



Third Session - Thirty-Sixth Legislature

of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

*Published under the  
authority of  
The Honourable Louise M. Dacquay  
Speaker*



Vol. XLVII No. 47 - 1:30 p.m., Tuesday, May 20, 1997

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

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

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Tuesday, May 20, 1997**

**The House met at 1:30 p.m.**

**PRAYERS**

**ROUTINE PROCEEDINGS**

**PRESENTING PETITIONS**

**Mobile Screening Unit for Mammograms**

**Ms. Rosann Wowchuk (Swan River):** Madam Speaker, I beg to present the petition of Ethel Lungal, Verna Kieper, Joyce Gray and others praying that the Legislative Assembly of Manitoba request the Minister of Health (Mr. Praznik) to consider immediately establishing a mobile screening unit for mammograms to help women across the province detect breast cancer at the earliest possible opportunity.

**READING AND RECEIVING PETITIONS**

**Mobile Screening Unit for Mammograms**

**Madam Speaker:** I have reviewed the petition of the honourable member for Swan River (Ms. Wowchuk), and it complies with the rules and practices of the House. Is it the will of the House to have the petition read? Dispense.

*WHEREAS medical authorities have stated that breast cancer in Manitoba has reached almost epidemic proportions; and*

*WHEREAS yearly mammograms are recommended for women over 50, and perhaps younger if a woman feels she is at risk; and*

*WHEREAS while improved surgical procedures and better post-operative care do improve a woman's chances if she is diagnosed, early detection plays a vital role; and*

*WHEREAS Manitoba currently has only three centres where mammograms can be performed, those being Winnipeg, Brandon and Thompson; and*

*WHEREAS a trip to and from these centres for a mammogram can cost a woman upwards of \$500 which is a prohibitive cost for some women; and*

*WHEREAS a number of other provinces have dealt with this problem by establishing mobile screening units; and*

*WHEREAS the provincial government has promised to take action on this serious issue.*

*WHEREFORE YOUR PETITIONERS HUMBLY PRAY that the Legislative Assembly of Manitoba may be pleased to request the Minister of Health (Mr. Praznik) to consider immediately establishing a mobile screening unit for mammograms to help women across the province detect breast cancer at the earliest possible opportunity.*

**PRESENTING REPORTS BY  
STANDING AND SPECIAL COMMITTEES**

**Committee of Supply**

**Mr. Marcel Laurendeau (Chairperson of the Committee of Supply):** Madam Speaker, the Committee of Supply has adopted a certain resolution, directs me to report the same and asks leave to sit again.

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

**Motion agreed to.**

**Introduction of Guests**

**Madam Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the public gallery where we have with us this afternoon nine visitors from the CFB Language Training Centre under the direction of Sergeant Rob Chilton. This group is located in the constituency of the honourable member for Sturgeon Creek (Mr. McAlpine).

Additionally, we have fifteen Grade 4 students from Richard School under the direction of Mrs. Jocelyn Benoit. This school is located in the constituency of the honourable member for Gladstone (Mr. Rocan).

Also, twenty-one Grade 3 students from the Pinkham School under the direction of Mr. Ed Desjarlais. This school is located in the constituency of the honourable member for Burrows (Mr. Martindale).

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

## ORAL QUESTION PERIOD

### Flood Forecasting Staffing

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, I understand, after having major disagreements with the federal government over the last three years, that today the Prime Minister will be announcing a flood compensation policy and package for the province of Manitoba. We are delighted to see this interest in the flood situation in this province, and we look forward to the details of the announcement of the Prime Minister.

It has been indicated to us that the provincial government is putting forward a plan to the federal government, and we certainly would know some of those elements of that plan, having debated them in this Legislature on prior occasions.

I would like to ask the Premier: Can he table Manitoba's position to the federal government in the Chamber, and can he indicate whether we have had any positive movement on the layoffs of flood forecasting staff which are scheduled to take place on August 1, 1997?

\* (1335)

**Hon. Gary Filmon (Premier):** Madam Speaker, I thank the Leader of the Opposition for his question, and I would indicate to him that ever since the Minister of Natural Resources (Mr. Cummings), the Minister of Government Services (Mr. Pitura) and I signed the federal-provincial agreement on the 1997 flood

damages compensation in Manitoba with Mr. Axworthy, Mr. Young and Mr. Gerrard on the 1st of May, officials have been working towards an agreement, towards an enunciation of the agreement that would lay out the various elements of it.

We have put forward a package that has been agreed to at the officials level of some \$270 million. Its basic elements include flood prevention and flood proofing, a business compensation element, an agricultural compensation and reconstruction element and a technical co-operation element, and I will table the letter that I sent to the Prime Minister yesterday that outlines these elements. I can say that we are not certain as to what the Prime Minister intends to do today when he meets with municipal officials, whether he will be in a position to confirm that. I know that he was aware—certainly, through officials, he would have been aware for some time as to the recommendations that were put forward, but at the same time—I have an extra copy here if the Clerk would like to give this one directly to the Leader of the Opposition for his purposes while the other is being registered—it remains to be seen as to whether or not the Prime Minister will be discussing this program clarification or whether he has other agenda items that he wants to discuss with the municipal officials later today, so that is all I can say at this point.

**Mr. Doer:** Madam Speaker, I understand the press conference and meeting is to take place at the Air Command. Hopefully we can get a reversal on the 762 jobs we lost there, too, but hope springs eternal in these times, these coincidental times in terms of positive announcements, potentially positive announcements.

### Disaster Assistance Deductible

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, I was pleased to see—a couple of weeks ago we raised three issues that really followed from feedback we received in '95 a bit and a lot more in '96 about the flood victims last year on compensation, and we did some research, as the Premier knows, on the updates that had taken place in other provinces on flood compensation and disaster compensation. The limit has been raised, and we applaud the government for raising

that limit from \$30,000 to \$100,000, consistent with many other provinces. We had also asked about the municipal share and were pleased the government has today announced that they are dropping that from 10 percent to 5 percent. Particularly for communities like Ritchot and other communities, that will present a real threat to their taxpayers, and, of course, other communities in the past in the Parkland region and in forest fires have also gone through similar situations.

We have also raised the issue of the deductible, and I asked the Premier to look at the Alberta policy on deductibles and in light of the depreciation policies. Has he had a chance to look at that, and what is the current status of that situation of a 20 percent deductible for individuals affected by this flood?

**Hon. Gary Filmon (Premier):** I just want to clarify for the benefit of the Leader of the Opposition that the municipal share remains at 10 percent with a maximum of 5 percent of the municipality's annual budget, which will ensure that there is not a massive requirement on the part of individual municipalities. If it had remained at a total of 10 percent, some of the municipalities such as Ritchot and perhaps even the R.M. of Morris might have been in dire financial circumstances. So this limits their exposure to 5 percent of their annual total municipal budget.

With respect to the issue of the deductibility, I remind the Leader of the Opposition that it was his government in 1986 or '87, under then Minister Harry Harapiak, that changed the policy from a flat fee to a percentage. At that time, 25 percent of the costs were deductible and he, the New Democratic minister, Mr. Harapiak, said that it was in the interest of fairness that a deductible be implemented. That was the perspective that they had at that time, that perspective being based on the, of course, principle that there is some choice involved and that there is some decision making that people make.

He may also know that, in much of the area in which those subdivisions took place in the last decade or so where many of these homes that were the subject of flooding and dispute in the R.M. of Ritchot, those subdivisions were opposed by provincial representatives both in his government's day and in our government's day. Departments of Natural Resources, of Municipal Affairs, of Agriculture, in many cases,

opposed those subdivisions for the very reason that they felt that they were in flood-prone areas and that this kind of situation could evolve. So there is certainly some reason to accept the policy that was put forth by the New Democratic government, of which he was a part, that said that a deductible was a reasonable thing under these circumstances.

\* (1340)

**Mr. Doer:** The Premier will note—and there have been a lot of disasters lately, regrettably, in Manitoba, and there has been a lot more experience with the impact of depreciation, which is applied differently now than before, and the deductible, and it does, for purposes of some people, provide a real hardship. People in Ste. Agathe, I think some of them have resided, their families have resided there before Urban Affairs departments were created or Municipal Affairs departments perhaps were created. I am not sure, but a long time, at least.

Madam Speaker, the Premier's Minister of Government Services (Mr. Pitura) said today that the door was open on the 20 percent deductible. Can the Premier explain—in his press scrum he said that the door was open. I think the public, who is trying to understand what the decision will be on deductible—can the Premier explain how far open is the door on the deductible, and what will that mean for a family who has to replace a five-year-old furnace in Ste. Agathe?

**Mr. Filmon:** Madam Speaker, what we have consistently said is that we continue to evaluate the circumstances that people are facing. We continue to evaluate the losses that people are bearing, and we continue to evaluate the various sources from which relief can come, and that includes much of the funds that are being raised by various organizations, including the Red Cross, Salvation Army and so on.

But I want to just correct him to ensure that he does not put on the record anything that may prove to be false with respect to what he says was a change in policy respecting the depreciated value. This is the policy that was in effect—and I know he was quoting from it, but he was only quoting selectively, because this is the policy that was in effect under the New Democratic government that preceded us with respect

to compensation for damages under emergency circumstances such as this. It has, under administrative guidelines, No. 10, Amount of Claims, quote, claims may not exceed the estimate of costs required to restore an item or facility to its immediate predisaster condition.

That, of course, supersedes the section that he had been quoting here in this House that talks about major appliances such as stoves and refrigerators which cannot be repaired are eligible; where such appliances can be repaired, cost of repair is eligible; luxury items such as sporting goods, stereos, luxury fur coats, et cetera, are not eligible for federal assistance.

So, at all times, it was a policy of his administration that has continued on through our administration, that it was the depreciated value and not the new value that was the case.

\* (1345)

**Mr. Doer:** We have talked to a lot of people that have applied the policies, and we are quite confident in what we are saying. I ask the Premier: The minister today said in the media scrum that the door was open on deductibilities. Is the Premier saying in the House today that the door is open, or is he saying it is closed?

**Mr. Filmon:** Well, as I said in the first part of my response, we continue to monitor and evaluate the circumstances that are being faced; we continue to look at the potential claims that are being put forward. We have, obviously, estimates and figures that people are throwing out without having received bills and submissions. So it is not until we take a look at actual claims and actual circumstances that we are going to be able to refine any policy decisions more than we can today.

#### **Disaster Assistance Sandbag Removal Expenses**

**Mr. Gord Mackintosh (St. Johns):** Madam Speaker, my question is to the minister responsible for the Emergency Management Organization.

As Manitobans are well aware, Scotia Street, for one area, engaged thousands and thousands of individuals

to help place sandbags. For example, on Scotia we estimate about 10,000 individuals assisted in placing almost a million bags over the course of about 15 days, but now the City of Winnipeg, for one municipality, is advising the homeowners to remove those bags and now.

My question for the minister is: In light of the application under the emergency systems program, which includes little tick-off areas for compensation for costs relating to sandbagging expenses and the cleanup of debris left by the disaster, can the minister tell the residents of Scotia Street and other residents of Manitoba whether the compensation scheme includes compensation for a homeowner who contracts privately for the removal of sandbags from property?

**Hon. Frank Pitura (Minister of Government Services):** Madam Speaker, with regard to the disaster financial assistance policy with the erection of sandbag dikes and then the subsequent removal of those sandbag dikes, I would say to the honourable member; yes, this is eligible for disaster financial assistance. Usually, when the calculation is done with regard to the removal of sandbags, they take a look at the entire size, the complexity of the job and the rates with regard to the cleanup and would indicate to the homeowner at that time what would be the total complexity of the job and what the rates would be for them to get their disaster financial assistance, but the simple answer is yes, they are eligible.

**Mr. Mackintosh:** Would the minister, who has now said that these costs are eligible, reduce the risk and uncertainty to homeowners and say now what will be the amount of compensation? Will it be dollar for dollar minus the 20 percent deductible, or how will the compensation be determined? They need to know before they enter into what could be very costly contracts with individuals.

**Mr. Pitura:** Well, I think, Madam Speaker, that anybody who wants to contract for the removal of their sandbag dikes can probably get a great deal of guidance on this by contacting our staff in Emergency Management Organization. Two people I would suggest that could be contacted would be Joe Masi or Mel Nott, our chief claims inspector, for details on that. People can also call our emergency operations centre,

too. for clarification as well. If somebody is hiring a contractor for the removal of sandbags, it would seem reasonable that the rates that the contractor would be charging would be competitive with those on any other job, and that is the only really basic criterion that they have to follow in terms of getting this job done.

\* (1350)

**Mr. Mackintosh:** Would the minister clarify more what appears to be more a loosey-goosey kind of arrangement for individuals? Given that the guideline binder that was provided says that assistance may also be paid to individuals for cleaning up their own property as determined by the Emergency Management Organization, would the minister tell us, in that case, how is the level of compensation decided on? How, in fact, do individual homeowners get compensated for their own work?

**Mr. Pitura:** Madam Speaker, if an individual wishes to do their own cleanup with regard to the sandbag dikes, it is in the policy, I believe, that, where they are doing their own work at cleanup, in regard to the hourly wage, it is based on minimum wage, and they would also estimate the number of hours, reasonable hours, that it would take. The equipment costs and usually the equipment that is used in cleanup of sandbag dikes would be at rates of those not exceeding the Manitoba Highways and Transportation rates.

### **Grace Hospital Obstetric Services**

**Ms. MaryAnn Mihychuk (St. James):** Madam Speaker, my question, through you, to the Minister of Health relates to the Grace Hospital. This government has shut down the recently renovated obstetric ward at the Misericordia Hospital, and now we learn the obstetric ward at the Grace Hospital is also being eliminated. This leaves no options for the families and the women in the west end, Wolseley, St. James, Assiniboia and Charleswood areas.

Can the minister explain: Since the rationale for the construction of the new Charleswood Bridge was to allow the people from southwest Winnipeg across the Assiniboine River to reach the Grace Hospital, why is this government now closing this ward which is important to those very people?

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, I do not know if the member for St. James has had an opportunity to follow this question last week when it was the subject of questions by her colleague the member for Kildonan (Mr. Chomiak) and Health critic. As I indicated at that time, the board of directors of the Grace Hospital passed a resolution recommending the closure of this particular ward. Last week, in receiving that resolution, we asked that they not carry forward with it and that this issue be placed with the Winnipeg Hospital Authority so that they can fit in, as they have to make decisions about obstetrical care for the entire city—be placed in its proper context. So we have asked that the Grace Hospital not proceed with that particular decision of its board or recommendation of its board for some time until it can be placed in a proper context which may not result, quite frankly, in the closure of that facility.

It might, in fact, result in its enhancement. We have asked that, and currently we are working with them and with the Health Sciences Centre which may be able to provide some of the additional services that they require to be able to remain open in place, as it takes several months obviously for that to happen, for those types of reviews and decisions by Winnipeg Hospital Authority to take place. So quite the opposite. We are sharing with her the same concern.

**Ms. Mihychuk:** Madam Speaker, it is indeed good and somewhat reassuring to hear the minister talk about the Grace remaining open. Will the minister please tell us how long he can guarantee the families that the obstetric wards at the Grace Hospital will remain open? How long can we count on those wards being open?

**Mr. Praznik:** Madam Speaker, I am not in a position to guarantee anything today, but, you know, the really serious debate in health care today is a lot about how we organize and govern the system. We currently have the hospital wards, which we fund as institutions, and, yes, I admit, Manitoba Health has a lot to do with their decision making, but the board of directors at Grace has made a recommendation.

Now, Madam Speaker, we have a lot of issues to look at in obstetrics, as her colleague has rightly pointed out. There have been a lot of studies, lots of information, lots of work that has been done in that area. There are

conflicting points of view. I get them regularly, as the Minister of Health, being presented to me. What I want to make sure happens again in this process is that the Winnipeg Hospital Authority which has, will have as of April 1 of next year, I believe, the authority to make these decisions with respect to programming and has the time to consider the recommendation of the board of governors or board of directors of Grace Hospital in its proper context to ensure that we do not have a decision made today which is going to have to be reversed in a number of months. It is going to take them until the fall, quite frankly, to be in a position to make that kind of decision.

\* (1355)

**Ms. Mihychuk:** Madam Speaker, my final question to the minister: Will the minister personally take the leadership role and ensure that community hospitals and choices are available for the citizens in the west end, Charleswood, Wolseley, St James areas? Will you take the leadership and ensure that the facilities remain open?

**Mr. Praznik:** Madam Speaker, I note the parochialism of the member for St. James, because the real question is not the services to one particular part of the city or the province. It is to ensure that we have an obstetrical program that can account for 12,000 births a year in the whole city and has, as I have discussed with her colleague the member for Kildonan (Mr. Chomiak), the right balance between having specialty services and high-risk births and community hospitals. Within that particular mix, each facility—the Winnipeg Hospital Authority is going to have to look at what is the best way to deliver that program for 12,000 births in the city of Winnipeg.

The case that she makes may be a very strong one, and I want to make sure that is not pre-empted by a premature decision of the board at Grace. We are working with them now to ensure that does not happen.

#### **Grace Hospital Obstetric Services**

**Mr. Kevin Lamoureux (Inkster):** My question is also for the Minister of Health. Madam Speaker, the government's own Action Plan clearly demonstrates

that, in fact, the community hospitals do have a larger role to play in any sort of health care reform. The recommendation that is being put forward by the Grace Hospital currently works at 180 degrees from what we believe is important in terms of community health care.

My question to the Minister of Health is: Does the Minister of Health concur that obstetrics can and should be a part of the basic services for our community hospital at the Grace location?

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, we discussed this last week. I have been discussing it in questions from the member for St. James (Ms. Mihychuk). We have about 12,000 births a year in the city of Winnipeg. I am told that the number that experts recommend for a facility is somewhere, a minimum, between 2,000 and 2,500. The Grace fell below that number.

So obviously one of the challenges for the new Winnipeg Hospital Authority, in adjusting the whole obstetrics program, is to ensure, wherever those sites are—and the Grace may very well likely be a site—that they have enough practice going on in that area to reach those kinds of numbers that make for a very viable facility. Those are decisions and those are considerations that we would like the Winnipeg Hospital Authority to make.

As I indicated to the member for St. James, in speaking with Gordon Webster today, he would expect that he would not be in a position to do that till the fall, and we would hope that he would have sufficient time to do a proper job of it.

**Mr. Lamoureux:** Will the Minister of Health acknowledge that, at our teaching hospitals, there are services that are there such as obstetrics that could in fact be done in our community hospitals and make a political statement to the degree in which this government is prepared to ensure that obstetrics will continue in the long term at the Grace Hospital? In fact, the government should be looking at expanding it to include the Seven Oaks Hospital.

**Mr. Praznik:** Madam Speaker, as I have indicated, from the numbers that I have seen, we have about 12,000 births a year in the city of Winnipeg. Our

people advise that somewhere around 2,000, 2,500 births a year is the right number, minimum number to maintain a particular facility, and that is one of the considerations that the Winnipeg Hospital Authority will have to look at. They will also have to look at demographics in terms of where those mothers are coming from in the city. There are changes in population from region to region within the city of Winnipeg over time, and we certainly want to keep flexibility in that system so that it is one that services the needs of the people of Winnipeg, and that is what I would like to achieve.

Madam Speaker, what is very interesting is what makes this possible is a Winnipeg Hospital Authority, which the member opposed just a few months ago.

**Mr. Lamoureux:** Madam Speaker, in response to the member for St. James (Ms. Mihychuk), the minister gives the impression that he is in fact going to wait till the Winnipeg Health Authority makes a decision. Does that then mean that the Minister of Health will guarantee to the Grace Hospital that obstetrics will continue at least until fall? Because that is when he, himself, has indicated is the earliest possible time that the regional health authority can actually make a decision. Will he give that guarantee today so individuals who came to the front of the Legislature—a pregnant woman would in fact be able to have her baby born at that hospital?

