined in this particular section.

**Ms. Barrett:** I have no further questions of the department.

**Mr. Lamoureux:** Unfortunately, I did not have the opportunity to make the type of opening remarks that I would like to have. There is so much that could be said with respect to this particular department.

(Mr. Chairperson in the Chair)

I have always found it a very interesting department because so many of the things that we do as elected MLAs, of course, deal with the city of Winnipeg. Those MLAs that represent urban, city of Winnipeg ridings, some 31 of the 57 ridings, can sympathize with exactly what you are saying. That is, of course, that many different issues that are brought to our attention are in fact within the City of Winnipeg's responsibility, and we still do what we can in terms of attempting to address them.

A number of years ago I attended the University of Winnipeg and had a course, maybe a couple of courses from the Institute of Urban Studies. I had found it very interesting in terms of the way in which cities are managed, not only across North America, but throughout the world. That interest level from my university days has actually been fairly well

maintained, even though I have never had legislative responsibilities of the Department of Urban Affairs. Now having been given that as part of my legislative responsibilities, I think this is an area in which I do plan to learn.

This is going to be my first time through the Estimates and I appreciate the Minister of Urban Affairs dealing with the Estimates in a fashion in which he has chosen to, that is, at this particular line being able to ask whatever questions that we might have regarding the whole department. I find that is, in all likelihood, the best way to approach questions. I would like to see more departments move in that direction because it allows for a more wide scope of discussion that can prevail.

Quite often you hear during the Estimates process, well, can I ask this question here or at what line do I ask this particular question? So I am glad that the minister has allowed for us to have that wide-ranging discussion. Where should one start off? Well, there are a number of different areas where I want to focus attention on: the whole question of property tax, the issue that I brought up in Question Period earlier today; I wanted to talk about our rivers, both the Assiniboine and Red rivers; the whole question of land usage.

I am very much concerned about the airport, for example. I am very much concerned about the BFI proposal and the whole need, if there is a need, for another landfill site for the city of Winnipeg. I am concerned in terms of, as I say, the St. Germain-Vermette area. I think back to a few years ago when we had this discussion in terms of the Rural Municipality of Headingley when at one time it used to be a part of the city of Winnipeg, to talk somewhat about that.

The whole question of urban revitalization is something which I really have an interest in. I find that Manitoba is very unique, in particular the city of Winnipeg, to get the opportunities, I am sure, most members have and most staff. When you look and compare the city of Winnipeg to so many other cities in North America, we are indeed very unique. I think that if we do not take advantage of that uniqueness, if you like, in terms of heritage preservation of some of our

wonderful buildings that we have throughout the city of Winnipeg, or if we do not take the action that is necessary in order to facilitate revitalization of some of the communities that are out there, I think that would be very tragic.

I look at the area that I represent, being Shaughnessy Park, and there are all sorts of programs that a very proactive government can enter into or venture into and, I think, would do wonders in terms of community improvements. I used to live in the community of Weston and I was a very proud resident of that area. Actually, I used to represent Weston and Brooklands or at least a portion of Weston, and was quite involved in the Weston Residents Association prior to being elected. We saw the benefits, tremendous benefits, of revitalization programs. There have been joint programs entered into and the benefits have just been tremendous.

\* (1650)

What I am concerned about is that this particular government, over the last few years, has lost a lot of interest in that area. I want to explore that at length because it is, as I say, an area which I am very much wanting to discuss.

The minister made reference to land banking. Land banking is an interesting concept. It goes back quite a way. I can recall discussions I had with reference to that back in my university days. I guess at the time there was this need for government to purchase land because there was this fear that the price of land was going to escalate to such a degree that the average person was not going to be able to afford to buy the lots to be able to construct homes and developments.

So I think to a certain degree we entered into the land banking area in order to protect the consumer, ultimately, and in order to ensure that the public interest, whether it was public buildings or public projects, would be there in the future. I think that was an applaudable thing to do.

I have been somewhat concerned in terms of the degree in which the province has been involved. There have been questions regarding the manner in which this

government, even six years ago, entered into the disposal of some of this land bank, and I am curious in terms of how much of the land bank is still there.

The honourable minister might even want to take something of that nature as notice because I do not know if they would actually have that at the table. But I can recall a number of years ago when the issue of—was it the Ladco-MHRC deal a number of years back? Hopefully, what we will do is we will get some time to actually talk about that particular agreement because I can recall at the time—it would be close to six years; it might be a bit off—when there was a bit of an uproar inside the Chamber in terms of the way in which government entered into that particular agreement—  
[interjection]

The current Minister of Education (Mrs. McIntosh) makes reference to its being a good agreement. At the time I believe she was actually writing for the Premier, so she is probably likely very familiar with that agreement.

There were many aspects of that agreement that we were concerned about, in particular what sort of low income housing was going to be put into place. Hopefully, we will be able to get into that sort of a discussion also.