**Mr. Praznik:** Madam Speaker, I wish the member for Inkster would get it right. The recommendation to close obstetrics is not coming from the Minister of Health, it is not coming from me as minister. It is coming from the board of directors at the Grace Hospital and for a variety of reasons, some of them which are a problem for Grace, that they have lost one of their leading obstetricians. They have some issues around a declining number of births and the efficiency of running that particular facility at less than 1,100 births a year. They have some real problems with that.

\* (1400)

We are certainly taking the view here that we do not want them to follow through on that decision. We do not want the board to close the obstetric wards at

Grace. We want the Winnipeg Hospital Authority to work through their plan for obstetrics through the city.

I have convened, through my deputy, a meeting with the Health Sciences Centre that have resources they are prepared to work through to provide. I want to make sure that the Winnipeg Hospital Authority has enough time to make a proper decision, whether it be September, October, November, whenever. They have to have enough time, and that is what I want to see happen.

### **Grace Hospital Obstetric Services**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, in all the ramblings of the Minister of Health this morning and the questions I have listened to and the answers, I am not sure if the Minister of Health is in favour of the Grace ward staying open, in favour of closing, in favour of the Winnipeg regional boards or not, and that is part of the problem. Was it parochial when the previous Minister of Health said he would keep the Grace open? Was it parochial when Frank Manning recommended that Grace stay open?

My question to the Minister of Health: If the Minister of Health wishes the public to believe his comments about supporting the Grace remaining open, will the minister commit today that the Province of Manitoba will provide the proper funding and support resources to ensure that Grace Hospital will stay open, the very promise that was made by the former Minister of Health not that long ago?

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, the question that the member for Kildonan puts, in my opinion, underlines many of the problems and difficulties we have with managing our health care system. What I have said and what I think we are very much committed to is letting the Winnipeg Hospital Authority, that we are charging with organizing services on a city-wide basis, to have the time in this transition year to do proper planning in how they wish to deliver obstetrics, heart surgery, a host of other programs throughout this particular system. They have to have an opportunity to study the issue and come up with a rational and reasonable plan that works for delivering obstetric services in the city of Winnipeg. I believe we

will support that plan when it is developed, but it is their responsibility, and we want to make sure they have time to carry it forward.

**Mr. Chomiak:** Madam Speaker, how can we have any confidence that the new, new plan—there must be at least six new versions of the plan—will have any chance of success when it was just a year ago when the former Minister of Health stood up and said that Grace would stay open, that Victoria would stay open, that Seven Oaks would stay open with their primary and secondary services? Now we have a new plan where some board that is not elected, that has no legislative authority—it has been appointed—is somehow going to make this plan.

Why should we believe this minister?

**Mr. Praznik:** Madam Speaker, I am not sure which board the member is referring to, because the board at the Grace Hospital is not elected by the public. They are not even appointed by a member of the Executive Council who sits in this Legislature who is responsible for the vast amount of money that is spent in that hospital. So to use that as some kind of argument against the Winnipeg Hospital Authority I think is very unfair and does not contribute to the debate.

The fact of the matter is, a great deal of work has been done, and there have been many versions of the plan about how we deliver obstetrics. Yes, the Grace obviously has something to offer. That is why they provide obstetrics today, as does Victoria Hospital. What we are suggesting is that a very rational approach be developed by the people who on April 1 of next year will be responsible for this system. I think that is a fair way to approach this, and that is what we are intending to do.

**Mr. Chomiak:** How can the minister talk about the development of a new, new plan? When the minister conducted a study, obstetric services in urban Winnipeg, a strategic plan for reorganization for the 1990s and beyond, which recommended that Grace stay open on the basis that Misericordia was going to be closed, and the justification for the closure of Misericordia, one of the justifications was that Grace would remain open. How can they now talk about a new plan and have any credibility?

**Mr. Praznik:** Madam Speaker, the former minister reminds me from his seat that that was a third option in the recommendation, but beside the point. If there is a very—[interjection]

Madam Speaker, I just ask for some calm to listen to the answer.

**Madam Speaker:** Order, please.

**Mr. Praznik:** If there is, and I would agree there are some very logical solid arguments for a future role for the Grace, those are going to work into the considerations and deliberations of the Winnipeg Hospital Authority. We do know a number of things. We have a problem at the Grace today because of the departure of a particular obstetrician. We know that we have a declining number of births in that facility. So, in real practical terms, the Winnipeg Hospital Authority has to look at their obstetrical program from a point of view that is going to ensure that they have enough obstetricians serving the facilities where they are located and that they are using them to their utmost in having enough births there, and how do they make that happen. That is part of the work that they have to do. It is not just a matter of approving money for a facility that is underutilized. It is making sure it is properly utilized, and that is what we want to do in a rational and fair way.

#### **Concordia Hospital Job Description—Unit Assistant**

**Ms. Marianne Cerilli (Radisson):** Madam Speaker, it is this government that is ultimately responsible for changes at Grace Hospital, like they are ultimately responsible for changes at Concordia Hospital. Yesterday, May 19, staff changes were to be implemented at Concordia Hospital where all 195 nurses and clerical staff were laid off and all the 43 licensed practical nurses' positions were eliminated. Now these people have to reapply for their positions, including 12 new unit assistant positions.

I want to ask the Minister for Health: Is the minister aware of the new job description for the unit assistants which require these staff, who were formerly clerk-typists, to perform such duties as patient transfers, making of beds with patients in them, assisting nurses in the patient hygiene, patient nutrition, patient

elimination and transport, assisting during emergencies, assisting in the care of a body after death?

Has the minister seen these job descriptions, and can he tell us the impact on safety of having clerical typists perform these types of duties?

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, no, I have not seen those. I suggest she direct her question to the board of Concordia Hospital which is responsible for today governing that facility. You cannot have it both ways. You cannot be supporting the current system that has that level of governance and then hoping to hold this minister or any minister in government responsible for every minute operation of those facilities.

Those particular facilities make even the argument for their continued corporate governance. Let them accept responsibility for their decisions.

**Ms. Cerilli:** Is this minister saying that he and his department have not approved these changes to health care delivery at Concordia Hospital? Can he tell us that he has not assessed the impact on patient care of having clerk-typists essentially provide nursing care for patients at Concordia Hospital when they have only had eight hours of training, including, what I have a copy of, Concordia Hospital Patient Transfers, a Self-Learning Package?

What is the impact going to be on patient care of these staff changes?

\* (1410)

**Mr. Praznik:** Madam Speaker, what is very interesting about this is, with respect to a number of the current boards of facilities in the city of Winnipeg, they make the argument very strongly with me on a regular basis. The Interfaith Council, of which Concordia is a member, make the argument that they are responsible for governance in their facilities. They would like to make those decisions, so, Madam Speaker, they have made those decisions. Let them answer to the member for those decisions.

### Funding

**Ms. Marianne Cerilli (Radisson):** I would like for the Minister of Health to tell the House what the budget cut

has been to Concordia Hospital so he can show that his budget cuts are driving these changes, what is putting the safety of patients and staff at the hospital at risk.

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, the exchange that the member for Radisson and I are having in this series of questions underlines a fundamental issue in our health care system that is not budgets; it is what level of how do we organize the governance structure of our facilities.

I can tell the honourable member time and time again how many requests we have for equipment—

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

**Madam Speaker:** The honourable Minister of Health, to complete his response.

**Mr. Praznik:** —from that facility, and when you meet with the physicians who use that equipment, what you discover is, it is not a budget issue; it is how we organize the equipment, because this government has always found the money for services when a strong case could be made across the system.

We will do it, but we cannot—no government can—consider individual requests from facilities when other parts of the system are underutilized. This is what regionalization is about, and this, we believe, is what will solve many of those problems.

### ManGlobe

#### Partnership Agreement

**Mr. Jim Maloway (Elmwood):** Madam Speaker, my question is to the Deputy Premier.

Last week I asked the Deputy Premier what the approval process was for grants under the Canada-Manitoba Communications Agreement, who represented the federal government and who represented Manitoba. The minister indicated that Steven Leahey acted for the province, but he has refused to tell us who acted for the federal government. Would he quit sitting on this information and tell this House who the federal representatives were?

**Hon. James Downey (Minister of Industry, Trade and Tourism):** Madam Speaker, I am not sitting on the information. I said as soon as I had it available, I would provide it to the member and I will.

**Madam Speaker:** Time for Oral Questions has expired.

### MATTER OF URGENT PUBLIC IMPORTANCE

#### Community Obstetrics

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, I would move, seconded by the member for St. Boniface (Mr. Gaudry), that under Rule 27 the ordinary business of the House be set aside to discuss a matter of urgent public importance, namely, the threat to community obstetrics posed by this government.

#### Motion presented.

**Madam Speaker:** Firstly, today I would like to inform the House that the notice requirement for this matter was met.

**Mr. Lamoureux:** It is with regret that we have to introduce this particular motion, which we attempted to get on the floor last Thursday, because we believe that it is indeed of a most urgent basis and it is, indeed, in the public's best interest that we do allow for this debate to occur. Even in listening to the Minister of Health's (Mr. Praznik) response today in Question Period, there is a lot of uncertainty as to what is actually happening over at the Grace Hospital with respect to the obstetrics unit. The Minister of Health today states that, look, we are not going to recommend the closing of that obstetrics unit or concur with the closing of the obstetrics unit at least until we get a recommendation from the regional health board in Winnipeg.

Well, Madam Speaker, you know earlier today, I was at a rally at which there was an expectant mother who was wanting to have her child at the Grace Hospital and who is being told that now she has to look for another health care facility. So what we have is a lot of people out there within the public who are not sure whether or not they are going to be having the opportunity to have

their child at the hospital. That issue in itself could give justification to allowing the urgency of this particular debate. There are staff over at the facility that are questioning whether or not they themselves are going to be continuing on, if they in fact should be applying for other obstetrics positions throughout Winnipeg. There is a great deal of apprehension in the communities that are directly impacted with respect to this particular recommendation.

The only way in which we are going to be able to see that apprehension dealt with is if we get direction from this government. The government has been very reluctant to give any sort of direction. It has been more content on trying to offload its responsibility in giving that direction to the Winnipeg Regional Health Authority, which does not even have the legal mandate as of yet to deal with this particular issue in a concrete, tangible way.

For us, it is the broader picture that needs to be looked at, does the government believe in community health care facilities. If the answer to that is yes, Madam Speaker, then it is urgent that the Minister of Health take a position with respect to the obstetrics in delivering of obstetrics programs. The Action Plan itself talks about the importance of community health facilities. What I would ultimately argue is that the obstetrics program is something that can be delivered through our community health care facilities.

**Madam Speaker:** Order, please. I would remind the honourable member for Inkster that he was recognized to speak for not more than five minutes on the urgency of debating the motion today. According to Beauchesne Citation 390, urgency in this context means the immediate urgency of debate, not of the subject matter of the motion.

\* (1420)

**Mr. Lamoureux:** In order to understand the urgency of the matter, one has to realize the apprehension that is out there in the community as a result of this government's lack of commitment in terms of making a good decision dealing with the obstetrics and how obstetrics is going to be delivered in the city of Winnipeg.

Madam Speaker, if you take a look at what is before us, there are very strong limitations in terms of what it is that will allow for this type of debate to occur. The government will argue, the government House leader will say we are going into the health care Estimates. There is no doubt that we will be going into government Health Estimates, but we do not necessarily know when. The line of discussion could—or the line, depending on the Minister of Health's own will, will determine just how or when we are going to be able to address that particular issue.

Madam Speaker, the apprehension is there today. The only assurance that we can get in addressing that issue today is by allowing this particular debate to occur. Other members in this Chamber, including myself, have used my grievance so I cannot stand up on a grievance to address this particular issue.

What we are talking about is the broader picture of whether or not this government believes in community health care facilities, and that is why we believe that the Minister of Health and the government House leader should support the need for this urgent debate.

**Ms. MaryAnn Mihychuk (St. James):** Madam Speaker, I would like to take this opportunity to urge you to deal with this emergency resolution and, that indeed, it is an urgent matter. What we see here is a clear lack of leadership, and what is needed urgently is exactly that, leadership, something we have not seen from the government. In particular for those families who are expecting a new child, this is not something to be played with. They are making plans now. It is only four months before their children are born. Are they going to be born at the Grace Hospital or are they going to be forced into the Health Sciences Centre because there are no options in the west end, St. James-Assiniboia, Charleswood areas? This government needs to take leadership now. What other opportunities are there? We are not in Health Estimates. We do not have that opportunity. It is urgent that we deal with this issue here in the House to give the people of Winnipeg a clear resolution to this crisis.

Madam Speaker, the urgency is clear to those families who are expecting a child. For those members on the other side of the House, none of them, I think, are expecting a child, but there are thousands of

families who are, and on behalf of those families I urge the government to consider the situation. Are they going to have an opportunity to have their child in the local community hospital in a setting that is warm and inviting or are they going to be moved on the spur of the moment to the Health Sciences or St. Boniface? I urge the government to consider this resolution in the urgency, given that we are not in Health Estimates, we do not have the opportunity of private members' hour, so therefore it is indeed an urgent matter. The uncertainty has come to the public forefront, and it is clear that what is urgent is a clear message from the Minister of Health that the obstetrics ward in the Grace Hospital will remain open for a clear, defined period of time.

Madam Speaker, the urgency is there. The arguments are presented by both the member who presented the resolution, and I would urge on behalf of the members that represent the ridings in St. James and the west end and Wolseley, Assiniboia, Sturgeon Creek, for all of those people in the west St. James part of the city, this is an urgent matter, and I urge the House to deal with this today. Thank you.

**Hon. James McCrae (Government House Leader):** Madam Speaker, I listened intently to the eloquent remarks made by both the honourable member for Inkster (Mr. Lamoureux) and the honourable member for St. James (Ms. Mihychuk) on this extremely important topic. It has been a matter of interest and animated debate for a number of years in Manitoba. The whole idea that somehow today represents a more urgent situation than we have already seen does not characterize the situation correctly at all.

Madam Speaker, this issue was raised last week by the honourable member for Inkster and at that time, while Your Honour ruled that he had not met the proper requirements for debate on this, I argued at that time, that notwithstanding that, the issue of urgency for debate today in the House, the case for that has not been appropriately made. The issues today are no different from what they were last week, nor different from what they were a few months ago.

The honourable Minister of Health (Mr. Praznik) has made it clear the priority that he and his department place on the whole issue of obstetrics, and that is not new in Manitoba. In fact, that is borne out, the priority

placed on obstetrics is borne out by the report, referred to earlier by the honourable member for Kildonan (Mr. Chomiak), by one Dr. Frank Manning who points out in that report, Madam Speaker, that nowhere in the world can the prospective parents go that is safer than the city of Winnipeg for obstetric services. So obviously the department, previous ministers, previous administrations, everybody in Manitoba places the right priority on this particular issue. So the issue does resolve itself into a matter of whether the urgency is sufficient to justify an emergency debate in this House, and clearly what I would say today would be no different from what I said last week and that is that there are ample opportunities for discussion of this topic. Estimates are here or just around the corner. As I said, I think last week, as House leader I am always available to discuss these matters with my opposite numbers in the other parties with respect to the scheduling. This has been a matter of co-operation all along, the scheduling of our Estimates process, and it is working.

But I say we are not going to discard what Dr. Manning said about Winnipeg being the safest place in the world for obstetrics services. We are not going to let that go by the boards in our future determination about the appropriate places and levels of obstetrics services. I think the minister has laid out for honourable members, if they had been listening, that we prefer the planning approach to the ad hoc approach which is being suggested by honourable members in both opposition parties represented in this House. Sometimes the ad hoc approach makes for better politics, I agree, but better long-term planning for obstetrics services does a better service for all Manitobans now and in the future.

We are proud of what Dr. Manning has said, and we want to make sure that is uppermost in our minds as we go forward, but to have a debate today on a matter that is clearly before all of the professionals not only in obstetrics but in the regional health authority system that we have now in the province of Manitoba and to substitute our judgment today for theirs would be inappropriate, No. 1, but to argue that there is no other option available but an emergency debate is simply not correct because there are ample opportunities between now and next fall or whenever these decisions will be forthcoming. There are plenty of opportunities for honourable members opposite, for Manitobans out

there who are interested, and I suggest that virtually every single Manitoban should be interested in this issue. There is ample opportunity for all to be heard before decisions get made.

So, with all due respect to my colleague, who is right to be interested in this topic, as is the honourable member for St. James (Ms. Mihychuk) and my colleagues from Sturgeon Creek and from Assiniboia and from Kirkfield Park, everybody is interested in this matter and ought to be. I suggest that the process that we have in place is a better process than any ad hoc approach being suggested by the opposition in this House. That is one of the things about being in the opposition: ad hocery is the order of the day.

**Madam Speaker:** Order, please. Firstly, as I indicated earlier today, the notice requirement for this matter was met. The Speaker's role when a matter of urgent public importance is put forward is, according to Manitoba practice and Beauchesne, to determine whether the matter is so pressing that the public interest will suffer if it is not given immediate attention and to judge whether the ordinary opportunities provided by the rules of the House do not permit the subject to be brought on early enough and the public interest demands that discussion take place immediately.

While the honourable member for Inkster (Mr. Lamoureux) brings forward an important matter, in my judgment the public interest will not be harmed if debate of this matter does not take place today. The Estimates of the Department of Health are upcoming, and I believe the issues raised by the honourable member for Inkster can be addressed at that time.

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, in keeping with the agreement between the House leaders, I do not think it would be appropriate to have the bells ring but just to express that we do believe that the debate should have been allowed to proceed.

\* (1430)

## NONPOLITICAL STATEMENTS

### Tom Jackson's Red River Relief Concert

**Mr. Gary Doer (Leader of the Opposition):** May I have leave for a nonpolitical statement?

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

**Mr. Doer:** Thank you, Madam Speaker. Again the generosity of Canadians from coast to coast to coast is pouring into the communities and the victims of the flood of 1997. I want to congratulate—

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

**Madam Speaker:** Order, please. I am experiencing great difficulty hearing the Leader of the official opposition, and I would ask for the co-operation of all those members having private meetings to do so either in the loge or outside the Chamber.

**Mr. Doer:** Madam Speaker, I would like to congratulate Tom Jackson for hosting a wonderful CBC Forks concert that was covered nationally from The Forks site in Winnipeg. Artists from across Canada performed at this concert. As I understand it, it has raised over \$2 million for flood victims in Manitoba, and I think, again, it is the spirit of Canada and the spirit of unity, the spirit of co-operation that we cherish in this Chamber. Again, congratulations to Tom Jackson for bringing it together and the CBC for covering it.

For those of us who used to watch Tom play at the Royal Albert Arms years ago, we can certainly applaud his wonderful career, his successful career, but whether it is this concert or the Huron concert, we know that he has continued to have his heart and mind in our community and for the people who are victims of disasters such as our flood or other victims of our economic system in terms of poverty and other issues that must be addressed by our community.

I also want to applaud the United Way and the Winnipeg Labour Council. There have been a number of corporate donations that have received some publicity, but it might be useful for all of us to applaud the efforts of unions that have been raising money, as well, from across Canada. Buzz Hargrove for the Canadian Auto Workers Union has donated \$125,000 from the auto workers, and he has challenged the auto makers to also come in on this campaign, and I applaud the membership here in Manitoba and the workers of that union.

The Canadian Labour Congress, Dick Martin, a member of our community from Manitoba, a good friend of the Deputy Premier (Mr. Downey), the secretary-treasurer of the Canadian Labour Congress, donated \$3,000 and helped sandbag in Selkirk, Manitoba. Thank you for the Canadian Labour Congress—[interjection] more than one sandbag, I would add—and Dick Martin, of course, it was good to see him help us out.

The Canadian Union of Postal Workers, Local 522, has donated to the United Way of Winnipeg through the Winnipeg Labour Council. The IWA, Local 324, in The Pas and 830 in Winnipeg have donated \$2,500. We would like to thank the members of those local unions. IWA, Local 71, Courtenay, British Columbia, \$2,800 raised by the workers in that union; the Grain Services Union in Regina, \$5,500 raised on behalf of flood victims.

Also, we have the United Steelworkers of America, the national office, Ken Neumann, the vice-president from western Canada, a person who represents many of the workers in the steelworkers' union and the miners in the steelworkers', has donated a tremendous amount of money to Manitoba flood victims, \$90,000.

We would like to thank those unions and locals and workers for joining other Canadians in donating this money to flood victims in Manitoba and in working with the United Way and with the Winnipeg Labour Council to co-ordinate their efforts.

So thank you very much for allowing me to give this nonpolitical statement today.

### **Flooding—Volunteerism**

**Mr. Marcel Laurendeau (St. Norbert):** May I have leave to make a nonpolitical statement?

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

**Mr. Laurendeau:** Madam Speaker, I have been away from this establishment now for a little while working in my community. I actually missed the place, but I do recognize a lot of faces that were out on the front lines

with us, and I would like to thank the members who filled in for me here for my duties that I have been lacking of in the past 30 days or so. It has just proved that I am replaceable in the Chamber, so I figured I had better start coming back.

Madam Speaker, I do not think there is any way to say thank you that would express how I and my community feel on the volunteer effort that has come out in the past while to help not only my community but the rest of Manitoba to fight back Mother Nature. We had one gentleman there and we called him the very old gentleman on our line. It was Binx Remnant, the Clerk of our Legislative Assembly.

Madam Speaker, it is not nice to pick out one person out of the thousands and thousands, but this gentleman sat there for eight hours a day. We felt sorry for him at the end of the day. We tried to get him to retire, but same as in here, we just cannot seem to get him to do it. He is still around, so we keep having him come out over and over again.

It is the corporations that the Leader of the official opposition has spoken about; it is the youth that have come out; it is the unions that have come out; it is the members in this Chamber that have come out. It is everyone who has been involved since Day One that we all owe more than a thank you to but just a congratulations on a job well done. Madam Speaker, I would like to thank you personally for having taken my place more than once in this Chamber when I was not here. Thank you to all of you and thank you to Manitobans. This proves why we will remain a one and united Canada.

### Committee Changes

**Mr. George Hickes (Point Douglas):** I move, seconded by the member for Broadway (Mr. Santos), that the composition of the Standing Committee on Public Utilities and Natural Resources be amended as follows: St. Johns (Mr. Mackintosh) for Selkirk (Mr. Gregory Dewar), The Pas (Mr. Lathlin) for Flin Flon (Mr. Jennissen), for Thursday, May 22, 1997, for 10 a.m.

**Motion agreed to.**

**Mr. Hickes:** I move, seconded by the member for Broadway, that the composition of the Standing Committee on Economic Development be amended as follows: Rupertsland (Mr. Robinson) for Thompson (Mr. Ashton); Brandon East (Mr. Leonard Evans) for Radisson (Ms. Cerilli); Kildonan (Mr. Chomiak) for Burrows (Mr. Martindale); for Thursday, May 22, 1997, for 10 a.m.

**Motion agreed to.**

## ORDERS OF THE DAY

### House Business

**Hon. James McCrae (Government House Leader):** Madam Speaker, I have a number of matters of House business for the attention of honourable members. Firstly, I would seek leave of the House that the House not sit on Friday, May 23.

\* (1440)

**Madam Speaker:** Is there leave that the House not sit on Friday, May 23? [agreed]

**Mr. McCrae:** Secondly, that on Thursday, May 22, the House sit at 10 a.m. commencing with the Prayers, to consider bills, recess at 12 noon, resume at 1:30 for Routine Proceedings and Supply and adjourn at 6 p.m.

**Madam Speaker:** Is there leave that on Thursday, May 22, the House sit at 10 a.m. commencing with the Prayers, to consider bills, recess at noon, resume at 1:30 for Routine Proceedings and Committee of Supply and adjourn at 6 p.m.? [agreed]

**Mr. McCrae:** Third, that for the period of May 20 to May 22, 1997, any recorded votes requested in the House, in the standing committees or in the Committee of Supply be deferred until a time agreed upon by the House leaders. In this connection, in relation to what happened this afternoon with respect to the application brought by the honourable member for Inkster, I wish to thank him, his colleagues and members of the New Democratic Party as well for the accommodation they made.

**Madam Speaker:** Is there leave that for the period of May 20 to May 22, any recorded votes requested in the House, in the standing committees or in the Committee of Supply be deferred until a time agreed upon by the House leaders? [agreed]

**Mr. McCrae:** Fourth, that for the period May 20 to May 22, 1997, the quorum requirement for the House, the Committee of Supply and the standing committees be waived.

**Madam Speaker:** Is there leave that for the period May 20 to May 22, the quorum requirement for the House, the Committee of Supply and the standing committees be waived? [agreed]

**Mr. McCrae:** Fifth, that for the period May 20 to May 22, 1997, the number of members required to request a recorded vote be reduced to one.

**Madam Speaker:** Is there leave that for the period May 20 to May 22, the number of members required to request a recorded vote be reduced to one? [agreed]

**Mr. McCrae:** Sixth, to permit the Standing Committee on Public Utilities and Natural Resources to sit as already scheduled at 10 a.m. on Thursday, May 22, at the same time that the House is sitting.

**Madam Speaker:** Is there leave to permit the Standing Committee on Public Utilities and Natural Resources to sit as already scheduled at 10 a.m. on Thursday, May 22, concurrently while the House is sitting? [agreed]

**Mr. McCrae:** Seventh, Madam Speaker, to waive private members' hour for the period May 20 to May 22.

**Madam Speaker:** Is there leave to waive private members' hour for the period May 20 to May 22 inclusive? [agreed]

**Mr. McCrae:** Madam Speaker, today and tomorrow the Committee of Supply will meet in two sections, only because of previously scheduled meetings of the Privileges and Elections subcommittee. Therefore, I am seeking leave of the House to adjust the Estimates sequence so that for today and tomorrow the section meeting in the Chamber will consider the Estimates of

Industry, Trade and Tourism, Sustainable Development Innovations Fund, and Justice, in that order, and the section meeting in Room 255 will consider the Estimates of Labour, Civil Service Commission, Employee Benefits and Other Payments, Government Services, and Emergency Expenditures, in that order.

**Madam Speaker:** Is there leave that there be two sections of the Committee of Supply because of previously scheduled meetings of the Privileges and Elections subcommittee—is there leave? [agreed]

Is there leave to adjust the Estimates sequence so that for today and tomorrow the section meeting in the Chamber will consider the Estimates of Industry, Trade and Tourism, then Sustainable Development Innovations Fund, and Justice, and that the section meeting in Room 255 will consider the Estimates of Labour, Civil Service Commission, Employee Benefits and Other Payments, Government Services, and Emergency Expenditures, in that order? [agreed]

**Mr. McCrae:** Penultimately, Madam Speaker, an announcement that the Standing Committee on Economic Development, which is scheduled to meet in Room 255 on this coming Thursday at 10 a.m. to consider the Annual Report of the Manitoba Lotteries Foundation for the year ended March 31, '93, and the Annual Reports of the Manitoba Lotteries Corporation for the years ended March 31, '94, March 31, '95, and March 31, '96, that meeting would be rescheduled to June 12, which I think is a Thursday, and that would be at ten o'clock in the forenoon and probably all of the other details were similar. It is simply a change of date for that one.

**Madam Speaker:** That is just a notice. The Standing Committee on Economic Development, previously scheduled for this Thursday, 10 a.m., to consider the '95-96 reports of Manitoba Lotteries Corporation will be rescheduled to Thursday, June 12.

**Mr. McCrae:** Madam Speaker, I move, seconded by the honourable Minister of Agriculture (Mr. Enns), 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.**

**COMMITTEE OF SUPPLY**  
**(Concurrent Sections)**

**LABOUR**

**Mr. Chairperson (Ben Sveinson):** Order, please. Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates of the Department of Labour. When the committee last sat, it had been considering item 2. Labour Programs (f) Workplace Safety and Health (1) Salaries and Employee Benefits on page 100 of the Estimates book. Shall the item pass?

**Mr. Daryl Reid (Transcona):** I believe, when we met last Thursday afternoon on the Estimates for the Department of Labour, I had been asking questions with the minister, and we were having some discussions with respect to the number of field inspectors and the number of firms that had been inspected. The minister, I believe, at that time had indicated that the department was targeting high-risk industries, businesses for specific attention of the Workplace Safety and Health branch. At that time I believe the minister said he had some 33 field inspectors that were undertaking field activities. Can the minister provide for me a list of the names of the individuals that are involved in those field activities?

**Hon. Harold Gilleshammer (Minister of Labour):** Yes, I recall we were discussing the issue and staffing with the Workplace Safety and Health branch, and we can provide my honourable friend with those names at another time. We do not have a copy of that for tabling today.

**Mr. Reid:** Sure, that would be fine if the minister would provide that some time in the next week or so.

Could the minister tell me, in the Workplace Safety and Health branch, because he says that 95 percent of his time is spent on approximately 20,000 firms, I think if I recall accurately, first off the number of inspections that have been undertaken in total and what actions the department has taken, what they found with respect to noncompliance, the seriousness of the noncompliance should there be any, and what action the department has taken with respect to that?

\* (1450)

**Mr. Gilleshammer:** I am informed that we do about 3,000 inspections per year and some 3,000 improvement orders are written up each year. I think it is fair to say that the ultimate compliance is best achieved through discussion and education and having people within the workplace, whether they are in management or whether they are employees, understand the absolute need for safety and that issues can, in a co-operative manner, be resolved.

**Mr. Reid:** I do not disagree totally that education and a co-operative approach can have some effect in correcting situations within worksites where there, perhaps, would be an oversight or through a lack of education people are not aware of a certain situation, and that needs to be drawn to the attention of both the employees and the management of a particular operation. But I think we need to keep in mind, too, that there are, I am sure, some situations within the department where actions are not taken to correct, and I can point out just last fall when I was questioning the previous Minister of Labour with respect to the cave-in where the individual was trapped. I am sure the minister will recall the individual being trapped in that cave-in and nearly lost his life as a result of that particular cave-in. That is why we raised it because education did not seem to be working with that particular company, and yet the apparent policy of the Workplace Safety and Health branch was that this company could close its doors one day and start operations the next day under a new company name, the same people, just transferring them over to a new company.

Can you tell me what actions your department has taken with respect to that particular company where the individual was trapped in that cave-in? I think Unrau Construction is one of the company names. It is a public record already. That name is on public record. What actions has the department taken with respect to that particular company or companies, I should say, because there are many that were involved under the same owner's name?

**Mr. Gilleshammer:** Well, I want to agree with my honourable friend. I spent most of my working life in education as a school teacher and school administrator

and even with the best of teachers and instructors, we certainly always knew that the absorption of the material was not accepted universally and sometimes remedial tactics had to be used.

In the particular case that the critic here is referencing, I am informed that a substantial fine was levied against the company.

**Mr. Reid:** Can the minister provide for me a copy of the names of the firms? I am not saying that he has to put it on public record here today, but I have asked this in past Estimates, where the department has provided a list of the names of the firms that are involved with respect to court action under The Workplace Safety and Health Act and what occurred as a result of those actions.

Can you also tell me and provide for me a list or information relating to recommendations you may have made to the Department of Justice with respect to other cases involving violations under The Workplace Safety and Health Act that did not proceed to the courts?

**Mr. Gilleshammer:** I would commit to providing any information that we can legally provide and any information that has not been received in a confidential nature and that we are not able to provide to him. If there are statistics available within the department, and I believe there probably are, we can make those available to the member.

**Mr. Reid:** Can you define for me "legally able to provide" so I might have a clearer understanding on what you can and cannot provide to me?

**Mr. Gilleshammer:** I did not come here as a lawyer. I would just say, if there is anything that we legally cannot provide, obviously we are going to abide by that, if there is information that the courts have indicated is not public information or information that would violate any of our legislation that may be lodged in the department. But I am saying that I would be quite open with any of the information that has historically and traditionally been provided at these committee meetings.

**Mr. Reid:** What I am seeking here—maybe it will help the minister because I am seeking some kind of an

understanding on—because some of your cases that would have proceeded through the Justice department and into the courts would have been undertaken as a result of a director's order not being followed. I would imagine that would be the process, although if I am wrong, you can correct me.

What I am also looking for here is information relating to cases that you may have sent to the Justice department that for some reason or other may not have been proceeded upon after the Justice department had an opportunity to look at those cases, and I am looking for some information in that regard as well.

**Mr. Gilleshammer:** Again, I would commit to providing any information that is deemed public documents that we are able to comply with.

**Mr. Reid:** And I would take it that would be all directors' orders?

**Mr. Gilleshammer:** I am told that we can provide that.

**Mr. Reid:** Can the minister tell me—and I look forward to that information coming forward—after a field officer undertakes an inspection and after the process of trying to educate and to encourage employees or employers to undertake certain actions to improve the safe working conditions, what is the action time, should it be a very serious offence, between a field officer reporting that information to the branch and to a director's order being issued to improve the safety of a particular workplace?

**Mr. Gilleshammer:** I am told that if it is a serious offence the order is given immediately.

**Mr. Reid:** And in other situations, what would be the standard practice of the department with respect to issuing orders for improvement?

**Mr. Gilleshammer:** I am told that when that workplace inspection is done, before the staff member leaves the worksite, the order is written up and signed and discussed with both the employee and employer reps at that time. I am told the only exceptions to that is where there is some ongoing work that is not of an urgent nature, but work that is ongoing perhaps to redesign the workplace, where there is a co-operative

effort in place, a willingness to change, the work is ongoing and it is simply going to take a little longer.

**Mr. Reid:** Can the minister tell me when he brought forward his legislation—I am not going to get into the specifics of the legislation itself in this question—did he consider following the B.C. practice which would allow the field officers the opportunity to undertake through an immediate action where there had been a stubbornness on the part of a particular employer or employee to improve workplace safety, to allow those field officers to undertake or to have the power to ticket on those particular situations? Was that a consideration, or did the minister just take the advisory committee's recommendations which he has indicated that he had to some degree when he brought forward his legislation, because there may have been another opportunity or option available to him that is in current practice in other jurisdictions? I would like to know which considerations, what options he looked at.

\* (1500)

**Mr. Gilleshammer:** Mr. Chairman, certainly all aspects of issues around workplace safety and health were reviewed by the advisory council, and they in turn brought a unanimous recommendation back to the department to increase the fines by tenfold. I stress again that this was a unanimous recommendation of the individuals on that particular advisory committee. I am also told that members of the committee representing management and representing labour through the MFL were opposed to the technique that my honourable friend is putting forward today. They felt that this was not an effective—I believe they felt this was not an effective way of dealing with the issues. So I am told that they did look at other alternatives that are employed in other provinces, that these were rejected, and we have accepted the advice of that committee.

**Mr. Reid:** It is interesting, Mr. Chairperson, to note that—and I will not blame this current Minister of Labour, but the previous Minister of Labour indicated that he was unwilling to accept the recommendations of an advisory committee—and I am talking about the Labour Management Review Committee—with respect to legislation, and that particular minister brought forward and now this minister is accepting the full recommendations of a particular advisory body. So it

is interesting to compare the two ministers and to see that there appears to be a change here, and I hope that where there are other recommendations that do come forward perhaps from the LMRC in the future that they will be taken into consideration, as well, because the past minister did not wish to pursue that course of action.

I want to ask the minister to go back on the field inspectors for a minute. With respect to the field inspectors, when he provides the list of the names of the individuals if he will also provide the classification ranking under the Civil Service Commission for those individuals.

**Mr. Gilleshammer:** Well, I want to thank my friend for his kind words. I hope that we can work with both management and labour to make amendments to legislation when that is appropriate. I would point out to him that the advisory committee was given the task by the previous minister to look at the legislation and the fines, and they reported just as I became minister, and we have accepted those recommendations. So while I appreciate his compliments, I think he should know that the previous minister was the one who had sent this to the advisory body to have them review it.

Yes, we can indicate, when we give him the names of the people who work within the Workplace Safety and Health branch, what their titles are.

**Mr. Reid:** I think, if I recall correctly, the number used was—when I asked the number of cases, inspections that you do—I think the number was 3,000. Was that the number of field inspections that are undertaken? Was that the response that you had given me? Were there 3,000 improvement orders as well or did that include the improvement orders? If that did not include the improvement orders, can you tell me the number of those, please?

**Mr. Gilleshammer:** Perhaps I can give my friend an historical base for the last few years. In 1995-96, there was just under 3,000 inspections, 2,720 and 2,757 improvement orders were issued. The previous year in '94-95, there was 2,592 inspections and 2,104 improvement orders. In '93-94, there was 2,942 inspections and 3,300 improvement orders. In '92-93, there was 3,505 inspections and 3,452 improvement

orders, and the last year I have before me was 1991-92 where there was 3,888 inspections and 3,171 improvement orders.

**Mr. Reid:** I have been mulling this over for some time, and I do not know how best to approach this problem. I do not want to put the firm's name on the public record at this point, because I believe in fairness to the firm they should be given some opportunity to correct a situation that I observed with my own eyes. Can you tell me, have you undertaken to do any audits in southern Manitoba, southwestern Manitoba?

**Mr. Gilleshammer:** Mr. Chair, I am told that we do approximately 10 audits a year and some of them have been in rural Manitoba.

**Mr. Reid:** Have any of them taken place in the community of Winkler?

**Mr. Gilleshammer:** We do not have that information here, but we can find that out for the member.

**Mr. Reid:** I am going to share the name of the firm with the minister off the record later in fairness to the firm to allow them to take corrective action, but I did observe where there were individuals working in that particular company that were drilling with I believe it was air-powered hand drills and they were not wearing protective eyewear. No safety glasses or goggles were worn. I observed individuals working with fibreglass without respirators. I did observe individuals who were grinding with little hand-held air-powered grinders fibreglass components within a foot of their face with no respiratory equipment or protection worn.

Now I do not want to do anything to harm that particular industry from being successful, but I want to make sure that the employees who are working there—and there are quite a number of them who are working within that particular firm—are provided with every opportunity to provide for their safe workplace. If I were to provide this information to the minister, will he undertake to have members of the Workplace Safety and Health office contact this particular firm to make sure that the appropriate corrective action can be taken so that the employees themselves can be protected and to ensure that if the management of that particular operation is not aware of what their labour

requirements are, that they may be educated as well? Will the minister be willing to undertake that on behalf of the department?

\* (1510)

**Mr. Gilleshammer:** Mr. Chairman, for sure the department receives information from a variety of sources, and inspections and investigations take place. Not unlike any government department or organization that has to do inspections and investigations, the information will come from a variety of sources. If the member has information that he feels the department should have so that we can work with a firm and with employees to make the workplace safer, I would be pleased to receive that and pass it on to my staff and they can, in turn, deal with it in an appropriate manner.

**Mr. Reid:** I thank the minister for that undertaking. I must advise, too, while it was not just one firm that I had the opportunity to visit first-hand, this was the one that from first-hand observations was severely lacking in its workplace safety and health practices. I am not sure what other actions need to be taken, but I will provide the name for the minister to make sure that the appropriate measures can be taken. The other firms that I have had the opportunity to visit from my own life's experiences did have or appeared to have the appropriate measures and guards and practices in place to protect for the employees.

Can the minister tell me, I had written to him some time ago when he first took over office as Minister of Labour, asking about the incident that had just occurred at the Pine Falls paper plant operation. It is my understanding that the individual that worked at that particular operation that was injured as a result of the chemical spill—and the minister can correct me if I am wrong, because the branch, I take it, would have done some investigation on this matter by now. What practices were occurring? The individual, from my understanding, was a new employee to the particular operation, may not have had sufficient training in workplace safety and health practices and also may not have been provided with the appropriate safety gear to protect that person going in to clean up a hazardous chemical spill. Can the minister tell me what actions Workplace Safety and Health have taken in that particular case?