I would be very negligent if I did not make reference to the Meadows West Phase 2 because, after all, that is an area that I represent and even during the Ladco ordeal a number of years ago, I raised the issue of Meadows West and Meadows West Phase 2. I am very much interested, and I had given the minister in his other capacity as the Minister responsible for Housing some notice in terms of that. I do want to get—or I was going to be putting forward a number of questions, and this might even provide me the opportunity to do just that because it is a part of this department in terms of urban sprawl, and he might even want to make comment on that.

Again, both with the Ladco and the MHRC deal, this would be a lot of good-will discussion from the minister because ultimately the development of these properties is through his other portfolio, that being Housing, but I understand that the land bank itself is

owned through the Department of Urban Affairs, or the Department of Urban Affairs is the one that acquires. I am not too sure, and maybe what we can do is get some form of clarification because it could quite easily be out of the Department of Housing.

Having given somewhat of a preamble, I do want to start off by asking some follow-up questions and get some dialogue with respect to what I had asked earlier today in Question Period, and have raised in the past, and that being a real concern that the Liberal Party has with respect to this whole government's approach to the city of Winnipeg and providing the carrot, if you like, or ensuring that the city of Winnipeg is viable into the future. It is very easy for us to say, well, you know, it is a property tax issue and all the City of Winnipeg has to do is reduce its property tax, that makes it that much more competitive, or provide different services and that would, hopefully, retain individuals in the city of Winnipeg.

Those are very easy, straightforward answers which the Minister of Urban Affairs could, in fact, give, and I would imagine to a certain degree he will give those answers, but my intentions are to try to prod the Minister of Urban Affairs and see if in fact he might be able to expand upon those reasons in areas in which I would like to venture into, such as the education tax. You know, when we talk in terms of, well, why?

One of the primary reasons why you had Headingley and now you have St. Germain and Vermette looking at the possibility of seceding from the city of Winnipeg is because of the property tax, the primary reason is because of that.

I have articulated through the years, not from a Department of Urban Affairs standpoint, but, first, just as an MLA that was very much interested and then as an MLA that had education as part of my legislative portfolio, that this government, and the government prior to it under the NDP administration, has really done a disservice to the taxpayers of the province.

It has done that through a continual reliance on Finance department or public education on the property tax, and I believe it is very easy for us to say, reduce the property tax. It is awfully difficult if in fact there

are many things that are out there that you really do not have too much control over. There are, for all intents and purposes, many different issues that are facing the city of Winnipeg, and many of those issues they need to have a government in this building that is sympathetic to the needs of the citizens of Winnipeg. I do not believe this has been a government that has been sympathetic.

I am hoping to get from the Minister of Urban Affairs a better idea in terms of what it is that he would like to see in place so that communities that are out there that want to be able to secede, what this government's protocol process is that it has in place to allow that to occur. I am most interested in not how easy this government is going to make it but rather what this government is doing to try to alleviate the concerns of the city of Winnipeg and provide incentive for communities such as St. Germain to remain in the city of Winnipeg.

That is where I am most interested in terms of the city of Winnipeg and the whole issue of the property tax. Ultimately, we need to ensure, as the member for Wellington (Ms. Barrett) had pointed out, people do not necessarily mind having to pay taxes as long as it is a fair level of taxation and they feel they are getting services for those taxes. Mr. Chairperson, these are the types of things which I would like to enter into with the Minister of Urban Affairs.

Having said that, of course, at the end of the discussion I should try to focus in on a question, and at most times I will try to do that. My first question to the Minister of Urban Affairs would be if he could indicate what process this government has in place to address the needs of those communities that want to be able to secede. What is it that he is making available? What is he telling these groups? If these groups are not satisfied with what the minister is saying, what process is actually in place for them to be able to secede?

\* (1700)

It is not, Mr. Chairperson, to say that I am promoting any community secede from the city of Winnipeg, because I do not believe it is in Winnipeg's best interests.

**Mr. Reimer:** It is indeed a pleasure to be able to share discussions and questions with the member for Inkster, because I have got to know the member for Inkster through various other venues. In fact, he and I shared a lot of time together, if you want to call it, when we used to go to various events when I was the legislative assistant to Culture, Heritage and Citizenship.

I found it interesting when he started to talk about the tax for heritage buildings, and the great amount of wealth we have in the city of Winnipeg for these heritage buildings, and the tremendous opportunity they represent as a landmark and a culture for this great city of Winnipeg. I look forward to working with the Minister of Culture, Heritage and Citizenship (Mr. Gilleshammer) in these various areas of concern regarding the heritage buildings.

The member mentioned in his opening statement regarding the University of Winnipeg and him going to classes there. Well, I can share some of his experiences with that building. At that time when I went there though, it was called United College. There is a thread of commonality between the two of us.

I believe, though, that I did not take the courses he took regarding urban studies. In fact, I believe the professor of urban studies at that time was the Minister of Human Resources, the Honourable Lloyd Axworthy was at the University of Winnipeg at that time. I can assume the member for Inkster has had a tremendous schooling from the Honourable Lloyd Axworthy and his philosophies and his perceptions as to what should or should not happen regarding the various areas.

The member is alluding to the municipalities that have seceded. He has mentioned Headingley. That is the only municipality that has succeeded. The member should know that what has happened with St. Germain and Vermette is not before the minister, the final report. I cannot speculate as to what their recommendations are or the directions that they seek because the report has not been put forth. I really cannot comment on that aspect of his question.

I can point out to the member though that, as I indicated a little earlier to the member from Wellington (Ms. Barrett), a lot of people are looking at the value

that they associate with taxes and the amount of taxes that people pay. The member mentioned that people are saying that they do not mind paying a little bit of taxes for the services they require, and I can identify with that. I do not mind paying a little bit of tax, too.

I guess where I become concerned is when taxes keep going up and up and up, and the perceived services that I am supposed to be receiving are not in tandem or parallel with the perception of monies spent for services rendered. I guess it is a matter of where the dollar is going and the priorities that are put forth for the tax dollars. The people are saying that they do want the accountability to the taxpayers. They are not necessarily criticizing the civil servants or the people that are delivering the services, but they are looking for the opportunity to say that they want a higher quality or they are paying too much for what they perceive as the quality of services they are getting.

So the area of concern that he mentioned in regard to people moving out to the rural areas is just a matter of people having the ability to say that we do not perceive the funding that we are paying, or the taxes that we are paying, are getting true value as to the services they are getting. So the people are moving, the people are finding that they want a lifestyle that is maybe a little different, and this is why they are choosing to go out into different areas.

**Mr. Lamoureux:** I would ask the minister, has he received any correspondence from residents of St. Germain-Vermette, with respect to seceding?

\* (1710)

**Mr. Reimer:** I have not received the report or any type of direction that they have asked this department to implement, no. The report has not been brought forward yet.

**Mr. Lamoureux:** So I understand that there has not then been any formal writing given to the minister. Has there been any discussions with the City of Winnipeg with respect to these two areas?

**Mr. Reimer:** Mr. Chairperson, as pointed out, we have not had any type of contact by myself as to the

report. I believe the last part of the process was with public forum, which was just held down in the area. At that time the report is then formalized, the report is then presented to the minister and then a decision and discussion will take place from there.

**Mr. Lamoureux:** I am wondering if the minister could indicate, he mentioned that there was a public forum, I believe, that is the same thing that occurred with the municipality of Headingley before it seceding. Can the minister indicate to us, what were the events that took place that led up to Headingley seceding and the government giving its final approval?

**Mr. Reimer:** I can only relate, I cannot speculate as to the report that is coming back from St. Germain-Vermette, but I can sort of give the member from Inkster a bit of the direction that happened with Headingley.

With Headingley, the report came back to the minister along the same guidelines that the St. Germain-Vermette meeting went. The report came to the minister. The report was then released by the minister. There were discussions after that with the City of Winnipeg as to the report. Requests were made from Headingley asking for a vote to be taken, and from there it initiated further discussions with the city to try to come to a resolve on it, and then from there, there was a procedure that was implemented for a vote with the residents of Headingley. Even after the vote was brought forth, there were also discussions again with the City of Winnipeg regarding the outcome and from there the final result was legislation that was passed recognizing Headingley.

**Mr. Lamoureux:** The vote itself would have actually been then initiated through the residents, because the residents, through a public forum, caused a report to come down. That report followed specific guidelines from the province. He might want to correct me on that, were that guidelines set by the province? Then after the report, it was then requested that a referendum be called that allowed for ultimately Headingley seceding from Winnipeg?

**Mr. Reimer:** It should be pointed out that after the report was presented to the minister, it was the

residents of Headingley that wanted the referendum called at that time. So it was initiated by the Headingley residents to have this referendum.

**Mr. Lamoureux:** So once this report then comes down for St. Germain and Vermette, then all they have to do is request a referendum and that referendum would be granted.

**Mr. Reimer:** I think it should be pointed out that what will come from the residents of St. Germain-Vermette is the final report. At that time, I cannot speculate as to what some of the contents or what the information is in that report. There are various options or variables that are purely speculative as to what they may want and where they would go. It is hard to speculate as to what the actual direction that the report will come. I really could not speculate what the recommendations would be until I see the report.

**Mr. Lamoureux:** Can the minister then indicate why Headingley would have been allowed to have the referendum? What principles, arguments did they bring forward that allowed them to have access to a referendum?

**Mr. Reimer:** The biggest difference, I guess, is the set of parameters of variables within the district of Headingley and the priorities that they saw or felt were of importance in their decision making. I do not think we can compare Headingley and Vermette-St. Germain as two of the same type of communities in a sense that the social milieu and the property owners and the commercial venue that is there are totally different in their make-up.