**Mr. Gilleshammer:** I am told that that incident is still before the department, and the review is continuing.

**Mr. Reid:** This has been a number of months now. How long does it take for the branch to investigate these matters? Has the field officer concluded the investigations on this? Is it now in the hands of the director or the minister? Can the minister tell me: What is the holdup on making a decision with respect to this case?

**Mr. Gilleshammer:** Mr. Chairman, I am informed that the file with all the information has been forwarded to the Department of Justice.

**Mr. Reid:** I take it then that there is a recommendation from the director or from the minister that specific court action take place with respect to this case. Is that the recommendation that you have passed on to the Justice department?

**Mr. Gilleshammer:** I am told the practice is simply to send all of the information to the appropriate people in Justice, that we do not send recommendations with it, that the file speaks for itself, those determinations are made by staff in the Department of Justice.

**Mr. Reid:** I understand that the Justice department has to make the determination whether or not this proceeds to the court, but I would expect that the Workplace Safety and Health branch which handles the act itself must be in a position to make some determination on whether or not there was a breach of the Act and that there must be some advice provided to the department. Can you share with me the advice that you have provided to the Justice department?

**Mr. Gilleshammer:** I think that I was pretty clear on that, that the file with the findings is sent to the Department of Justice, and they make the determination there whether they are going to proceed or not proceed.

**Mr. Reid:** Who makes the determination with respect—because, and you can correct me if I am wrong, if this case is to proceed to the courts? Would this fall under the—I would take it, under the old legislation, the legislation that is currently in place and who makes the determination on whether or not on what level of fine should it proceed to the courts? What level of fine is

going to be asked for, when this case, if it does proceed to the courts?

**Mr. Gilleshammer:** Mr. Chairman, my understanding is that the judge will make that determination.

**Mr. Reid:** Does not the Justice department when they proceed on the advice of the Workplace Safety and Health branch—and I take it there must be some information that is provided in there on the severity of the case—does the Justice department not proceed on some advice provided by the Workplace Safety and Health branch with respect to the severity of it and whether or not the maximum sanctions should be applied?

**Mr. Gilleshammer:** Mr. Chairman, the Crown attorneys office, I believe, takes the information forward and the judge will make the determination as to the outcome of the case looking back, as judges do, on previous history of incidents of that type and previous benchmarks which will exist within the court system.

**Mr. Reid:** I am not totally familiar with the process you have and the recommendations you may make. I hope you do make recommendations from time to time because some of the cases are obviously more severe, and I look to an example involving the Power Vac company. The part that bothers me about that particular case, when it did proceed to the courts the Justice department lawyer—when that case proceeded to the courts—from my understanding, did not ask for the maximum fine which was a measley \$15,000 for the young man who nearly lost his life and who will never be the same.

\* (1520)

I know I have raised this case with the minister when we were in the Workers Compensation committee hearings here. That is why I am trying to get some understanding here of the process that you have in place, because if the Crown attorney proceeding on behalf of the Justice department goes to the courts and he does not have a clear understanding in his or her mind about the severity of the case or some recommendation provided, then they may be somewhat wanting in some direction here on the severity of it and then not ask for the maximum sanction. That is what

has happened in the Power Vac case here and that is why I would like to know more about your process when you are proceeding to make recommendations to the Justice department.

In that Power Vac case, the Justice department I think failed miserably in their mandate to protect the public and to enforce the act for a lousy \$15,000. I know it is never going to make that individual's life whole again, but there had to have been a strong message that was sent out to the particular company that was involved that this is an act that is extremely serious and by asking for not even the maximum, then that sends the message to the presiding judge that even the Crown attorneys office does not consider this to be a serious matter. So then the judge is left to make their own decisions based on what the Crown attorney and the defence attorneys are saying to them. So if the Crown attorney is not even asking for the maximum in serious cases such as that where there is serious disfigurement or death that are involved, then the judge is left with no other option but to consider this not to be of a serious nature.

That is why I am asking you: Why does the department then not make recommendations to the Justice department on what actions to proceed with?

**Mr. Gilleshammer:** Well, again, our role here is to investigate and find all the information that we can and present that information to the Crown to make a determination whether they are going to take it forward or not. Then it is the Crown's responsibility to put the case and the judges' responsibility to make a determination. I think what I hear my honourable friend saying is that he is not happy with the Crown's handling of cases in the past. I do not mean to make light of this, but I know that the Justice Estimates are coming up and perhaps that would be the place to raise that issue.

Our role is pretty straightforward, is to investigate, gather the information, and without any role in determining whether charges are going to be laid or how the court system is going to handle it, present that information to the Crown and they carry it forward from there. Certainly if the Crown attorneys have questions that they want to clarify, if they need more information, our staff will be at their disposal to

provide that to them, but the place where those decisions are made is in the Department of Justice.

**Mr. Reid:** Perhaps the minister is right. Maybe I should be pursuing the Minister of Justice (Mr. Toews) on this. I just thought—I could be way out to lunch on this—that it would be reasonable to expect that because there is a certain amount of expertise that is within the Workplace Safety and Health branch—or at least you have that at your disposal—that you can, because of that experience within the department, provide some guidance to the Justice department when these serious cases are being pursued through the courts.

I mean the Crown attorney is so remote from this process. He grabs a piece of paper the same way that we do in this building here, but he has no real connection into the process. Yes, he may have some discussions with the individual that was involved, but if there is a death in there, of course I am not sure what interaction they would have with the family, if any. But the department, the Workplace Safety and Health branch that is investigating these matters has that contact as does the Workers Compensation Board have the contact with the family, and they know the impact and the severity of it here. That is why I am looking for a way to improve the communication that happens between the Workplace Safety and Health branch and the Justice department when these cases do proceed to the courts so that you, utilizing the expertise that you have, can make a recommendation on the severity of the matter to the Crown attorney that would be proceeding with the case, so that when it does go to the courts, those thoughts or those impressions or opinions can hopefully then be passed on to the presiding judge. Then the judge can take all of the facts into consideration including the opinions of the Workplace Safety and Health branch and not just a remote third party as a Crown attorney may be in this process. That is why I am looking to have some way to improve the process of communication with and recommendations coming from Workplace Safety and Health to the Crown attorneys. Is it possible to undertake some action like that?

**Mr. Gilleshammer:** I have no reason to believe that the investigations that are undertaken by Workplace Safety and Health are not very thorough and that the facts of the case are identified and recorded, and for

staff in the Workplace Safety and Health division, at the end of the process their role is to provide that thorough and well documented information to the Crown. It is the Crown's responsibility to evaluate that information, and I suppose test it against the legislation and make their determination of whether they are going to proceed with it; then it will be up to the judge to make a determination of guilt or innocence, and if there is some guilt, the level of the fine and the punishment that is imposed.

**Mr. Reid:** I may be a bit naive here in my expectations of the department, but I thought, for the benefit of society as a whole and to improve a process, there should be some communication that takes place other than just a piece of paper that goes over to the department with the file and it is so remote in its connection between the Crown attorney, and that is why I raise it again. There is a remoteness there. There is no connection. There are no humans attached to this piece of paper other than the names you may read on the piece of paper and if there were some recommendations that would come from the department—I will just leave that with the minister.

We could go on at this forever, and I do not think that the Crown attorneys that would be involved—no doubt they have a workload that is quite onerous as well—can take the time to sit down and do the in-depth research that the branch has already undertaken. They have some experience in dealing with these matters over quite a number of years and they have made the contact with the industry and perhaps with the family as well. They can make the recommendations if this particular, I am not saying this company but if a company or an individual that is not adhering to The Workplace and Safety Act and it is serious where an individual is severely disfigured or maimed or a loss of life that the department has that expertise to pass on to the Justice department. That is why I would want, failing some other argument to the contrary that would convince me otherwise, that a recommendation should go from the branch to the Justice department to make sure that the Crown attorney understands clearly before they proceed to the courts, the severity of the case.

That is why I just raised that with the minister, because I looked at the Power Vac case and talked to some of the individuals that have been involved with

this matter and looked at the results of it going to the court, and I can see quite clearly that the Crown attorney did not have a clear understanding of the severity of the case. Otherwise I would have expected the individual attorney to ask for the maximum which as I said was only \$15,000 on each of the counts, and there were two counts that came in for a total of, I think, around \$13,000 or \$15,000 on both counts. So there does not seem to be a communication between the severity of the case that The Workplace Safety and Health is investigating versus what the Crown attorney is putting forward in the courts.

\* (1530)

I will leave that with the minister. I do not know if he has any comments that he wants to make but I will leave that with him because there seems to be a process here that can be established to have a clearer understanding between the two departments.

**Mr. Gilleshammer:** Mr. Chairman, what I hear the critic for the NDP saying is that no matter how complete, exact, thorough and detailed that report is, he wants some passion displayed by departmental staff to go along with the paperwork, but the process that we follow is to do the investigation and to get all of the information and detail and the work is done professionally, thoroughly. But under our system, the Crown attorney, the Crown makes the determination of whether to proceed or not. Now my honourable friend is going one step further and saying that somebody has to get the Crown attorney fired up about it. I suppose what he is saying is this is just another case in the workload of a Crown attorney, but, in fact, that is what their job is, is to review the evidence, to look at the information and to do their job in taking it forward if they are prosecuting and to put the best case forward that they can. Again, I indicated a few minutes ago, the departmental staff would be available to review any of that documentation, to answer any questions, to provide any clarifications that would be needed, any information that the Crown would see to be lacking. It is in the Department of Justice where those determinations are made and what level of punishment is requested as they appear before a judge and that judge, looking at previous history and previous cases and previous benchmarks, will make that determination.

For sure we feel that the current legislation needs to be updated. The task force that reviewed this, the review committee, brought forward a unanimous recommendation, and we are accepting that. I guess we are mixing two issues here in a way, but I think the member has indicated that part of the issue, as he sees it, is that the level of fines has to be increased. This legislation that we are bringing forward this session will allow for that.

The direction and the attitude that is taken by the Department of Justice—and in our country we believe that people within the justice system go forward and make those decisions independent of interference—has by and large worked in our society. But these are human beings too, and they will put their own priority on cases, it would be my view, depending on their experience and their background in these cases, but our role and the role of the Justice department is very separate. I hear what the member is saying and, if nothing else, it would give my staff and myself an opportunity to think about these things. This is a long-standing practice that has been part of this department and the Department of Justice for, I would guess, decades.

**Mr. Reid:** Perhaps it has been a long-standing practice of the department for decades. I have not been in this occupation for decades. I only know the cases that come before me in my time here, in my experiences with the families and the individuals that I have to deal with.

I have raised some of the cases with the minister in the Workers Compensation committee hearings, with previous ministers and former ministers, about the cases that I am hearing. All I am trying to do is inject some humanity into the process here so that there are real human beings that are affected by the decisions that are made, not so much in this particular case involving Power Vac because as the minister has explained to me, it was the Crown attorneys that made the decisions, it is the Justice department that makes those decisions. I am just trying to say that there are real people that are attached and real families that are attached to the decisions that are made, and if the Crown attorney in a very busy day does not understand because they do not have the time to take to understand, not asking for or not being aware of the seriousness of

the case—and I am being repetitive here—that there needs to be some understanding given to that Crown attorney or to the Justice department. That is all I am asking, and I will not go any further on that.

I want to ask about—because the minister said in his opening comments on these Estimates that the Petroleum Branch of the Energy and Mines has taken over responsibility for conducting safety and health inspections, have those particular individuals in the Petroleum Branch—I take it that they must have some experience in that particular industry—also been provided with any kind of training dealing with The Workplace Safety and Health Act?

**Mr. Gilleshammer:** Mr. Chairman, I am told that there are six individuals within the Department of Energy and Mines that are performing this task, that there have been workshops held to provide them with that training and that guidance, and there is also a protocol in place that if there is a situation that is serious that they need assistance with, they can call in staff from Workplace Safety and Health to assist them.

**Mr. Reid:** Why was the decision made to transfer this work over to Energy and Mines?

\* (1540)

**Mr. Gilleshammer:** Mr. Chairman, I am told that this was seen as an efficiency, that it correlates very much with the type of work that is being performed by those individuals. I am told that there are some 300 people working in that area that individuals from Energy and Mines interrelate with as part of their job, and it was seen, again, as an efficiency that part of their responsibility and role could be the workplace safety and health concerns that we would have as a department there. So we have supplied the training, we have supplied the background information and, again, if need be, our staff can be called in to assist with those inspections. It also has led, I think, to probably more comprehensive overview of the activities taking place within that sector.

**Mr. Reid:** Can the minister, when he provides me with the list that he is going to provide, also give me a breakdown, because he has done, I think, some 20,000 firms that are involved or should be involved from what

I understand through this process? It would be the higher-risk firms that would require certain inspections. Can you give me a breakdown on the types of activities those firms that fall under that category—so I might have an idea—or a breakdown on the type of industry that is involved? Perhaps the minister can provide that when he sends that information over to me.

**Mr. Gilleshammer:** My staff have taken note of that, and we will send that information along.

**Mr. Reid:** One last question here. Under your explanation notes in the supplementary document, you have a reduction in the provision for Workers Compensation costs. Can you explain that to me, please?

**Mr. Gilleshammer:** Mr. Chairman, I am told that historically these were surplus funds that were lapsing, and it was felt that we could take them out of the budget and that they were no longer required there.

**Mr. Reid:** When you say surplus funds, do you mean there had been anticipation that there may have been some injuries within that particular branch and that these funds were in there to cover any costs that you might have expected with respect to premiums that would have had to be paid to the Workers Compensation Board and perhaps may have been associated with your field officers who may have been hurt, or others?

**Mr. Gilleshammer:** Mr. Chair, I am told that the money previously was for some assistance to an employee who had been injured. That employee has now left the department.

**Mr. Reid:** I have no further questions on this section.

**Mr. Chairperson:** Item 11.2. Labour Programs (f) Workplace Safety and Health, (1) Salaries and Employee Benefits \$2,367,400—pass; (2) Other Expenditures \$684,200—pass.

11.2.(g) Occupational Health (1) Salaries and Employee Benefits.

**Mr. Reid:** Can the minister tell me—and I have had this case drawn to my attention and I am going through the

process of investigation of it. I note in this section under Occupational Health, under the Activity Identification, it looks at disease outbreak investigations. Cancer clusters is one of the examples, and it kind of triggers this case in my mind. It involves a particular industry here, Federal Industries, that had people employed in manufacturing of electrical transformers. Then there are certain oils that were related to that particular industry.

Has any investigation been undertaken by the department with respect to that particular business, because it is my understanding that some 11 individuals were involved and did contract specific cancers, all very similar in nature? In fact, some of the people have now died from it, and the families, at my understanding, maybe already have made contact with the department.

Can you tell me what investigation has been undertaken by the department to investigate matters such as this one?

**Mr. Gilleshammer:** I am informed that staff have examined this issue. They have been unable to prove that there is a direct link. This, I guess, emerged in a report that was done for the MFL by a doctor who alluded to this, but none of the professionals who have examined it have found a direct link or relationship that they felt was clearly evidence that the substance, PCBs, was the cause of this cancer.

**Mr. Reid:** Am I to understand the minister clearly, that the Occupational Health Branch of his department has determined that there is a link between the particular type of industry that was utilizing PCB-laden oils, cooling oils, in those particular transformers for which the employees may have come in contact and have subsequently developed a cancer versus medical people in the field who have not made that link? Am I understanding that clearly?

**Mr. Gilleshammer:** No. What I said was that they examined it, and they were unable to find a link that would lead them to believe that that was the cause of the cancer.

**Mr. Reid:** In your department?

**Mr. Gilleshammer:** Yes.

**Mr. Reid:** I take it then, this has been left in the hands of the medical experts to undertake further investigation on this, and that the department is not actively pursuing this.

**Mr. Gilleshammer:** Yes. These are medical experts within our department that did this examination and review. They were unable to find a direct linkage between the work and the substances that these individuals came in contact with and the state of their health.

I am also told that the case has not been totally closed, that if there was further information that could be pursued staff would do that.

\* (1550)

**Mr. Reid:** So is staff in the minister's Occupational Health Branch undertaking further investigation on this or has this been left up to others to pursue this type of research?

**Mr. Gilleshammer:** I am told that our staff member Dr. Ted Redekop and his staff did the examination and review of this and did not come to a conclusion that there was a linkage between the work that was being undertaken by these individuals and the health issues that they have. I am also aware that this whole area of PCB exposure is being examined in many other jurisdictions without, I guess, a definitive outcome being arrived at at this time. So, from time to time, the issue surfaces again as perhaps other individuals who fall ill want to have their particular circumstances examined. So, in some ways, it does reopen from time to time, but no evidence has been found at this time to make that direct linkage.

**Mr. Reid:** I guess medicine, wanting to be more precise on their opinions, need to have that research that is undertaken. I would have thought that by now, considering the amount of discussion and hopefully research that had been done on industries involving and utilizing PCBs, there would have been some case history that would have been developed throughout the world because Canada and Manitoba are not the only jurisdictions that have utilized PCB-laden oils over the

years and that there would have been at least some case history to draw some conclusions that anybody utilizing that particular product would be susceptible to developing certain diseases and that there might have been some clarity on this issue with respect to that particular industry, considering that they had utilized—from what I am told, the 11 people who have now contracted cancer had been working in the transformer area for which those particular oils were being utilized. So I thought there would have been some background work that would have already been done, that somewhere various jurisdictions throughout the world—

Has that type of research been undertaken to contact other jurisdictions worldwide? Because electrical transformers are not only in operations and manufacture here in Manitoba but in other jurisdictions. Have you made that contact with other jurisdictions?

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

**Mr. Gilleshammer:** Mr. Chairman, I am glad to have you join us this afternoon.

I am told that part of the responsibility of Dr. Redekop and other staff, Ms. Alberg, is to be aware of what is happening in other jurisdictions, to contact other jurisdictions, to be current on findings in other parts of the world. Discussion about exposure to PCBs and cancer in workers and human beings has been there for a long time, but I guess we are at the point where nobody has definitively determined that linkage. So our staff continue to monitor and to research and to communicate with the scientific community and other jurisdictions to be aware of any information that comes forward that would be pertinent to this case and other cases in Manitoba.

**Mr. Reid:** Having worked in that particular field for a number of years and having known of individuals who used to immerse their arms and sometimes their upper bodies in PCB-laden oils, knowing that those people are no longer with us as a result of various diseases that they contracted leads me to ask questions in this regard, so I know what the impacts on individuals are.

I want to ask, because also under this Activity Identification you talk about fibrogenic dusts and you

talk about silicosis and asbestosis, do you also under either the Workplace Safety and Health branch or the Occupational Health unit investigate industries that are involved in the manufacture or utilization of wood products whether it be window manufacturers, furniture manufacturers, and the dusts that are involved and the employees coming into contact there? What experience does the department have in that regard? Do you do audits of these particular companies in this regard or these particular industries?

**Mr. Gilleshammer:** Mr. Chairman, for sure, probably all of us know individuals who either work for companies like Manitoba Hydro or other companies where PCB oil was used and not seen as a danger to one's life or health. I think one of the items that I recounted to the member last week was one of the first fatalities in the farm community was someone who was mixing chemicals in their grain bin or in a container to use in seeding and mixed it by hand with their arms, and within hours of that, that individual was dead, a very well-known, even famous individual in western Manitoba who worked with young people, well known in hockey circles. I mean the warning bells went off everywhere. This goes back probably to the late 1970s or early 1980s that there was some real danger there in working with chemicals and compounds that we do not know much about and that can be absorbed into the body through our pores and create some awful damage.

\* (1600)

The member asks about the wood manufacturers, those people who make windows and doors and furniture. We do monitor the levels of dust that are in those plants and work again with the employee and employer committees on workplace safety and health, and, of course, we are able to measure that.

I know in a couple of the tours that I have been on in the last couple of years to a number of those companies, I was impressed with the overall operation of the plants and the concern that employers took for their staff, the protective measures that were obvious and in place, and, also, in a couple of cases, the morale and spirit of the employees who were part of a growth industry that was exporting product to all parts of the world, and to be able to see the whole process from the

raw lumber being brought into the plant to the finished product being shipped out.