I do not think that it is fair to categorize them both as the same type of situation because the people of Vermette and their stakeholders there in Vermette are totally different than what we have seen in Headingley, which is right next to one of the most busiest areas, with the Trans-Canada Highway and some of the commercial development that they have there. So the comparison is really not truthful in the sense of trying to say that one is just like the other one.

**Mr. Lamoureux:** If the minister was standing or attended a public meeting and wanted to give comment

on the question of secession from the city of Winnipeg to the residents, what would he indicate—I know this is extremely hypothetical—to the residents of St. Germain and Vermette in terms of their chances of seceding from the city of Winnipeg. What sorts of criteria, what are some of the variables or the parameters that he is referring to? I think it is very important to get some sort of idea where the government is coming from on this.

**Mr. Reimer:** I must revert to what the member for Inkster said in his opening statements where he said this was my first Estimates in Urban Affairs. As Minister of Urban Affairs, this is also my first Estimates in Urban Affairs, and I would feel that speculative comments and suppositions and things of that nature are not really constructive in a sense of coming to an answer.

I am sure the member for Inkster would like some definitive answers, so, speculatively, to answer is really of no substance of quality when we are looking at things that we cannot perceive or areas that we are not totally aware of or the facts are in. So I could not really speculate as to what I might say if I was in a certain situation or what I might not say if I was not in a certain situation.

I can only go by the fact that the report has not been put forth. At that time, once the report is there, why then that brings in a whole new set of parameters and decision making comes from the normal flow after that.

**Mr. Lamoureux:** Mr. Chairperson, what I am trying, or at least attempting to establish is, what is the difference, if you will, from Headingley—and the government has approved Headingley—to St. Germain, Vermette and, maybe, tomorrow it is St. Boniface or Transcona, and the day after then we can look at Tyndall Park, Meadows West, all these well-defined communities, and instead of having to commission reports in all these different communities I would imagine there has to be some basic criteria, if you will, before even the government would give any sort of consideration.

For example, you know, it would be ludicrous for us to think that the inner city could secede from Winnipeg.

Like, if the area of Point Douglas came back and they said, well, gee we think that we are getting a raw deal, we would be better governed if we had more councillors governing our little area so we want to secede, become a municipality amongst ourselves, elect our own councillors that all live in the immediate area, for example, and bring all sorts of different arguments. Well, I would hope and trust that they would likely not get too far with the Department of Urban Affairs.

\* (1720)

Headingley comes forward, it presents arguments as to why it feels it should be allowed to secede and was given that opportunity. I am trying to get a better idea in terms of what enables—I should not say enables, it is probably a bad word to use—at what point is this government seriously looking at communities that choose, or a group of residents that live in a community, that decide that they are better served by seceding from Winnipeg does he allow that sort of discussion to turn into a public report which this government would give serious consideration to, or is this something which is fairly wide open? That means that virtually any community within the city of Winnipeg could actually go through the same process that St. Germain and Vermette have now entered into.

**Mr. Reimer:** The member is referring to a situation where he says what is to allow for all the various parts of Winnipeg to secede, but you have to look at the fact of the services that are provided within the city of Winnipeg and the fact that the municipalities, like Headingley itself, the R.M.s, and they have the opportunity then to revert to the status of an R.M. but not a city itself.

The quality of life that is here in Winnipeg, you have to ask yourself what they are enjoying here in Winnipeg and they are part of the so-called character of the city. So the speculation of what would happen and why things happen are scenarios that are—it is not within the parameters of discussion in a sense that it is hypothetical in the case as to what would happen if this happened or that happened because these things have not been brought forth and the decision as to where they would happen or what was going is purely speculative, really, in a sense.

**Mr. Lamoureux:** Does the minister believe that he has a role to play in terms of keeping Winnipeg together as one city, and if so what is that role?

**Mr. Reimer:** The answer is yes.

**Mr. Lamoureux:** How does he say yes to that—I should not say that, no—I do not want to impute motives of the minister. I am interested in what or how he believes he can function in that role with the City of Winnipeg. Does he sit down with the City of Winnipeg and say here is what we are prepared to do in order to make it more feasible for residents to remain in Winnipeg if in fact they want to stay in Winnipeg, but because of the cost of property tax that is sending many of them to leave the boundaries? I am interested in terms of how he actually implements that role.

**Mr. Reimer:** Mr. Chairperson, I guess what the member for Inkster is asking is really the role of the department within the framework of government, and I guess I can revert to the goals and the mission statement that are within the book of the Estimates in which we say we are here to develop and co-ordinate the provincial policies that address the major urban areas and the needs and sustainable community planning and development. We are involved with urban finance, urban revitalization.

A good example of urban revitalization is the Winnipeg Development Agreement which we have just signed for \$75 million, that type of assistance, urban services for programs, urban transportation that we are involved with within the City of Winnipeg with their grant. We provide financial assistance. I believe I earlier alluded to almost \$180 million in grants to the City of Winnipeg which is an increase of just over 47 percent, I believe, since 1990 where we were about \$129 million. So we are there to review and approve Plan Winnipeg in accordance with The City of Winnipeg Act.

We undertake legislative changes which I am sure the member is aware of. There are two bills before the House right now regarding the city of Winnipeg in which we have responded to the request for tax concessions for contributions for the race that is coming up, the mayoralty race.

The member alluded briefly to historic buildings. I think another City of Winnipeg Act that we are just in the process of actually coming up for Third Reading or going to committee soon for heritage buildings and zoning regulations, the remodernization of that, that is part of the changes to The City of Winnipeg Act.

We also negotiate, we co-ordinate, we implement and monitor the intergovernmental agreements regarding the city of Winnipeg to then improve the urban living. We also co-ordinated the interplay between the various levels of government within government itself. For example, the Highways department, the Environment department, Department of Rural Development, all these things come into co-ordination with the Minister of Urban Affairs. So there is an ongoing dialogue, not only within the city of Winnipeg or with the City of Winnipeg, but within departments here in the government as to what concerns the City of Winnipeg is involved with.

There is correspondence. There are meetings that are set up with the mayor. There are meetings that are set up with EPC, Executive Policy Committee, with the City of Winnipeg. All these things are made so that there was a better understanding and a correlation of objectives, not only within the city, but the city and the government, so that there is an understanding, and we are sort of trying to play with the same hymn book as to the best needs for the province and for Winnipeg. This is ongoing.

\* (1730)

There is the research that we do for the City of Winnipeg on issues and things like that. There is the consultation with the public on the urban and regional issues. A good example is the TransPlan 2010 in regards to the transportation corridors and transportation here in the city. These are things that we have initiated. So it is an ongoing process of development with the city.

You know, people said, well, where is the leadership, type of thing? Well, leadership is formed by not only being direct, but it is to provide the vehicle for other people to make decisions. You can be a leader by having the people that you are working with make

decisions and that shows leadership. That does not mean that the minister is forefront and in the front of all the decision making, for photo ops and for everything else like that. But if the minister provides the format, provides the people, provides the department, has the confidence in the people in his department or her department, I should say, to make the decisions, that shows leadership, and the department gives that type of impression of having things done.

So leadership does not necessarily have to be the lead being shown on a visibility process by the minister himself or herself. It can be done by the people that they surround themselves with, the delegation of authority to the people that they work with and for them to make the decision. So there is the opportunity for networking. There is the opportunity for the public to participate, for the management to participate, for the employees to participate.

So those are the types of environments that decisions are made within in the department, and I would hope that is the best way to do it because I do not believe that the minister should be the person that has to give total direction within the department. The department itself has the capability, it has the people, it has the confidence in the department that when they are making decisions on behalf of the minister that it is for the best of the government in consultation with the minister.

To provide that type of environment for decision making is more important than to provide a strong heavy-handed approach to leadership which is sometimes dictated or mandated by certain members of the opposition or certain members of other parties who are saying you have to have that type of wave the banner, wave the flag because you are the leader, so get out there and lead the charge. Well, you would be the only one running down the street with the flag because no one else is going to be behind you helping you.

It is better having the people that are making the decision and the people that can make the decision and the knowledge that I have to rely on within the department and in the various factions of government and other departments of government to give that type of leadership, and things will work just as fast and even

more efficiently because of the fact that their attitude of being involved, the pride of decision making, letting the employees make the decision, because they are part of government. They are part of a direction that is more or less given by the minister, and I feel that type of management by myself and this department will get more positive results because it is a delegation down to the field to make the decisions.

**Mr. Lamoureux:** Listening very closely in terms of what the minister was saying, you know, I might refute the argument by saying this is a government that is actually fairly status quo. They are doing the types of things in which one would expect of a provincial government in assisting different municipalities, whether it is in the province of Manitoba, Alberta, or any other province in Canada. Winnipeg is in a very interesting situation in terms of the property tax. This is something in which the minister and I, I believe, are in concurrence on. We both believe—and he will correct me because I will pose it in the form of a question. Would he not agree that the primary reason why we get requests to secede is because of the property tax versus services?

**Mr. Reimer:** It is an interesting concept that the member for Inkster is referring to because it is a concept that is not only prevalent in governments, but I think in business. In business in general we have seen some tremendous changes, not only small businesses but big businesses, in the way they now approach the market, if you want to call it, and the way they do business. They are becoming more and more cost analysis, they are becoming more and more time management, they are becoming more and more critical of direction as to how they make decisions and where they make decisions and the accountability and the priorities of spending, and the "profit" orientation that business should be involved with, which is not a dirty word. Profit is not a dirty word in the world of business, because if we do not have profit we are not going to have business going.