The one thing I noted there were the masks that were worn by most staff to assist with their breathing. I guess all of us have seen in the last decade the changes that take place in the workplace to try and make the health and safety of workers uppermost in these particular plants.

I am also told that while we do those dust surveys, that there has been scientific evidence linking the dust from cedar to a certain type of cancer. We do not apparently produce a lot of product in Manitoba made out of cedar, so I suppose that is probably a good thing but our normal practices are in place in those particular plants.

**Mr. Reid:** I take it then, you do audits of those particular operations to determine that the employees or the people that are working in there, all people that are working in there are protected.

**Mr. Gilleshammer:** We do investigations and we do preventative work with those particular companies. I think I indicated to an earlier question, we do about 10 audits a year where we have a more in-depth examination of the workplace. Again, in answer to an earlier question, the member was going to ask us to take a look at a particular company, and I said that we would take a look at that information. Again, the department receives information from a variety of sources and if there is some substance to it, we will certainly act.

I know various departments, whether it be social services or Education or Natural Resources, when you have an inspection function or a regulatory function, if information is provided that would lead us to believe that an inspection or an audit is warranted we would pursue that.

**Mr. Reid:** There must be some—from my recollection, where you have either wood products or you have PCB-laden oils used in transformer manufacture, there are certain amounts of WHMIS-related information that is attached and accompanies those particular products. If I recall correctly, and I am going from memory here from a number of years ago, those particular WHMIS documents indicate that there is a carcinogenic

component to these particular products whether it be wood or the oils.

How is it that WHMIS people, which is part of the federal government, I understand, can make a determination that there is carcinogenic properties associated with these oils or these wood products and yet the department's Occupational Health or Workplace Safety and Health branch cannot make a similar determination? How is it that they can do it and you cannot?

**Mr. Gilleshammer:** Mr. Chairman, in relationship to the PCBs, out of an abundance of caution, PCB oil use was discontinued many years ago, even though the proof or the linkage with that and cancer has not been definitively proven. With reference to the cedar, the use of particular types of cedar whose dust perhaps has been proven to cause cancer, this is a product that is not found in Manitoba in its raw state, and it is related to, I think, B.C. and some in California, the red cedar. So if those are the two things, the PCBs and the cedar that the member is talking about, one is not used anymore and the other is not found in Manitoba. I have a feeling that it is other wood products that he is talking about. Perhaps in a subsequent question he could clarify that.

**Mr. Reid:** I have done some research on this because it did affect my community. There was a particular furniture manufacturer in my community—I dealt with this a number of years ago and hopefully it has been resolved to a large extent, although not 100 percent perfect—where there were hardwoods that were involved. I am talking hardwoods that are grown commonly here in Manitoba in the sense of poplar or oak or other such types of wood components of the particular furniture. Those trees grow naturally here in Manitoba, and yet from the research that I had undertaken at that time—the people who are working in those particular types of industries, whether it be that one or others, working with these hardwood products, and in some cases they are chipped or made into particles and then formed into a hardboard.

So these people are working in particular operations like that, and the research has shown that there is nasal, throat, lip, mouth cancers that come out of involvement or continual interaction with those particular hardwood products. That is why I raised this type. I want to

know what kind of audits you are doing in that particular type of industry because there is a growing number of people that are employed in that particular company within my own community and I am sure in other companies in the province as well dealing with furniture manufacture. It is not a shrinking industry. It seems to be growing at least by evidence of the one company in my community. That is why I wanted to know what type of audits you undertake to do to protect the people that are utilizing or working with those particular components, those wood products.

(Mr. Chairperson in the Chair)

**Mr. Gilleshammer:** Mr. Chairman, you know, the information in the department is that it is possibly substances that are used in the treatment of these woods in some of the chemicals, some of the glue, that sometimes perhaps has some effect on individuals. I guess what I would say is that we have professional, industrial hygienists within the department that we would be pleased to make available to the honourable member to perhaps delve into this in more detail. I think what I am being told is that we do not have concrete evidence of cancers in those workplaces, but, again, we could make some of our professional staff available to the honourable member to go into this in more detail.

\* (1610)

**Mr. Reid:** Well, the research was done by a former member of your particular department who is no longer with you and has the expertise in that particular field and did provide me with the literature related to that and did provide explanation of that particular literature. That is why I raised it. I had hoped that there would have been some ongoing research in that regard, but, perhaps, if I can pull that information together, I can forward it on or at least provide you with some avenue for investigation on where that information comes from. In that regard, I have no further questions in this.

**Mr. Gilleshammer:** That would be acceptable.

**Mr. Chairperson:** Item 11.2. Labour Programs (g) Occupational Health (1) Salaries and Employee Benefits \$215,900—pass; (2) Other Expenditures \$34,500—pass.

Item 11.2.(h) Mines Inspection (1) Salaries and Employee Benefits \$503,900.

**Mr. Reid:** Mr. Chairperson, can the minister tell me how many vacancies, if any, are existing in the Mines Inspection?

**Mr. Gilleshammer:** I am told there are none.

**Mr. Reid:** Can the minister tell me how many inspections have taken place in regard to mines in the province?

**Mr. Gilleshammer:** I am told that there are about 400 inspections on an annual basis.

**Mr. Reid:** Can the minister tell me the number of accidents that took place in the mining-related industry and the number of deaths? Do you have that statistical information here?

**Mr. Gilleshammer:** I am told that there are about on an average 4.5 accidents per 100 workers, and as far as fatalities go, in 1996 there were three.

**Mr. Reid:** If I recall the number correctly, the minister said there were some 400 inspections. Of those inspections that were undertaken, can you tell me how many directors' orders were issued?

**Mr. Gilleshammer:** There would be approximately 900 orders issued in the course of 1996.

**Mr. Reid:** How many of those cases or orders have been referred to Justice?

**Mr. Gilleshammer:** I am told the cases where there were fatalities have been referred to Justice.

**Mr. Reid:** I take it then that all of the other approximately 900 orders have been complied with and that corrective action has been taken?

**Mr. Gilleshammer:** That is correct.

**Mr. Reid:** Can the minister tell me why he has eliminated the mines rescue co-ordinator position?

**Mr. Gilleshammer:** I do believe we have had the opportunity to speak on this matter before, and I will simply be repeating myself, but this mines rescue co-ordinator was deleted from the 1997-98 budget. The position was designed to train mines rescue instructors to maintain a list of all trained mine rescue personnel and mine rescue stations and inspect mine rescue stations. The position was based here in Winnipeg and was classified as a Mines Inspector 4. It was a service as opposed to a regulatory position. It was deemed to be redundant with existing industry safety activities. The position was fully funded from the Workers Compensation Board, and its elimination will directly eliminate charges to the companies. The companies or its agent could therefore buy service from the savings resulting from the elimination of the position.

So this position then, as I have indicated on one other previous occasion, was deemed to be redundant in that the various mines were providing this particular service and the Mines Accident Prevention Association of Manitoba, known as MAPAM, is composed of representatives of the mines in the province, and they have endorsed this. They have indicated that this was a duplication, that this service was redundant and that the co-ordination was being provided at the local sites by those particular companies.

I think on a previous occasion when we had the opportunity to discuss this, I also read into the record the opinion of a third party, the editor of a fine journal in northern Manitoba in the community of Flin Flon. And the member recalls that so I probably will refrain from reading it into the record again, but if you like, I can retrieve that from my notes here. I am being encouraged to put this on the record.

This is from the Flin Flon Reminder, March 18, 1997, so just a little over a month ago. In the view of the editor he refers to this as a safe move: By cutting a redundant \$64,000 mines rescue co-ordinator's job, the Filmon government has wisely freed up money for other workplace safety initiatives. The move announced in the provincial budget of March 14 will see the job eliminated through attrition when the current worker retires April 1. The Winnipeg-based co-ordinator trained mines rescue instructors and personnel, a service already provided by the Mines Accident Prevention Association of Manitoba.

The association is made up of representatives from each of Manitoba's mining companies. Each company has mines rescue personnel to address mine emergency situations. On each of these mines rescue teams is a full-time safety professional which provided the same role as the provincial co-ordinator. This becomes available at a time when mine safety in Manitoba is drawing national attention, so I guess the editor has come to the same conclusion as the professionals within my Department of Labour. This is also endorsed by the Mines Accident Prevention Association of Manitoba, those people who represent those particular mine sites, that this was a redundant position, and that this money could be better used in other ways. So this is what the department has decided.

It has been concurred in by the Mines Accident Prevention Association of Manitoba, and, as I indicated, another third-party writing in a northern newspaper.

**Mr. Reid:** I guess the minister says that the Flin Flon Reminder editor has a great deal of expertise in the mining industry. I will have to say, I would leave that up to the minister's discretion in whether or not he wants to believe that that particular editor has the mining expertise. He perhaps may know that individual better than I do.

I will ask the minister, though, since he has cut his department by 2.7 percent this year, where has he taken that \$64,000 that the Flin Flon Reminder says he should put into other initiatives in the Department of Labour? Since he has cut it by 2.7 percent this year, where has he put that \$64,000 to better use within the Department of Labour?

**Mr. Gilleshammer:** I want to hasten to clarify for my honourable friend that I have never met the editor of the Flin Flon Reminder, so he is not a dear friend of mine, nor do I know what his background is.

My experience is that life in northern Manitoba is such that community newspapers understand the industry. They understand the workforce. They understand mining in general. I have had an opportunity to talk to the member's colleague Mr. Jennissen, the fine MLA for Flin Flon, about issues to do with mining. I frequently find we are on the same

wavelength. I do not think that he brought this up with me as an issue, but I will check with him to see what his views on this subject are.

The member asked the question about the funding, that this position was fully funded by the Workers Compensation Board. Those companies that have taken the responsibility to train their mines rescue people will have those additional funds to enhance that service. They can use it for further training. They can use it to provide services. Some of the money remains in the department, and that money is being used for inspections so that the staff that we have can adequately do the job of inspection that is required by our Mines staff.

**Mr. Reid:** Well, I do not see how in the Mines Inspection area. You have the same amount of funding for the managerial. You have cut the Mines rescue co-ordinators, so you have a reduction in funding there of \$64,000. You have cut funding for Administrative Support and you have cut under the Employee Benefits line. So I do not see how you have kept that money within that particular area for inspections. Where is that \$64,000 showing up? You said you have invested it back into the department for inspections. Where is it showing here?

**Mr. Gilleshammer:** Just to clarify for my honourable friend, that money, the \$64,000, was fully funded by the Workers Compensation Board and that money is no longer required. So those companies will not be paying an extra tariff, and they can use that to buy services from those savings, but the position also had an operating charge of about \$35,000. The \$64,000 was for salary, \$35,000 was for operating. That money now is turned back into Mines Inspection.

**Mr. Reid:** Well, when it was undertaken in the department here, you used the money and you showed it on a budget line and you recovered it from Workers Compensation like you did under other subdepartments. You still showed it under your budget line here. So the money has been eliminated from your inspections operations here under the Mines Inspections Branch. So you cannot say you have the same amount of money in there. You are not doing more inspections with less people, you do not have the same amount of money in there to do that to hire even contract people, so how can

you say that you have kept \$64,000 in that particular budget line?

**Mr. Gilleshammer:** Mr. Chairman, I did not say we kept \$64,000. I said that \$64,000 that went to salary has been eliminated, and that was fully funded from the Workers Compensation Board, which used to be shown here, right, and the funds attached to that position for operating expenses was \$35,000. That \$35,000 now goes into Mines Inspection.

\* (1630)

**Mr. Reid:** Well, I do not see how we are going to improve on the operations of the mines. If you cut people who have a certain amount of expertise that were there to assist in the training of people, who is going to take over the operations now for training? Are you going to leave it up to the individual companies to buy their own services you have indicated here, and have they given you an indication to this point that they have contracted people to come in and provide that type of service to them on a full-time basis like we had here before?

**Mr. Gilleshammer:** Mr. Chair, I think the member understands what I am saying but maybe chooses not to, but I will say it again. This was training that the Mines have a responsibility for and that they were doing anyway and this was seen as duplication. It was seen as redundant. I know that my honourable friend would not support concepts and practices that were simply duplicating what somebody else was doing and practices that were redundant. So that money can be better used by the companies to purchase additional services to provide additional training if they wish, and the operating funds that were attached to that position are now being better used by the department in terms of Mines Inspection.

**Mr. Reid:** Another part to that question was how many of those firms have purchased that particular type of service.

**Mr. Gilleshammer:** They all have a responsibility to have that training. They all have their own staff who do that training, and what we are saying is that they would be able to enhance that training because they will have that funding available to them. They also

have the Mines Accident Prevention Association of Manitoba, which is composed of representatives of all the mines and employs a full-time safety professional. They have written to me on two occasions to say that they feel there are adequate resources devoted to this whole concept of the training of mines rescue instructors and staff. They are very clear that this was not seen as a detrimental move towards the safety of people working in our mines.

**Mr. Reid:** Why did you eliminate the administrative secretary's position then? Was that a person that had been working closely with the mines rescue co-ordinator, or was that individual attached to the professional/technical operations in total? Whom was that person working for?

**Mr. Gilleshammer:** Certainly there was a support staff associated with this position, a position that no longer exists. That fact and improved technology allowed us to find some savings in that particular area.

**Mr. Reid:** Does the minister feel that there are an adequate number of inspections and inspectors working within the Mines Inspection Branch?

**Mr. Gilleshammer:** In the judgment of my senior staff and the professionals in my department, the answer they give me is yes.

**Mr. Reid:** I am asking for the minister's opinion. Are there an adequate number of inspectors? Could you not have converted that mines rescue co-ordinator position into one of the inspectors to ensure a safer workplace for the people employed by that industry?

**Mr. Gilleshammer:** My conclusions at this point in time, after being within this department for just over four months, are that I have an exceedingly professional staff who are knowledgeable in this area, and I rely on them to give me this information. They have indicated to me that they have sufficient staff to do the mines inspections. Over and above that, I have the comfort of the Mines Accident Prevention Association of Manitoba also giving me the same information. If my honourable friend from Transcona feels that we need more inspections and more inspectors, he can put that on the record, and, as with all of his comments, we will give them due consideration.

**Mr. Reid:** Well, perhaps if the number of deaths was zero, and the number of accidents taking place in the mining industry was zero, we could say there were an adequate number of inspectors in there. One would think that you would be able to reduce the number of accidents that are involved, to oversee the workplace conditions that are there, and that, by eliminating this one person, another pair of eyes that would be involved, you have reduced the ability to see those workplace conditions first-hand. That is why I asked the minister why he did not convert that particular position into another inspector in the mining industry.

**Mr. Gilleshammer:** Well, Mr. Chairman, certainly any accident, any injury, and fatality is one too many within mining or any other sector of endeavour within our economy, within our province. I am not sure that putting more inspectors on the job is going to lead us to workplaces that are absolutely, totally and completely safe. I do say there is a relationship between the numbers of accidents and the numbers of fatalities and the injuries that occur in the workplace, but I say that the trend has been to have a sharp decline in the number of fatalities that were recorded from previous years, and the trend line is going in the right direction.

I would like to think that we could take steps in government, working with safety and health committees, to bring this down even further. I am not sure we are ever going to completely eliminate it, but that can certainly be a goal we can work towards.

The statistics that I have for mining and logging indicates that historically it has been a rather dangerous occupation. Back in the seventies, in 1976-77, there were 12 fatalities in mining. In 1980 there were six; in 1985 there were six. But it has trended downwards. In 1993 there were two; 1994 three; 1995 one. I think that there are better practices in place. There is more awareness of safety issues. Our staff in Workplace Safety and Health and our mines inspectors continue to do a job. Again I think there is a shared responsibility here on the part of employees, employers and government to try and do the best job we possibly can in eliminating injuries, accidents and fatalities.

\* (1640)

I think the staff have been doing a good job. I think the committees have been doing a good job in reducing

the trend and the frequency of accidents and fatalities, but we will continue to work and continue to try and decrease that even further.

**Mr. Reid:** It is my understanding that inspectors also do education in the workplace. They educate the employers, the management team, they educate the people who are doing the actual hands-on work, and if you want to, because the minister says throughout this document that I have got here from his department that education is the key—he is not the first minister to say that. But if you do not have the people that are in—and I am sure the mines rescue co-ordinator must have played some educational role in the process, and if you have another pair of eyes there and an inspector, a person that you had there already who knows the industry can act as one of the educators in the process to educate those who are employed in that particular industry. Now, what you have done is you have taken another one of those educators that would help to reduce the workplace accidents. That is why I raised it with you. That is why I would ask that you would have given consideration to having that person as an inspector to carry on with the education work in a preventative fashion, not only just as a rescue co-ordinator because they had that expertise, but they could have been an educator in preventing accidents. But now that opportunity is gone because you have cut or eliminated that position all together.

**Mr. Gilleshammer:** What I hear my honourable friend saying is that he agrees that this was a redundant position. He agrees that there was some duplication here, but he feels that we should have converted that position and added it to our staff of mines inspectors.

**Mr. Reid:** No, I did not say that.

**Mr. Gilleshammer:** Well, then, if he did not say that, and that is what he is indicating from his seat, what he is saying is we should have continued to pay \$64,000 to a mines rescue co-ordinator whose job was redundant and whose function was already being performed by the companies and just continued with this redundancy and this duplication. I do not think even a New Democrat in these times would say that we could not spend that money better in another way. So I am not sure just where my honourable friend is at at the moment. If his view is that we should continue to have a mines rescue

co-ordinator against the advice of my department, against the advice of the Mines Accident Prevention Association of Manitoba and against the view of a journalist in northern Manitoba who said this was a safe move, if that is his opinion, as with all of his opinions, I respect it, but it was one of those decisions that we had to make within our budgeting process. All of the senior staff and experts within the department and within the mining community have indicated that this is a move that is not going to impact on mine safety because we still have the same number of inspections and the same number of inspectors as we have had in previous years.

**Mr. Reid:** The minister was trying to put words in my mouth. I did not make those comments with respect to the redundancy of the position. What I said—was trying to say was that he had the best of both worlds available to him. He could have had a person with the mines rescue co-ordinator experience on staff and had that person shifted into an inspection capacity, and you would have retained that experience within the department. If that person is gone from your department now, you have lost the potential to have an inspector and you have lost the person with the expertise as a mines rescue co-ordinator. So you have nothing out of this process when you could have converted that position into an inspector's position and retained that experience within the department should it ever be needed some time in the future, and hopefully it will not, but it would have been there had you needed it. Now you have lost the best of both worlds because that person is now gone from that capacity.

I know you put great reliance in the journalist's opinions, in the Flin Flon Reminder's editorial writer, and it says that you were justified in eliminating that particular position in the funding because it is a duplication of work. But I say to you, you have lost a great opportunity here. You could have utilized that experience, and that is why I draw it to your attention.

You have to look at the opportunities that are presented to you to keep the expertise within the department, perhaps converting it to another activity but retaining the experience which is so critical to the operation as even you yourself have said over time here.

**Mr. Gilleshammer:** When we talked about pensions the other day and we talked about retirements, you know, every time you have senior staff retire—and your Leader and I were at a retirement party just a few weeks ago where an assistant deputy minister retired, and we lost a lot of experience and value there. Fortunately, he said he would come back and give us that advice any time we asked for it. We also had a retirement of someone else at the senior level, Mr. Davidge, and we talked about him the other day as well, but these things happen through time. People do retire, and while you lose something on the one hand, you also gain the opportunity to bring new people in from time to time and use that as an opportunity.

I would remind the critic from the NDP that we did convert \$35,000 of operating expenses that were required for that office, converted that into resources to be used in the mines inspections, so we did gain something out of it that will assist with the mines inspection this year and on into the future.

**Mr. Reid:** Mr. Chairperson, I do not know what math book the minister learned from, but when I take \$542,900 and I subtract \$480,800, that still gives me the amount of that mines rescue co-ordinator position, so I do not see how you have retained \$35,000 within the department. Where is that number showing up?

**Mr. Gilleshammer:** Well, again, I would explain that the position consisted of salary, which was in the neighbourhood of \$64,000. That salary was no longer needed because of the changes and because of the retirement, but there was also operating dollars that were left in the budget and instead of those funds being used for the position of mine rescue co-ordinator, it is now used by the department for Mines Inspection. So that money was not withdrawn, it is still there.

\* (1650)

**Mr. Reid:** Well, the minister and I will have to agree to disagree on this one because if you do a year-over-year comparison, it is not showing up in here. There is still a deletion of the amount of money, \$64,000, that is showing as a reduction in the department and however you calculate it, I do not see where you have that money staying in there because you have reduced \$64,000 of which you said \$35,000 was a component

of operating in there. Am I understanding you correctly here? If you have \$35,000 that is operating, that means you did not pay the person that much to start with I suppose but, at the same time, it is not showing up in here because you have totally eliminated the \$64,000.

**Mr. Gilleshammer:** Well, there was a \$99,000 figure associated with that particular position and the operations of that position. The salary dollars were taken out, and the operating money was left there, so that money is still there. So instead of it being used to be spent by a mines rescue co-ordinator who is no longer with us, that money was transferred internally to be used for Mines Inspection and Mines Inspection activities. So that money is still there. It was there last year and it is there this year. What has come out is the salary dollars.

**Mr. Reid:** Okay. So you have taken \$64,000 out of the salary line, and if you take a look at the other expenditures which I say I would expect that the minister would have kept that operation of funds in—\$35,000 I think you referred to—that fund is there, where is that \$35,000 going to be utilized? To what benefit is it going to be to the inspectors? What purpose is that going to be used for?

**Mr. Gilleshammer:** The operating dollars are used for transportation, communication, supplies and services, capital and other operating. So that money can be used to do additional inspections, and in the North sometimes it costs some money when transportation is taken into consideration. It can be used in terms of communications, other supplies and services. So the money is there for the people in Mines Inspections to use as part of their operating.

**Mr. Reid:** Okay, if you are going to use it for additional inspections, you do not have any additional inspectors working in there. I take it that those people were working full time before. You did 400 inspections last year, and you said you had some 900 orders that resulted from that. How are you going to spend this additional money to do additional inspections if you do not have additional inspectors and they were working full time?

**Mr. Gilleshammer:** Well, if I follow my honourable friend's logic, what he is saying is we should take that

\$35,000 out of there because the mines inspectors cannot possibly use it. They cannot possibly put out more literature. They cannot—[interjection] Well, he says we should be more efficient. So I am pleased that he gives us this advice to withdraw more money from that particular part of our department, but I guess our ultimate decision was to leave it in there, was to leave it in there and allow the inspectors and the processes involved and the work involved with inspections to have additional funds for things like transportation and supplies and services and communication. Last day, we got talking about, I think, publications and communications that we use to encourage people to have a more safe workplace. This gives us additional resources to be used there.

**Mr. Reid:** I never said that the minister should withdraw the funds, although I want the department to operate efficiently. He has made the comment that he is going to do additional inspections. My question to the minister was: How do you do additional inspections if you had six inspectors that are currently still under the Professional and Technical, and I take it they are all field officers doing inspections? How is it that if these people are working full-time capacity now, how are you going to do additional inspections if you do not have more people? What is it that you are going to give up?

**Mr. Gilleshammer:** Well, I have no doubt that the professionals that work within this branch will find important ways to use an additional \$35,000 in Operating. I have more faith in them than my honourable friend has. What he is saying is that they have—working full time, they cannot possibly use any more money, and I think he is wrong. I think they can use those resources to do an even better job.

**Mr. Reid:** All I wanted from the minister by this line of questioning was to get an understanding if you have reduced a person who was in the mines rescue co-ordinator position. You have reduced the administrative staff to go with that person who also provided support service for some of your other field officers as well, no doubt. And I say you missed an opportunity here to convert that position to an inspector with equal experience or knowledge in other areas, that if you are going to do the additional work in there—and

perhaps they do need the additional money in there—but you have lost the opportunity by eliminating that position, and perhaps you are going to do more educational work. But you have not told me you are going to do that. I need to have some understanding here what you are going to do with this additional funding in here when you have already given up the opportunity to have that extra pair of eyes in the workplace doing that inspection. That is why my line of questioning is here.

**Mr. Gilleshammer:** I think my honourable friend is telling me that the minister's office should be micromanaging the department and making departmental staff justify whether they need the \$35,000. The determination by my senior staff was that they could use this money to do additional work in terms of mines inspection. Again, I think I have more faith in my staff than my honourable friend does, saying what are they going to do with every cent you give them? How are they going to change? What are they going to do different? I think there is always more that can be done.

In fact, even though the department has done an excellent job in reducing the numbers and the frequency of accidents, injuries and fatalities, here is an opportunity with an additional \$35,000 of Operating to do an even better job. We seem to have reversed our roles here. I sort of always expect my honourable friend to come in here and urge us to spend more money. Now, he is telling us that we could have saved another \$35,000 and berating us because we did not do that. I think that when the year is over and we evaluate how our money has been expended and how the staff have performed, we will be very proud of them and happy that we have given them these additional resources.

**Mr. Reid:** I do not doubt for a minute that the department will be happy with the additional funds. Can the minister tell me then, because he has done 400 inspections and he says you are going to do additional inspections this year, what is your target for inspections for '97-98?

**Mr. Gilleshammer:** Those determinations will be done by senior staff involved with mines inspection.

**Mr. Reid:** I understand that. What is the target that the department has with respect to inspections, since the minister says there are now going to be additional inspections? You must have a target.

**Mr. Gilleshammer:** Well, the member is sort of implying that we have some quota that we have to have so many inspections done and so many reports written up. It is anticipated, with additional resources, that they perhaps will be able to increase the frequency of mines inspection in the neighbourhood of 10 percent.

**Mr. Chairperson:** Item 11.2. Labour Programs (h) Mines Inspection (I) Salaries and Employee Benefits \$503,900—pass; (2) Other Expenditures \$175,900—pass.

Item 11.2.(j) Employment Standards (1) Salaries and Employee Benefits \$1,867,400.

**Mr. Gary Doer (Leader of the Opposition):** I apologize if this is on the wrong line, et cetera, but this is the Employment Standards. It is a question I want to ask about a person. I could have asked it under Workplace Safety and Health as well. Is there a policy or is there any material or research on persons disabled through the chronic fatigue syndrome in recent years in the Department of Labour?

\* (1700)

**Mr. Gilleshammer:** I am told that no research has been done nor have we been approached by anyone asking us to do so.

**Mr. Doer:** Let me be the first to do so. I have an individual who is not a constituent but a person who has contacted the Ombudsman's office, the Superintendent of Insurance office, and I said, looking at the file and listening to the person and listening to the Ombudsman, that I was quite concerned about how this individual's case has been dealt with and how we could best investigate whether justice was performed with this individual. His name is Mark Popowich, and I will briefly go over the case as I understand it. His address is 130 Gardenview Drive.

This is how I understand the case, and it seems to be a person getting caught between a private insurer, Great-West Life, a private company, Bristol, looking

for support from the Ombudsman in terms of the role of the Superintendent of Insurance, but the Superintendent of Insurance, as we understand it, can look at whether a company breaks the law and has the authority to look at only withdrawing licences for insurance brokers but has no authority to order companies to settle claims, which for an individual victim, or a person who feels he is not being treated properly, is a real problem.

This is the case as we know it, and I thank the committee for indulgence for a moment to go over it. He was unable to get long-term disability benefits from Bristol Aerospace, and the plan was with Great-West Life. He was denied benefits in '92, and he initiated correspondence about his claim with the company directly. It seems that Bristol was dealing with it to start with, and then he was told after that he should have been appealing the decision to Great-West Life, not Bristol, but he was dealing with Bristol. So then the appeal period had expired at Great-West Life. I will just keep going with the case, because I know it will require an investigation. So Great-West Life denied it because they said that the 15-month period for launching an appeal was over. They are firm, and they will not consider an appeal on this matter.

Mr. Popowich feels that he has chronic fatigue syndrome and said documented evidence from his medical people that he has had it. Great-West Life has no knowledge of correspondence between Bristol and Mr. Popowich on his medical condition. So it really looks like Mr. Popowich is trying to figure out who is responsible for submitting the information dealing with his application and who is responsible for keeping him informed of where he should go to appeal the decision. He thought he was dealing with the company, but then he was apparently dealing with Great-West Life and did not know about it.

So it appears to me, at minimum, there was very poor communication about the procedures he had to follow. He feels he has fulfilled his obligation with Bristol and seeing the Bristol doctor and Bristol should have sent this information to Great-West Life. I have discussed this with the Ombudsman, and he indicated to me that he felt everything was being caught, you know, the person was betwixt and between the company and the insurer, but the Superintendent of Insurance did not have the authority, except for taking away the licence

of Great-West Life to issue insurance policies, which is, obviously, a pretty big sanction in terms of dealing with these kinds of cases for company employees working there.

I would like the Department of Labour to review this case, whether it can help us inform employers and insurers about how people should be treated. I would like to see whether the Department of Labour can investigate whether in fact Mr. Popowich was entitled to a disability and was denied it and was not informed of it. Thirdly, I would like to know generally how chronic fatigue syndrome which I know in the early '90s may have been something—I did not hear about it a lot in the early '90s myself. I know that we put in private members' resolutions in the Legislature to deal with education and treatment programs dealing with chronic fatigue syndromes, and that is a more general problem than Mr. Popowich has; but I suspect that, in listening to Mr. Popowich, who is very, very frustrated and listening to other people like the Ombudsman, it seems to me that an investigation should take place to see how companies deal with insurers, how insurers deal with companies, how they deal with the persons who were making claims.

It is almost like Catch-22: You should have gone to the company and then the company is saying you should have gone to the insurer. The problem is this individual has now been left. He had a disability plan, and I guess the question is: Do these plans cover chronic fatigue syndrome, what does an individual do, and how should they act accordingly? He is very frustrated with all of us and I have met with the Ombudsman. I could not get anywhere. I think the Ombudsman was conducting the investigation but did not have the authority under the act to go beyond where he went but has still left another closed door to Mr. Popowich.

So I would leave this with the minister. I know that he will not have the answers now unless his department has investigated this in the past. I have not seen any correspondence with the department. I just felt it was something that the general issue of chronic fatigue syndrome—was it treated differently in the early '90s than now? Do we have further research on it and what it means for workers and the whole generic issue of private plans and private companies dealing with

people who rely on companies and insurers telling them what their rights are and what their appeal rights are but seem to be left in the dark and caught later on outside of the appeal period without any knowledge?

It really bothered me that everywhere I looked it is somebody else's responsibility, and I want to know whether there was, in fact, a fairness in the way this LTD was applied and whether there was fairness between the company and the private plan in terms of what the benefits should have been and how chronic fatigue syndrome is dealt with.

**Mr. Gilleshammer:** We will undertake to review this and certainly talk with the Ombudsman and see if we can shed some light on it.

**Mr. Doer:** Yes, I think the Ombudsman felt that his jurisdiction or the jurisdiction of his office was limited with the superintendent of insurance and his office was limited in terms of dealing with the private company. I would really like the Department of Labour to investigate this. If it is happening in other places with other people, I would certainly like to know about it. Secondly, has there been a change in the way chronic fatigue syndrome has been dealt with from the early '90s or late '80s to now with the occupational knowledge and research and experience?

I did not know a lot about it, but then I heard Stephen Lewis had it for a period of time. I never met somebody so energetic in my life. When I heard he had it for a short period of time, that kind of made me wonder how prevalent is this, what is it, what is its impact on people. It has other terms, I know, but I do not know a lot about it. I do not pretend to, and I do not know how it affects people at the workplace, but it does seem to me that this person has been—there is the whole issue of how he was dealt with and what he was informed of and when he should have done certain things.

He seems to be very well organized in terms of following up with me so I can only imagine he was very well organized in following up with the company. He was not told properly where to follow up. That would be my suspicion of this, but I would leave it with the minister to either investigate with the Ombudsman or with the Ombudsman and other parts of the Department

of Labour. It started in '91, but if we can learn something from this, that is good, and if Mr. Popowich can get some sense that his case has been dealt with fairly, I think that would be very helpful to his situation.

**Mr. Gilleshammer:** I have committed to have the staff review the situation.

**Mr. Reid:** Can the minister tell me how many vacancies are in the Employment Standards branch, if any?

**Mr. Gilleshammer:** Mr. Chairman, I would like to introduce Mr. Jim McFarlane, who has joined us at the table. He is the executive director of Employment Standards division, and the answer to the question is that there are no vacancies.

**Mr. Reid:** I will not hide my disappointment that the Payment of Wages Fund was eliminated. I mean, that is a matter of public record to this point in time. It was prior to this minister coming here to his current capacity.

\* (1710)

We thought that the Payment of Wages Fund gave an opportunity for the department to take certain actions and to minimize the impact upon the individuals or their families that had lost their wages and that were perhaps, were no doubt pursuing it through the Employment Standards branch.

Can the minister tell me, because it is my understanding that the department still undertakes the activities to try and recover wages for the employees, what has been the success of the department, and can you tell me the number of cases that they have pursued and perhaps give me a dollar value of what they have achieved?

**Mr. Gilleshammer:** Yes, the department or branch has investigated complaints filed by 3,400 individuals, has approximately 120,000 telephone and in-person inquiries, and they recovered wage adjustments totalling an estimated \$1.5 million. I believe those were the figures for the last budget year. One additional bit of information: This does not include the

voluntary settlements that occur in discussions between employees and employers.

**Mr. Reid:** Your document here indicates that you have a resolution of 85 percent of all the claims through mediation, which seems to be a fairly high success rate. Can you tell me the type of claims that are filed here? How is it that you are able to achieve such a success rate as 85 percent as you are showing in the document here? What type of a process are you using to encourage the resolution of this?

**Mr. Gilleshammer:** I guess it is probably a combination of things that leads to an 85 percent success rate. I think an experienced staff component. I think getting involved early on in the process and, through that, probably identifying that often this is the best route for all involved to have this thing resolved as quickly as possible. There is also an emphasis on public education and an emphasis on mediating these disputes.

They have been very quick to get involved and the quick resolution process tends to be a nonlegalistic route of getting these resolved. I think that the staff had been successful and will continue to be successful in doing this. With all due respect to lawyers, sometimes this adds to the cost and can be used as an example of a better way to do business.

**Mr. Reid:** I am sure that the minister meant present company excluded for those that may be of the legal profession. Can the minister tell me, because the numbers he gave me moments ago were already in the document here—can he tell me how many of those, when we talk about the 85 percent, the resolution of 85 percent of the claims, were voluntarily done? Is that the 85 percent that he is talking about that were the voluntary ones? Is that one and the same?

**Mr. Gilleshammer:** The ones that are resolved by the voluntary resolution process are part of this 85 percent.

**Mr. Reid:** Is there a number attached to that?

**Mr. Gilleshammer:** The number of the 85 percent?

**Mr. Reid:** The ones that comprise the 85 percent.

**Mr. Gilleshammer:** I am told around 400 or 500 of these are voluntarily resolved.

**Mr. Reid:** That is 400 or 500 of the 3,400 cases that the minister is referring to are voluntary. Okay. Can the minister tell me, because he is also showing that there is a 50 percent decrease in cases referred to the Labour Relations Board, what is the actual number of cases that have been decreased in referral to the LRB?

**Mr. Gilleshammer:** I am told that there were under 100 that went to the Labour Board, and the quick resolution process that has been developed probably accounts for the fact that that has declined to that number.

**Mr. Reid:** The No. 1 is under 100. Can the minister give me an idea here of roughly how many cases that we are talking about that no longer have to be referred to the board? I am not saying down to the exact number but within five or 10.

\* (1720)

**Mr. Gilleshammer:** I am told that it is estimated that about 100 cases will go to the Labour Board this year, which represents about 2 percent of the claims. So the number has been declining because of the quick resolution technique that has been developed within the department.

**Mr. Reid:** Can the minister tell me, I note there is a discrepancy, and this could be the minister referring to different years here. But in his opening statements, he talked about 38 various adjustment committees, under the Labour adjustment unit, and that in the document here it is talking about 30 workforce adjustment committees.

Can the minister tell me which number is accurate? If he does not have the information here, I understand, but if he can give me some idea of the type of work that was done, the type of business where those particular labour force adjustment services were provided so I might have an understanding of who made use of that type of service?

**Mr. Gilleshammer:** I am told there were 38 Labour Force Adjustment Committees last year. There are a

fairly similar number of committees this year. There are 33 active committees, there is one large health care adjustment committee, and I am told there are three community committees, so we are in that area of 37, 38.

**Mr. Reid:** I am just trying to get an understanding here, because the document was showing 30, and I did not know if we are talking about different years here or it is just a misprint in the document here.

The minister, I had also asked, does he have a list of the operations of the firms that are involved in the labour force adjustment process?

**Mr. Gilleshammer:** Mr. Chairman, the information my honourable friend is referencing is Expected Results, so when that book is put together—we do not have a hard number—and we do have some information that we can forward to my honourable friend on these committees at a later time.

**Mr. Reid:** The minister says at a later time. Can he give me some idea? I do not expect that all of these would have been resolved by now. I understand that some are in the process of having to be worked on and I understand that. That is part of the normal process of doing business within the department, but if he can provide that for me within a few days, I would appreciate that.

Can he also advise, at this point in time, when he talked about one of the health care, I think he said, facilities that were involved in the process, can he tell me the facility that is involved with that labour force adjustment?

**Mr. Gilleshammer:** Yes, it is one major committee that gets involved with a number of the facilities from time to time to resolve some of the health care issues in terms of the new direction the Department of Health is taking in terms of governance.

**Mr. Reid:** I take it then that the minister is talking—and perhaps he can correct me on this. Is he talking about the new regional health board's activities dealing with perhaps downsizing of the various facilities throughout the province, or is he talking about some other matter involving other health-related facilities?

**Mr. Gilleshammer:** Yes, I am told this predates the regional boards coming into effect, but there is a list here of nine facilities that are going through some issues around workforce or Labour Force Adjustment, and there is a single committee dealing with them.

**Mr. Reid:** Can the minister share the names of them here with me now, or can he provide the names for me in the next couple of days?

**Mr. Gilleshammer:** Yes, I can provide the names. They are the Dauphin Regional Health Centre, the Brandon General Hospital, the Flin Flon General Hospital, the Morden-Winkler General Hospital, Deer Lodge Centre, Health Sciences Centre, Misericordia General Hospital, St. Boniface General Hospital and Seven Oaks General Hospital.

**Mr. Reid:** Okay, I thank the minister for that information, and if he can provide the more complete list in a few days, I would appreciate that as well.

You have eliminated one of the Employment Standards officer positions. Why have you eliminated that position?

**Mr. Gilleshammer:** The staff reduction occurred in Brandon. The individual left the employ of the department, and it was felt with the level of work that was being handled in Brandon that we could do with one less employee there.

\* (1730)

**Mr. Reid:** Can you give me an understanding on a comparison here? What was your caseload for that department in Brandon? What was your caseload in Winnipeg last year and your over-year comparisons? How many officers did you have in Brandon?

**Mr. Gilleshammer:** I am told that the expectation is, the caseload is and should be between 150 and 200.

One of the additional aspects to handling the workload here is that a 1-800 number has been used for rural Manitoba, and a number of individuals can access services over the telephone and are served in that manner. The quick-resolution initiative has led to, I suppose, being involved with clients and resolving

issues in a quicker way, but the average is between 150 and 200 per worker.

**Mr. Reid:** I take it then that the caseload for the Brandon offices has dropped off as a result of the 1-800 number, the cases are now being phoned into the Capital Region in the Winnipeg office and that you no longer require the staffing in the Brandon office. Am I correct in my assumption there?

**Mr. Gilleshammer:** Yes, my honourable friend is correct that some of the cases are handled over the phone from offices here in Winnipeg. As well, we have made an attempt to cross-train some of the staff in the Brandon office, which enables them to perform more than one function.