The scenario that the member for Inkster is referring to, I believe, is very apropos of a lot of the modern thinking that is going on right now in business which is relating now to government. I believe that government is becoming more and more aware that there has to be

an accountability of funding. They are realizing that the amount of funds that are available for expenditures in all departments have to be very, very closely analyzed. There is no such thing as an automatic increase just because you need it. There has to be an accountability.

We see this here within our government, it was alluded earlier by the member for Wellington (Ms. Barrett) with the SOAs or the special operating agencies, where now they are in competition not only within themselves but with other departments and with the private sector in trying to provide services for a certain type of service or commodity. This is becoming more and more prevalent in decision making of government regarding the amount of money that is collected and the results that come out of that collection of funding through taxes.

As the member mentioned, that is a very, very noticeable amount of revenue that is generated by the City of Winnipeg and the province and the federal government as to where the money is going and how it is coming. It is true, I guess, people are saying to us that the taxation they are paying and the amount of monies that they are paying on taxes, they want to get the value. They want to get a confidence of decisions and the priorities of where the funding is going. So they look at it in a more analytical way as to what the dollars are going to.

I guess you look at what is happening with funding, as mentioned earlier. When you look at the federal government and they are saying that they are looking more analytically at their dollars and saying there is not money available, they have cut back in certain areas. They have indicated that there will be hundreds of millions of dollars less going to the provinces. That puts the provinces to look at the budgetary items and the budgetary lines that we have and where that allocation of funds is going.

When you have a large metropolitan area like Winnipeg that relies, as I think I pointed out to you, over 17 percent of their revenue comes from the Province of Manitoba. We look at direct and indirect assistance of over \$190 million. Those are big dollars that we have to be very conscious of where those

dollars are going. The people are saying, where is that money going, and where is that money going to? So taxes are a very, very big part of any type of government and where that money is going. People are becoming more critical and wanting more accountability. They want that funding to be directed to areas where they feel that they can get the best value from.

**Mr. Lamoureux:** I take it from the response of the minister then that he is in fact in concurrence with respect to my comment regarding the primary reason is property tax versus service. My question to the minister would be, what is this minister doing specifically to deal with lightening the load or assisting the city in lightening the load of the property tax being levied against Winnipeg residents?

**Mr. Reimer:** What we can do is, we can encourage the city to be, you know—and I believe that they have looked at a fiscal plan that they have just come out with. I believe it was just about a month ago that they came out with a fiscal planning strategy as to where their funding should be going and where they feel the priorities are. The funding that we have indicated to them, you know, the overlap, just recently the Minister of Family Services (Mrs. Mitchelson) has been working with the City of Winnipeg, the social assistance that the City of Winnipeg is administrating, why it will be amalgamated with Family Services here on a provincial basis.

So there is one area of a level playing field we are looking at in trying to assist the City of Winnipeg. I guess what we can encourage the City of Winnipeg to do is to be maybe a bit more cognizant of servicing out some of their contracts, trying to look for competitive bids on a lot of their departments. There is the availability of amalgamating some of their purchasing power possibly through various departments. I believe the City of Winnipeg is looking at the amalgamation of their districts throughout the city of Winnipeg for the overlap of responsibilities.

\* (1740)

So I believe the City of Winnipeg is working, you know, towards that area. An example also was the

Charleswood Bridge, you know. It is being built by the private sector and leased back to the city. So there are various innovative ways that the City of Winnipeg can look at as budgetary items.

One of the things that we can encourage is the fact of being a little bit more cognizant of where the money is going and the best way to get the services. Possibly the best way to look at services is maybe they have to privatize some of their areas of responsibility that they have taken on as their own area of expertise.

There may be room for competitive bidding in certain areas. There may be areas for privatization of some of their venues. There may be areas of asset depletion on some of their properties and some of their buildings. A lot of cities in areas not only in Canada but in the United States are now looking at the selling off of some of their projects and some of their capital to get down their debt because, as the member knows, Winnipeg's debt as a percentage is one of the highest in Canada, or as a city.

So those are areas that once you stop paying money on interest you have more money to put back into the system, you have more money to get the taxes down, and that is what people are saying, they do not want to be paying taxes anymore.

There are a lot of innovative ways to look at cutting taxes in the city of Winnipeg, and it just means that there has to be leadership shown by the administrators, the councillors, and the mayor himself or herself with the election coming up that these things are all viable alternatives.

**Mr. Lamoureux:** Mr. Chairperson, the latter comments from the minister I would concur, but I would also add in terms that there has to be leadership from within the Department of Urban Affairs and to expand on the example which he made reference to, the whole question of social assistance.

There is a tremendous amount of duplication. The municipal hospital, these are all costs. Winnipeg Hydro—I do not know if Winnipeg Hydro actually makes money for the City of Winnipeg but there are some things that are out there and which I believe that

there needs to be more communication if that communication has not been taking place.