**Mr. Reid:** So if you are seeing a corresponding decrease in Brandon and an increase in Winnipeg, what does that mean for your staff here in Winnipeg now that they are handling the caseload for a wider area? Does that mean that you are seeing an increased workload for those people, and if that is the case, are they able to handle that without having undue delays for the clients that are calling in?

**Mr. Gilleshammer:** Well, the ongoing work of the department is to monitor the workloads of individual staff and, where we have to make changes, we will.

**Mr. Reid:** Is the minister talking about within this budget year, making changes, or perhaps he can shed some light on what he referenced.

**Mr. Gilleshammer:** I am just saying that the ongoing role of any manager is to evaluate the workload, the volume of work, and to see that we are providing the best possible service for our clients. If we are creating an undue burden on any individual then it is incumbent upon us to remedy that so that not only is adequate and good service provided but that our workforce can handle the volume of work that is coming their way.

**Mr. Reid:** Can the minister tell me, does the managerial—you have two positions in there—is there administrative support assigned to these two positions and, if so, is it on an individual basis?

**Mr. Gilleshammer:** I am told we have one support staff for those two positions.

**Mr. Reid:** I want to raise this case with the minister. I am not going to use the name of the firm, and I am not going to use the name of the individual. There has been some discussion on this in the past with respect to third-party complaints being filed, and I understand that there may be some sensitivity by the minister of the department to accepting cases like this.

The individual that is involved is a widow with three children working for one of the call centres here in the city. The problem is the individual has to work on, as do the other employees in the operation, contracts that come into the firm. They understand that they may be required to work more than the regular number of hours per day. From my understanding, they do not have a serious problem with that, although in the case of a widow there is a need to get home and tend to your children after the working hours.

**An Honourable Member:** What age are they?

**Mr. Reid:** I do not have the ages here. It would be in my other file downstairs. I only have the information, but I can get that information for you.

The individual is sometimes asked to work 10, 15 hours more in a week. Now, you can correct me if I am wrong here, I understand that there are standard hours of work that have to be met before an individual would be eligible for the overtime, but it is my understanding too that there is an averaging that takes place out over a month. If you work more than 160 hours a month in a particular firm, because some firms' hours fluctuate for their employees, if more than those hours are worked, then an individual would be entitled to receive overtime pay consideration.

Am I accurate in my understanding of how that process works, and if that is the case, how does an individual go about raising this matter with the Employment Standards Branch without putting their job on the line? The last thing they want to do is risk their employment, but at the same time they want to be treated fairly. How does an individual go about this process without being identified?

**Mr. Gilleshammer:** I am told there are a number of variables that come into play here, and maybe the solution we would offer is for the individual to contact

our department and indicate the circumstances and have our people investigate it. In many cases, I am told, it is a matter of providing advice about what the law is and relating that to the normal hours of work and the right to refuse to work overtime.

Also, it sometimes is dependent on a collective agreement as well. So there are a number of variables there, but the individual could make contact with a staff member, and it can be done sort of anonymously to get that information. We would treat it as confidential, and that advice could be provided.

\* (1740)

**Mr. Reid:** I would appreciate that opportunity for this individual. It is a precarious situation. You are working for a salary in the very low \$20,000 range per year, and you have got three extra mouths to feed besides your own. You do not want to risk losing employment; you want to keep your job. I mean, you are fairly comfortable in the knowledge that you at least have a job and you are working, but you want to be treated fairly. The fear here is that the individual would risk losing that job. So I raise this with the minister that you have to—when I refer the individual to the department, there has to be quite a bit of sensitivity to the fact that the individual has to remain anonymous in this process because the individual knows of other people that have raised this matter before during the course of employment with that particular employer and have lost their job. We want to keep the people working. We want them to be treated fairly, I hope, and, at the same time, make sure that responsibilities on both sides are met. So, when I raise that perhaps with Mr. McFarlane later, we can do it with some sensitivity to the employment prospects.

**Mr. Gilleshammer:** I thank my honourable friend for that understanding. This is not a third-party complaint or issue; it is a direct issue affecting that individual. So we can handle that with sensitivity and determine just what the appropriate rules are and establish what fair treatment is. So I think that, if you do pass that on to Mr. McFarlane, he would treat it as such.

**Mr. Reid:** Okay, I would appreciate that. There is a great fear here by the individual, knowing what has happened to other colleagues in the past, and I want to

make sure that there is every sensitivity. I do not know if you go in and do an audit of the firm or how you undertake the investigations in these matters, but there has to be some way to not be able to identify this individual to the employer because the individual is absolutely certain that the job will disappear immediately. So I will raise it with Mr. McFarlane later, and I have no other questions under that area.

**Mr. Chairperson:** 11.2. Labour Programs (j) Employment Standards (1) Salaries and Employee Benefits \$1,867,400—pass; (2) Other Expenditures \$573,600—pass.

11.2.(k) Worker Advisor Office (1) Salaries and Employee Benefits \$512,400—pass; (2) Other Expenditures \$145,000.

**Mr. Reid:** Can the minister tell me the caseload for the Worker Advisor Office, the number of cases for each of the workers? Are there any vacancies within that particular department? Were any of your people removed for other duties from the department during the course of this last year?

**Mr. Gilleshammer:** The average caseload per worker advisor is approximately 60, which I am told is about half of what it was several years ago. I believe the budget document shows a reduction from 12 to 11 in terms of staffing, but we have a secondment there that is covering off a position. The secondment is an individual from Justice.

**Mr. Reid:** Can the minister tell me, the individual has gone from the Worker Advisor's department into the Justice department, or is the individual still seconded?

**Mr. Gilleshammer:** We have somebody from the Department of Justice who has been seconded to work within the Worker Advisor Office.

**Mr. Reid:** Can the minister tell me why that is the case?

**Mr. Gilleshammer:** We have somebody who has been seconded from the Department of Justice who is, I guess, gaining some experience within our department in the Worker Advisor Office with the view to moving over here on a full-time basis.

**Mr. Reid:** So, do I take it then you anticipate that this individual is being trained, that they will be taken into your staffing year's complement once that training is complete? Am I correct in that understanding?

**Mr. Gilleshammer:** I guess at this point we are not sure yet whether this person feels comfortable within this new position and is spending some time within our department to see if it is a position that can be, would be suitable for her.

**Mr. Reid:** Can the minister provide the name of the individual for me?

**Mr. Gilleshammer:** The individual who has been seconded from Justice is a person by the name of Irene Kavanagh, and I am told her background is both as a lawyer and a nurse, and this appears to be appropriate training to work within this part of our department. Again, I guess it is early on and Ms. Kavanagh is getting an understanding of what we do in that particular branch of our department, and we will see where we will go from here.

**Mr. Reid:** You have cut an administrative officer's position. It is the Administrative Support position. All the way through this document I have asked if you have secretarial support, administrative support, for each of your manager's position, your Professional/Technical people, and you have indicated in every case that I have recorded here that, yes, you have. How is it that you are able to cut an Administrative Support person out of the Worker Advisor Office? Yes, the caseload is down a bit; I understand that. You have still got some over 500 cases that are on the go there. What was the function of that administrative support person within the operations of the Worker Advisor Office? Did that person work solely for the manager or did that person work with the professional and technical people, the worker advisors themselves, and what type of activities did that person do in the department that you feel that function is now expendable?

\* (1750)

**Mr. Gilleshammer:** Well, certainly my honourable friend has asked about support staff positions throughout the three days we have had the opportunity

to look at this department. I do take issue with some of the language he uses when he says, why is that person expendable? These are human beings that hold these positions and sometimes they—

**Mr. Reid:** Why did you cut it?

**Mr. Gilleshammer:** Well, my honourable friend wants to get into a debate here. I thought he asked a serious question, and I was going to try and give him a serious answer. I would hope he would have the patience and good manners to listen, if he is genuinely interested in the department and the things.

I have assumed right from Day One that he brought forward issues that he wanted to talk about. He has described himself as a critic and an advocate on a number of occasions, and I respect that. I think we have had a very good exchange over the last three days in trying to examine our expenditures, our staff component, and our salaries and the work that we do.

I have indicated that there has been a certain amount of restructuring that has gone on within the department, that just a few short months ago we were organized into four different separate departments within our department. We have done some streamlining and changes and brought in some new people. We talked the other day about the retirement of two of our most senior people, and both he and I and his Leader have spoken very highly of these people. Certainly we are sorry to have lost them, but, when you have retirements, it is sometimes a chance and an opportunity to change. Part of the restructuring came as a result of the retirement of an assistant deputy minister, and we see it not only as a time for change but also an opportunity.

So there are changing functions within the workplace, and sometimes some of the support staff can be shared. At other times, with the advent of new technology, some of the work is done in a different way. It is done more efficiently. It is done sometimes with fewer people, and that is one of the challenges, of course, of technology across the whole world, that when you have new technology coming on stream sometimes you need fewer people for what was a position that was there for many, many years.

In this case, we are talking about an average caseload per worker advisor of around 60, and, as I had indicated earlier, this is about half of what it was just several years ago. A lot of these can be resolved very quickly.

So we have to adjust to a changing workplace out there, and the worker advisors have had to adjust. We have got some staff changes, basically the same number of people, but within that, I guess a little bit of downsizing, and part of it is due to restructuring, part of it is due to changes in the workplace, doing fewer and fewer cases, and some of it is due to new technology.

Now, I guess one of the things that I always ask myself is, are we providing service, adequate service? Are we providing good service? I think that any department that provides service has to be prepared, from time to time, to examine itself. Part of that is determining whether you have client satisfaction, whether there are a lot of complaints out there. What is the time span and the time limits for handling a case and finding resolution to cases?

So those are the various, I think, measurements that can be used to determine whether that service level indeed is there. In the few short months that I have been in the department, I have had very, very few cases brought to my attention where people were of the mind that the services were not being provided by the staff who make up the Department of Labour.

These are changes that are taking place in many shops across the province, both government and the private sector. Whether it is in the public service in the school divisions, the universities, or whether it is in businesses, there are always changes. We have to accept, as we spend more money on technology, that sometimes we can do things better, and it may require fewer people in that particular component of the department, but it may take more people somewhere else.

Again, I have a lot of faith in senior managers here to manage and to evaluate whether we have got the appropriate staffing levels. I have not had any concerns expressed to me to the contrary.

**Mr. Reid:** Well, I am serious when I ask my questions here, and that is why I have asked this question all the

way through, because I have noted that the Worker Advisor Office does play a very important role in the process of resolving cases involving the Workers Compensation Board, and if you take away the administrative support staff—and my understanding is the individual perhaps was involved with the processing of the correspondence involving the claimants, involving the board, involving doctors. There is all kinds of correspondence involved in the worker advisor's capacity. I know because I have acted as an advocate on many of the cases as the critic for a number of years. So I understand, at least in part, the magnitude of the role or the task that is involved from a worker advisor's perspective.

That is why I asked the question. You cut the administrative support, and yet in many of the other functions you have kept the administrative support. So I do not understand why you would want to cut that particular person's job out of there. If you felt that it was necessary, are you intending to perhaps share the administrative support from one of your other functions with the advisor's office to assist the worker advisors so they are not spending their time doing administrative work when they should be doing that research work that is required for their particular job? That is why I say, are we getting the best value for our dollar here under the Worker Advisor Office by having worker advisors undertake administrative work when they should be doing more of the technical research work dealing with The Workers Compensation Act and the claimants that are involved in interaction with the doctors and the board and others? So that is why I ask, is this the best utilization of the role to get the worker advisors to do the administrative function, because I take it that they would have to assume that responsibility? Yet now that the administrative support is cut down, then it obviously has to reduce some of their time in dealing with the more technical functions of their job.

**Mr. Gilleshammer:** I am told the question was put to the staff whether they wanted administrative assistance or whether they wanted another worker advisor or another intake officer, and this individual has been transferred from admin support to an intake officer.

**Mr. Chairperson:** The time being six o'clock, committee rise.

**INDUSTRY, TRADE AND TOURISM**

**The Acting Chairperson (Mr. Gerry McAlpine):** Order, please. Would the Committee of Supply please come to order. This section of the Committee of Supply will be dealing with the Estimates of the Department of Industry, Trade and Tourism. Would the minister's staff please enter the Chamber.

\* (1450)

We are on Resolution 10.4 Economic Development (a) Economic Development Board Secretariat (1) Salaries and Employee Benefits \$545,200. Shall the item pass?

**Mr. Jim Maloway (Elmwood):** Mr. Chairman, might I suggest that we pass further sections at the end of today and that all we have got left is the Canada-Manitoba agreement, which is (e) on page 88, and then we have Minister's Salary and we have the final section that you are dealing with right now, and I would suggest we hold everything until all the questions have been asked and answered and then we will pass the whole thing at once.

**The Acting Chairperson (Mr. McAlpine):** Is that agreeable with the committee? [agreed]

**Mr. Maloway:** I would like to begin by asking the minister to give us a bit of the history of this Canada-Manitoba communications technology agreement, how it developed, when it developed and a list of the grants that it gave out.

**Hon. James Downey (Minister of Industry, Trade and Tourism):** I take it the member is referring to the Canada-Manitoba Communications and Technology Research and Industry Development Agreement? The agreement, actually, was negotiated between the federal and provincial government and was signed on November 9, 1992—it goes back a considerable ways—announced on March 23, 1993. It was a five-year agreement; each level of government was to contribute \$5 million over five years to communications technologies.

The agreement was initially reduced to 4.490 by the federal government as a cost-cutting measure and Manitoba matched this cut. That is basically it, Mr. Chairman. It was to develop new opportunities in the high-tech communications field. I think there have been some substantial results. I think some of the projects, it is too early to conclude.

You know, the member seems to be wanting to make a lot about one of the particular parts of the program or one of the companies. I guess I go back, again, and point out to the member that the agreement basically was to do precisely what it says it was to do. It was to do research and industry development.

I think there are some very positive results that flow from this and will continue to flow from it. When you are in the research and development project business, you do not come up with winners all the time but, quite frankly, we have not come up with losers either, so I think it is important to point that out.

**Mr. Maloway:** Could the minister tell us then what dates the program finished, because it was a five-year agreement started November 9, 1992. Presumably it is still operating until 1997 and still getting grants.

**Mr. Downey:** The end of the program came in March 1996, the beginning of 1997.

**Mr. Maloway:** Would the minister give us a list of all of the grant recipients in this program since its inception on November 9, 1992, and the amounts that each participant received.

**Mr. Downey:** The member may well could have checked these out, because they are listed in the annual report, so there is not a matter of having to wait until this particular occasion to get that information. It is listed in the annual report. If he wants to avail himself of that it would be all right. I can give him the ones that were a part of it. Iris Systems Inc.; TeleSend Gateway Inc.; ManGlobe Virtual Corporation; and Blue Sky FreeNet.

**Mr. Maloway:** I did want to tell the minister that I had previously taken his advice and gone through the annual reports to determine just which companies did get grants, but I think the minister will have to admit

that the figures that are shown in the annual reports, in the ManGlobe case, in any event, certainly do not add up to what we know ManGlobe to have received, at this point anyway, and perhaps the final figures will come in the yet to be released report for this year.

I wanted it from the minister as to how many participants were involved in receiving the grants. I would like to ask the minister to tell us what the first grant applicant got in terms of a grant and who approved it and what was produced as a result of the grant. What do we have to show for the expenditure?

**Mr. Downey:** I missed the first part of the question. I wonder if he would repeat it, please.

\* (1500)

**Mr. Maloway:** I wanted to ask the minister to take the very first grant that was made under this Canada-Manitoba communications agreement program and tell us the amount of the grant and the approval procedures involved in it, who approved it, and what were the results. Like, what is the current status of the grant and the project?

**Mr. Downey:** Mr. Chairman, the overall agreement was managed, and I can give him the answer that he wanted in Question Period today. The overall managers of the agreement were Stephen Leahey, from the province, who I told him the other day, and Kevin Paterson was the federal government's representative as it related to the agreement.

Iris Systems Inc. got 924,000.1. It is my understanding that it is no longer operating. They actually sold some of their product, probably the proper word, technology, to the U.S. company, but are no longer in operation. TeleSend Gateway Inc. are a successfully operating company. ManGlobe are operating, I understand, successfully. Blue Sky FreeNet is operating successfully and just recently received some support under the Canada-Manitoba Infrastructure Program, and they are providing service under the Internet, systems services to the remote and outlying regions of the province, so they are continuing to operate as well.

**Mr. Maloway:** Now, the minister has indicated that Iris Systems is no longer operating. What exactly was

Iris Systems supposed to develop with this money, and what did it develop with this money?

**Mr. Downey:** They had a proposal, Mr. Chairman, to develop a system for metre reading for gas and hydro systems. It is my understanding that they initially had a program that looked very promising and for a certain number of reasons they basically lacked the ability to have enough resources to bring it to the marketplace, and it is my understanding that that is the technology that was sold to the U.S. company, that they are now in the process of doing it.

**Mr. Maloway:** So would the minister characterize the Iris Systems project as a failure or success?

**Mr. Downey:** I would not consider it a failure, Mr. Chairman. I would consider it part of the research and development that it was intended to do. There were resources utilized to develop a system which did not get to be a successful business under the auspices of those who originated it, but the technology, it is my understanding, has been sold. One could put it down to somewhat of a success, not overly a financial success, but as far as the overlying objective of developing technology and being available to the marketplace, they played a role in that development.

**Mr. Maloway:** Let me ask the question another way then. If the minister had to do it over again, would you have followed through with this particular proposal and project?

**Mr. Downey:** I guess one could look at it in this context. Hindsight is 20-20 vision, and if one were to have had the experience that we have had today, probably you would have changed some things. Basically, I think the work that had been done, the due diligence and the opportunities that had been presented to the province of Manitoba—after all, let us remember, people have to have their metres read, whether you are a consumer of gas, a consumer of electricity. To do that and generate revenue for a business doing it, I think it had all the right things going for it, but could not be brought to a successful commercial operation in Manitoba.

So the technology and the information that was developed, I would say, was somewhat of a success.

**Mr. Maloway:** Would the minister tell us then, what date did this grant get approved, and I would like to know what date the Iris Systems grant got approved. Was it given in one lump sum or was it given in instalments? Who were the principals of this particular project?

(Mr. Marcel Laurendeau, Chairperson, in the Chair)

**Mr. Downey:** Mr. Chairman, the agreement was signed on Iris Systems on June 1, 1993.

**Mr. Maloway:** Mr. Chairman, well, I asked the minister, you know, when it was signed, when the money flowed, what amounts they flowed. Was it one big sum or was it split up into smaller payments?

As the minister is well aware, we checked the annual reports going back a number of years and we were able to find only in the ManGlobe case \$125,000 listed. The minister says the program ended, I believe it was, what, March last year, and the other two payments that would total to \$500,000 do not show up in any of the annual reports up to this point. So would the minister account for all of this \$924,000 as to when it was given? I would also ask him: Who were the principals in the Iris Systems project?

**Mr. Downey:** Mr. Chairman, I will try and get the principals who were involved in the project. I do not have it right here, but I will see if I can get that information forwarded. It is my understanding that money was advanced when there were invoices that were submitted and were approved as per the agreement. There was also a 5 percent holdback payment to make sure that all the things that were to be carried out under the agreement were in fact done.

**Mr. Maloway:** Mr. Chairman, can the minister then tell us whether he would release a copy of the agreement? Would he also tell us whether any audits were done on the expenditures of Iris Systems?

\* (1510)

**Mr. Downey:** Mr. Chairman, again, I have had this question as it relates to individual agreements, and I have not found the ability to release it, because of third-party involvement. The overall agreement, as the

member knows, is available to him. There were ongoing audit activities as the project advanced and were, in fact, carried out before monies were advanced, so the question is, were there audits carried out? And the answer is yes.

**Mr. Maloway:** What type of audits were done, and what were the results of the audits on the Iris Systems project?

**Mr. Downey:** The audits were to indicate what the monies were to be applied to, and it is my understanding, the department indicates to me, that those monies were used for those purposes.