At least we are not hearing of any real initiatives coming from this government to ensure that there is a sense of co-operation in tackling what is the primary reason, and many of these reasons are beyond their control, they cannot resolve unless they get assistance from the provincial government.

Is it then safe to say that we will see the Department of Family Services taking on the role of social assistance?

**Mr. Reimer:** I believe there are ongoing discussions right at the very moment that this is happening. I am not privy to the decisions that the Minister of Family Services (Mrs. Mitchelson) is doing, but to the best of my knowledge these discussions are ongoing as we speak.

This whole area that the member mentioned regarding the funding and the availability of funds for the city, what is happening in other cities in Canada and the United States where the province or the municipality or the government is giving grants to the cities, what they are doing in some areas is, they are putting a portion of that grant allocated to competitive bidding. What they are saying is okay, we are going to give you an unconditional grant of X amount of dollars, but we want a certain percentage of it designated as open for competitive bid to supply certain services within that particular department.

What it does is, it puts the emphasis on that department to be more accountable so, possibly, the interpretation is that you are giving an unconditional grant to promote a monopoly on a certain area of funding that is allocated by the government to a certain area. When you add on a certain percentage of that fund that is going to go open to competitive bid, it puts that department on notice that what they are doing is up for scrutiny and that if there is someone that is in the private sector that can do that particular service at a cheaper rate, then that department has the ability to bid itself really for its own work, similar to what the SOAs are doing and it gives more of an accountability of dollars spent.

So some of the cities are now doing that and the allocation of funding then is more true in a sense of getting value for the commodity. That type of thought is becoming more prevalent. These are some of the areas that are always open for discussion as to which is the best way to get a return for your dollar.

**Mr. Lamoureux:** I wanted to give a couple of examples of the school portion, if you will, the education portion of the property tax. For example, in the house which I live in—and I live in Winnipeg School Division No. 1, for example—I would pay approximately \$350 more annually, net, a year than a house of the same value that is in the school division of St. James. That \$350, if you will, is about half of what my entire property bill was.

**Mr. Chairperson:** Order, please. Can I ask the honourable member where taxation falls in, in the Department of Urban Affairs?

**Mr. Lamoureux:** What we are talking about is the unfair advantage the City of Winnipeg has because of its property tax base. The Department of Urban Affairs has a very significant role to play on the property tax. This is what we are referring to.

**Mr. Chairperson:** But the honourable member was discussing school taxes, was he not?

**Mr. Lamoureux:** Correct.

**Mr. Chairperson:** School taxes are not under the Department of Urban Affairs. I would like the honourable member to be relevant towards the department at this time.

**Mr. Lamoureux:** Unfortunately, I believe and would maintain, and hopefully I would not be called into question for this, but that property tax, that portion of the property tax, this minister should be addressing. If he is not addressing, then he would be missing out on a very valuable point in terms of what he should be articulating within his cabinet, and that is that the reliance of financing education, because if you take a look, he made reference to his own property tax and he has it with him today, which he paid. Virtually half of

that bill, depending on which division you live in, if you like, is made up from the education tax.

The significance of that education tax compared to other, let us say, jurisdictions and are we putting an unfair burden on the city of Winnipeg property taxpayers when, as a government, this government has done nothing to alleviate that concern? I am interested in knowing from the Minister of Urban Affairs what he believes with respect to the education levy that both the province puts on the property tax bill and the school division, and if in fact there is a need to change.

\* (1750)

**Mr. Reimer:** Mr. Chairman, without getting into too long of a discussion on this whole area of taxation and the school tax on property and that, the member is putting a hypothetical type of scenario out as to what if or what we should be doing. There has been no discussion within our Department of Urban Affairs regarding school tax and its implications. So it is really highly speculative for me to comment as to which way we should be going. I do not have anybody in the staff of Urban Affairs that I believe I could even call upon to give that, because I do not believe there has ever been any discussions regarding that other than that everybody sees that line on their bill when they pay their taxes, even now, because it all comes due in another three days. It is too highly speculative for me to comment.

**Mr. Lamoureux:** Mr. Chairperson, it is not speculating when we say that Winnipeg has one of the highest property tax systems almost in North America virtually, if not very close to it, in terms of a major metropolitan centre. One of the primary reasons for that, again, and it is not speculating, there is a provincial levy for financing of education and there is to a certain degree—there was a rebate that was there, but that was also cut back on with this particular administration. When you have the City of Winnipeg saying, look, we want to be able to provide lower property tax in the province, from what I understand, is not even considering the inequities that are there with respect to what property taxes are being collected. I perceive that to be problematic, that in fact the Minister

of Urban Affairs should in fact be doing what he can to address those inequities.

What I hear is that the current Minister of Urban Affairs is not doing that. I do not know if he would want me to leave that on the record. He might want to refute that. I would trust that in fact he is attempting to address the inequities that are currently there in the property tax.

**Mr. Reimer:** I should point out to the member that in the financial plan that the City of Winnipeg has come up with, which I alluded to a little earlier, there is a proposal regarding the education tax that is coming forth.

I believe there is a meeting coming up in July with the City of Winnipeg, that this type of scenario will be brought forth in the report. At that time it would be brought to my attention, along with the Minister of Education (Mrs. McIntosh), to look at the various ways that this can be looked at, so I have been told that it is something on the city's request list, if you want to call it.

I should also point out too that we have provided other areas of opportunity for the City of Winnipeg that have come forth regarding the collection of taxes or monies, if you want to call it. We gave them the authority to put a frontage levy on property. They requested that, so they have been given that authority. The only stipulation we had was that they have public consultations with it, which I think is normal. You would want to know if the people are willing to pay more taxes, so you go and you ask them. They said no.

So then we said, okay, well, we can give you the authority to make the garbage collection a utility, and you can then charge for garbage collection. We gave them that type of authority and they said, no, we do not want to do that.

So, you know, you can only go so far with giving authority to the city and saying, well, here you have the opportunity, go ahead and do it and see what the people say. So when the people say no, they turn around, they come back and say to you, oh, you do not give us enough money now.

The people have said no. They do not want any more taxes. They do not want to pay for the garbage. They do not want to pay for the frontage levy. So then they say, well, the province is cutting back. They are not giving us the opportunity to raise funding. Well, it is the people themselves that are saying, no, we do not want to do that.

So, I mean, giving the City of Winnipeg the authority to raise taxes, if they feel that that is the way to better manage their city, why, the election that is coming up is a perfect time to put that on their agenda. They can run candidates that are more in favour of rising taxes and spending more money and borrowing more money and becoming more and more indebted to the taxpayers of Winnipeg, and I am sure that the taxpayers of Winnipeg, when they go to mark their ballot, will take that into consideration.

If the people want that, they will vote for that type of government. They will vote for a government that wants to tax and spend, they will vote for a government that says, we want to raise revenues by various means, and we feel that this is the best way, and this is what we feel is best for the city.

Well, they have an ideal opportunity in the next two months, in October when the election is on, and if that is what they want, I am sure that they could come forth to the city or back to the province with these various and elaborate requests for funding, and if the public wants it and the public is clamouring for it, this minister will certainly entertain any type of proposal like that.

I am not saying that they cannot do that. I am certainly not going to have the heavy hand of government go in there and say that you can or you cannot ask the people to raise taxes, because if the people want to pay more taxes and they feel that that is the best way that they can justify all the things that they want and it comes forth that way, we are a government of the people.

**Mr. Lamoureux:** I am interested in getting some numbers from the minister and hopefully he might have them accessible in which he can probably bring them back and, failing that, maybe he could provide it for me

sometime over the next couple of weeks. What I am interested in knowing is, if you take an average value of a home of \$60,000, that is home and land, if you like, or building and land, and \$100,000, and compare the total property tax bill, including education, to the cities which we compete with in Canada of Edmonton, Calgary, possibly even Regina and Toronto, I am sure the minister would have those sorts of numbers.

I am also interested in the rural municipalities that are immediately around the city of Winnipeg, those satellite communities, and the average municipal property tax bill which would include again education for that \$60,000 and \$100,000 home. Would the minister make those numbers available?

**Mr. Reimer:** Certainly. We will do our best to get them. I imagine we cannot do that today but I am sure over the next few days we will certainly get that information for the member.

**Mr. Lamoureux:** Mr. Chairperson, the reason why I asked is that the numbers that we will see will indicate in terms of how Winnipeg is to a certain degree disadvantaged, whether it is from competing amongst other cities within whether it is western Canada or Canada as a whole and why we have created the problem in terms of the need by many residents to

believe that they need to secede from Winnipeg in order to get a reduction of the property tax because, along with those, what is also important to receive is the provincial government percentage or the amount of money that the province contributes relatively compared for example to the city of Edmonton or to Calgary.

Again, I am going back a number of years but, from what I understand, the Province of Manitoba contributes the least amount when you compare Alberta, Saskatchewan and Ontario, and I would also be interested in getting those numbers. Again, it is very easy to manipulate stats or something of this nature. I would ask that education also be taken into account, and that portion should in fact be factored out. What I am looking for is municipal services, amount of money in blocks that is given to the City of Winnipeg, and something to compare that to. The ones I would like to compare it to are, as I have indicated earlier, Edmonton, Calgary, Regina and Toronto.

That would virtually end my questioning with respect to the property tax, Mr. Chairperson. I do have a series of other questions in different areas.

**Mr. Chairperson:** Order, please. The hour being 6 p.m., I am leaving the Chair and will return at 8 p.m.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 26, 1995

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