**Mr. Maloway:** Would the minister then tell us what the nature of the audits were? Were they forensic audits? Were they test audits? Were they requested? Were they requested by someone in the government?

**Mr. Downey:** I do not know why the member would want to know if there were forensic audits. Mr. Chairman, I think this agreement was entered into in good faith on all parts of all individuals and that there was not any intention of misappropriation of funds. It is my understanding that the internal audits, basically done I think by MDC, were of the nature that would make sure that the funds that were being used were for the purposes which the agreement stated. Unless the member has some additional information of the need for consideration of a forensic audit, I am not aware of any need for such an audit.

**Mr. Maloway:** Could the minister detail for us what due diligence was done on the part of the province in the selection of the Iris Systems people for this particular project?

**Mr. Downey:** I think, first of all, it should be understood that the project was advanced by the proponents. Secondly it was, as I stated, new technology. The technology is basically the development of two-way meter reading and load control systems. The project included the design of the load control software and miniaturization of the meter reading hardware, including the development of application-specific integrated circuits which reduce the number of components needed to assemble, and therefore end, the production costs per unit. The

technology utilizes wireless communications over a unique network system. The products will be utilized in utility market with specific targeting of electrical utilities.

Again, the proponents of the project came forward with a legitimate proposal which quite frankly, when you are dealing with the costs of meter reading, and in some of the sparse areas of the province and throughout North America and through the world basically, it looked like and was to my knowledge a good proposal which had a lot of merit.

It was not in any way, shape or form to try and misuse government money or to try in some way to take advantage of government money. It truly was a legitimate project which would develop a system for meter reading that would have been a marketable product if they could have had the ability to stay with it as investors. They have seen that they could not proceed to do it, and that is the cost to the province and the federal government of being involved in research and development. I think, quite frankly, Mr. Chairman, that it has demonstrated its worth.

**Mr. Maloway:** I would like to ask the minister again what due diligence the government did. Did the government check the credit rating of the principals? Did it check the experience of the individuals, the proponents, and see what kind of a track record they had, and did they have a track record? I am just asking basic questions about due diligence. Can you tell us what you did in the way of due diligence before you signed on to this project?

**Mr. Downey:** It is my information that proper due diligence was done, that the individuals that I am aware of that were involved in the project—and when I get that list of people we can further discuss them if he has any questions, but to my knowledge they were reputable people with the proper kind of due diligence done to make sure that it was a legitimate proposal.

**Mr. Maloway:** Can the minister tell us then whether credit ratings were checked?

**Mr. Downey:** I have not got the specific answer, but I would speak from knowledge of other work that has been done on other agreements that, yes, I am sure that that kind of inquiry was carried out.

**Mr. Maloway:** Could the minister take us through the approval process, then, for this particular grant? Presumably an application was filled out. Take us from that stage to where the government would be writing the cheque. Who would be involved in the approval process of each step?

**Mr. Downey:** The normal process of government decision making was carried out as it relates to this program, as in any others, and he would be knowledgeable about that. I am sure.

**Mr. Maloway:** I am trying to discover how the approval process was conducted and who made the decisions on the funding of this particular project. The minister mentioned earlier that Steven Leahey was involved in the final approval from the provincial government side for ManGlobe, but it is by no means clear to me that he would be the same person involved in this particular project.

**Mr. Downey:** The program reports through the Department of Industry Trade and Tourism. I have identified who the provincial representative was on that overall umbrella agreement. The process moves from approval from the department through to senior executive level through the normal approval process of government.

**Mr. Maloway:** At what stage would this proposal have been dealt with by the Economic Development Board?

**Mr. Downey:** In the earlier stages, if this actually came through the Economic Development Board secretariat, if not it would have had to go through the Treasury Board system on a normal process basis.

**Mr. Maloway:** Could the minister tell us in the case of the Iris Systems project then, did it go through Treasury Board, or did it go through the Economic Development Board?

**Mr. Downey:** I cannot recall at this particular time as to whether or not it actually would have flowed through Economic Development Board, but it would have gone through Treasury Board for sure.

\* (1520)

**Mr. Maloway:** Can the minister tell us at this time who were the members of the Treasury Board and who were the members of the Economic Development Board at the time that this grant was made?

**Mr. Downey:** That is all public information through Order-in-Council. If the member wants to find out he can certainly check that out. There is nothing secret about that. It is all registered with the Lieutenant Governor.

**Mr. Maloway:** Perhaps to expedite matters, the minister would tell us and answer my question specifically about this particular Iris grant as to whether or not it was approved by the Economic Development Board or whether it was approved by Treasury Board, and who were the members. The annual reports going back to 1991-1992 initially indicate that there were five senior ministers involved sitting on the Economic Development Board, and then 1992-93, I believe, it changes to six ministers. So I would like to know, at the time that this grant, being the first one that was approved under this particular agreement, was approved, who were the people sitting around the table who decided to approve this as far as the Economic Development Board was concerned?

**Mr. Downey:** Mr. Chairman, as I indicated, I am not sure whether this project actually went through the Economic Development Board or whether it proceeded to go directly to Treasury Board. As far as who sits on the different boards and who goes to different meetings and that type of thing, that is information which has never been given at a committee stage and as far as I am concerned does not need to be given. If the member wants to find out who sat on Treasury Board or who sits on Economic Development Board, he is quite free to go and check the Orders-in-Council and find out who it is. There is nothing secretive about that. That is just part of the normal process of being a member opposite. That is the kind of research that has to be done if you want to find out that information.

**Mr. Maloway:** Mr. Chairman, I think we are simply trying to find out who the decision makers were or the decision maker was on this, the first grant under this Canada-Manitoba agreement, the first grant, incidentally, that went into the tank and resulted in a failure and a loss to the taxpayers. I want to find out

whether there is a pattern here or whether this is just an isolated example of how this government conducted business at that time. There was a serious reorganization in this department over the last few years. The minister knows that. He has gone through a whole series of deputy ministers, and it certainly indicates that there is some sort of turmoil and upheaval in his department. So I am trying to get to the bottom of who in particular was responsible for this particular grant, and if it was the Economic Development Board, fine. And who was on the board? Who was ultimately responsible for approval of this grant?

**Mr. Downey:** Mr. Chairman, I have indicated who developed this particular proposal under the communications agreement, who was involved as it relates to the department, and as far as Economic Development Board—and I am not absolutely sure whether this went before Economic Development Board. It could have. I have not got the minutes. I can find out for the member, but as far as I am concerned the financial aspects of this kind of an agreement would have to go through the Treasury Board and the normal system. I do not know what more I can tell the member.

If he does not understand the decision making within government, I am surprised that he does not, because he was here for a considerable number of time under the Pawley government, and if he was not told how they make decisions, whether it was with MTX or with some of the other ones that I have got to put on the record here today, then I am sorry, I cannot help him. That truly is his problem and not mine that if he cannot understand the decision-making process within government—I have told him normally the process would be to go through the Treasury Board system to get approval.

**Mr. Maloway:** Mr. Chairman, could the minister tell us where the federal involvement was in the grant to the Iris Systems company? What process would it take as far as the federal government was concerned, or was it simply a case of Kevin Paterson from the government and Steven Leahey from the province sitting down and flipping a coin, deciding that this project was good, this project was not good? I cannot believe that they funded every project that came their way. I am sure there were some here that they refused. That reminds me of another question.

**Mr. Downey:** Mr. Chairman, I do not want the member to be misled in any way. The federal government did not necessarily participate in each and every one of these particular funding arrangements, so I cannot answer for the federal government, although when there was a project came forward it would basically be done, developed by the two leaders of the program and then presented to their two different levels of government, and whatever process each one had to go through would be carried out. In some cases, and I say this, in some cases the federal approval levels may be at a higher level, so they may not have had to go through the same process that we go through. For example, they may have exemptions under a certain level as it relates to an agreement and may not have to go back to their treasury board system. I do not know that for sure.

**Mr. Maloway:** I would like to know how many projects the government refused. For example, this particular project I am assuming was proposed by the proponents to the provincial government. Is that the route that it followed, or did it come from the federal side of things?

**Mr. Downey:** My understanding, Mr. Chairman, is that it came from the overall project leader or the person responsible for it and then advanced as it related to the approval process.

**Mr. Maloway:** The project heads, meaning who? Mr. Leahey and Mr. Paterson would be the project heads that he is talking about?

**Mr. Downey:** That is correct. They are responsible for the overall program, but they may have had other individuals working on their behalf as it relates to some of the day to day detail of it.

**Mr. Maloway:** Can the minister then give us some indication of how this program was advertised and how many applications were made that were denied under the program, because what we see here is perhaps only four successful applicants for this pile of money, and I cannot believe that when there is money available there would not be a whole legion of people interested in getting it. There are only four successful ones. How many unsuccessful applicants were there?

**Mr. Downey:** I think I put on the record that the overall umbrella agreement was signed November 9, 1992, and announced publicly on March 23, 1993, so the public knew about it through public announcement.

**Mr. Maloway:** It still does not answer my question. How many unsuccessful applicants were there for monies under this program over the duration and life of the program?

**Mr. Downey:** I would not be able to find out that number. I could attempt to do so, but I guess at what stage would you call them unsuccessful? Did they make a call to the office and not proceed any further? Did they go down to the wire and then get refused? Again, what I have to keep track of are those that were successful. I could try and find out from the department as to how many got a serious ways down the path of getting some developmental work done, but at this point I have not got that information.

\* (1530)

**Mr. Maloway:** I think it is reasonably important information to have, because I think one would want to know how well the program was advertised and how much interest there was in the program and how much due diligence was done on the projects and what the success rate was on the projects. I do not know that we need an exact number of applicants that were made or applications were filled out, but I wanted a general sense of how active was this program. I mean, did they have to pick four applicants out of 4,000, or was it four out of 400, or was it four out of 4?

**Mr. Downey:** I will determine to get that information, Mr. Chairman.

**Mr. Maloway:** Thank you. I would like to ask him what the second grant was and basically the same process. I would like to know when the second grant was made, how much it was made, was it made in one allotment, was it made in stages, and to whom that grant was made.

**Mr. Downey:** I think the initial discussions probably took place in 1993. No, I am sorry, TeleSend—

### Point of Order

**Mr. Chairperson:** The honourable member for Elmwood, on a point of order.

**Mr. Maloway:** I want to make certain that the minister did identify the grant, and he was about to do that. It is just that he identify the name of the people who were getting the grant.

**Mr. Chairperson:** Order, please. The honourable member did not have a point of order.

\* \* \*

**Mr. Chairperson:** The honourable minister, to conclude.

**Mr. Downey:** Mr. Chairman, TeleSend, they approached the province in the spring of 1994 and received a \$20,000 grant from the Business Development Fund, and then in July there was an additional \$180,000 approved from the Canada-Manitoba communications agreement in October, so the initial \$20,000 was to take an overall look at the proposed business plan to make sure that the monies would be used in accordance—you could call it due diligence, you could call it whatever. That was used for that purpose, and in July the \$180,000 from the Canada-Manitoba communications agreement was approved.

**Mr. Maloway:** Mr. Chairman, if the minister could repeat some of what he just said. He said \$20,000 from the Business Development Fund, and what was the date of that?

**Mr. Downey:** That was in July, and the \$180,000 under the Canada-Manitoba agreement was agreed to in October.

**Mr. Maloway:** Of 1994?

**Mr. Downey:** Yes, '94.

**Mr. Chairperson:** Do you want to put that on the record, the year was 1994?

**Mr. Maloway:** Yes, the year was 1994. I would like to ask the minister then, in each of these two grants,

what the dates of the applications were. Like, he has given us the rough dates of when the money flowed, but what were the dates of the applications themselves?

**Mr. Downey:** That kind of detail we will have to get.

**Mr. Maloway:** Likewise with this particular grant, could the minister tell us what this grant money was used for and what this project was all about?

**Mr. Downey:** Basically, the business was to further develop the business as it relates to the 1-800 number using voice recognition technology. I know that they were marketing it to the hotel industry and other areas to further develop the market as it relates to that same activity. It also was proposing to offer a network of goods and services through the use of 1-800, as I said, on the voice recognition, and it is my understanding that they have recently acquired a contract with a company out of Ontario and to my knowledge are operating on a successful basis.

**Mr. Maloway:** Likewise I had asked of the previous grants what due diligence was done in the case of Iris, I would like to know what due diligence was done in the case of this particular grant.

**Mr. Downey:** The same process as I expressed earlier.

**Mr. Maloway:** Well, the same process, the minister did not know what the process was for the first grant, and clearly there was no process for the ManGlobe grants which we will get to in a while. I would like to know specifically was a credit check done as I had asked about Iris. Was a credit check done in this particular case?

**Mr. Downey:** I thought I answered those, that that had been done.

**Mr. Maloway:** Had not?

**Mr. Downey:** Had been done.

**Mr. Maloway:** Had been done?

**Mr. Downey:** Yes.

**Mr. Maloway:** The minister is saying that in the Iris case and in the TeleSend case that credit checks were done on each of the principles involved in this project?

**Mr. Downey:** Yes, Mr. Chairman, I indicated the department had carried out to my understanding the necessary work that had to be done prior to the advancing of money under this agreement.

**Mr. Maloway:** Likewise as with the Iris Systems grant, could the minister tell us what the track record was of the people that got this grant, what sort of experience they had in this field and whether they had any experience at all?

**Mr. Downey:** First of all to talk about Iris, Vision was a co-investor with the Teachers Retirement Annuity Fund, Workers Compensation Board, as well as the founders, Michael Wiebe [phonetic] and Mr. Dennis Johnson [phonetic], were also co-presidents of the company of Iris.

It is my understanding that to TeleSend, the owner being Shalesa Charron, who is still operating the business, I am not at liberty to say a whole lot, but I understand that there had been some difficulties with a relative of hers which I am not prepared to talk about anymore because of possible implications, but I can talk privately to the member. But at this particular time the company is operating, and it is being headed by a person by the name of Shalesa Charron, which it is my understand was checked out by the department and appropriately accepted.

**Mr. Maloway:** Then would the minister confirm that in his due diligence credit checks were done then on this particular company owner, applicant?

**Mr. Downey:** It is my understanding that the department would carry out that kind of activity, correct.

\* (1540)

**Mr. Maloway:** Can the minister tell us, likewise I asked about the Iris Systems grant, about the auditing process, if any, that was done regarding these funds to make certain that they were used for the purposes intended. What sort of auditing was done on this particular grant?

**Mr. Downey:** I am sure the same process of auditing was carried out on all projects as it relates to this agreement.

**Mr. Maloway:** Mr. Chairman, the minister no doubt is aware that the grants, I believe he had indicated the grant to this particular applicant was—he had it listed in two stages. Can he confirm that the \$20,000 was given at one time and that the \$180,000 was given at one time?

**Mr. Downey:** The first \$20,000 was under the Business Development Fund, which is available to anybody that comes forward with a proposal or looking at a business development. That was provided before any of the Canada-Manitoba communications agreement money flowed. That was done to a feasibility study. The Canada-Manitoba communications money flowed in two different batches. First was a \$90,000 approval. The balance was put in trust until there was proof that all the bills had been paid from the previous \$90,000 and all of the conditions were met as it related to the agreement. So it went in three different groups. The first was a \$20,000 feasibility study, the second under the Canada-Manitoba communications agreement, and \$90,000 was flowed. After there was satisfaction that the money had been used appropriately and the plans were still in place, the additional \$90,000 was flowed. So it basically was flowed in three different lots.

**Mr. Maloway:** Mr. Chairman, can the minister then tell us who the three lots were flowed through to? Was it the company TeleSend Gateway Incorporated on all three cheques?

**Mr. Downey:** Mr. Chairman, I think the member may be dealing with, where initially the company was TeleSend Gateway Incorporated, now it is operating as TeleSend, and I think the company initially probably would have received the money as TeleSend Gateway Inc. and it is now operating as TeleSend, basically the same company, with Ms. Shalesa Charron as the president of the company.

**Mr. Maloway:** Can the minister explain to me then why TeleSend Gateway Incorporated, the company that he has named here and supposedly owned by Shalesa Charron, that our information is that TeleSend

Gateway Incorporated, same company, is actually owned by Helen T. Ishmael. I see no Shalesa Charron listed as the owner of TeleSend Gateway Incorporated. And who might that be?

**Mr. Downey:** The person that the member for Elmwood refers to I believe was a director on the company.

**Mr. Maloway:** So the minister still has not told me whether all three cheques went to the same company.

**Mr. Downey:** We will have to check that, Mr. Chairman, but it is basically the same company that received the funds, because that was initially who applied for it and it was being operated as a—as I indicate, is being operated by Shalesa Charron, who is I think the president of the company.

**Mr. Maloway:** Can the minister tell me whether TeleSend World Card Inc. was a recipient of any of these funds?

**Mr. Downey:** I would have to check as it relates to the names, but it is my understanding that the TeleSend people are the recipients of the funds and audits have been carried out as to the use of those funds. There may have been some name changes, but it, in our estimation, did not change the overall intent of the agreement that was entered into between the province and the company.

**Mr. Maloway:** Where my confusion enters is the minister's statement where he says that TeleSend Gateway Incorporated owned by Shalesa Charron was a recipient of all three batches of money. But my information is that TeleSend Gateway Incorporated is actually owned by Helen T. Ishmael and that Shalesa Charron appears on the TeleSend World Card Inc., and that is where she is listed as the director, the president, the secretary. So would the minister explain this apparent inconsistency?

**Mr. Downey:** As far as I know, it is listed in the annual report as TeleSend Gateway Inc. as getting the \$90,000 for that particular year. That was in 1994-95; '95-96 TeleSend Gateway Inc. also received \$90,000. They were the two payments which were produced by

the province of Manitoba for TeleSend Gateway Inc., the same company.

**Mr. Maloway:** So the minister is confirming then that all three cheques were made out to TeleSend Gateway Incorporated. Is that what he is saying?

**Mr. Downey:** I will double-check that, Mr. Chairman. That is how it is reported in the annual report, and if it is contrary to that, I will want to know why.

**Mr. Maloway:** Well, something is not right here, because if the minister is correct and his department have been sending cheques to TeleSend Gateway Incorporated, it does not list Shalesa Charron. At least my information does not list her as a director or president of this company; it lists one Helen T. Ishmael, 271 Cathcart, as the director and president. However, Shalesa Charron is listed as the director, president and secretary of TeleSend World Card Inc. These are separate companies, they have different directors, and I am wondering if perhaps one cheque did not go to TeleSend Gateway Incorporated and another one go to TeleSend World Card Inc. because the minister seems confused as to who he is actually dealing with here. He says that he is dealing with TeleSend Gateway Incorporated, and he says he is dealing with Shalesa Charron. Well, you cannot have it both ways because Shalesa Charron, if that is correct, she belongs to TeleSend World Card Inc. and TeleSend Gateway Incorporated, where he says these cheques are going actually belongs to somebody else called Helen T. Ishmael. So I am a little confused, Mr. Chairman.

\* (1550)

**Mr. Downey:** I can appreciate that. There may be some confusion as to the makeup of the company and the family. My information is, as of today, that Shalesa Charron is the operator of TeleSend Gateway. Our records that I have available here from the department show that the business start money went to TeleSend Gateway Inc. and two \$90,000 checks went to TeleSend Gateway Inc. If there is a change in the makeup of that company, then I will find out. I am informed today by the department that it is Shalesa Charron who is in charge of it. There may have been previously other individuals that were directly involved.

The individual he refers to was a director, I know was a director, was a director of that company.

**Mr. Maloway:** Well, then would the minister explain to us what role Mr. John Ishmael would have played in this whole grants application process?

**Mr. Downey:** I understand that the lady who that is referred to, Mrs. Ishmael, is the spouse of John Ishmael. I have no knowledge as to what role Mr. Ishmael played in the company, Mr. Chairman.

**Mr. Maloway:** Was any effort made to determine what role Mr. Ishmael played or was playing in the company at the time the grant application was made and the subsequent cheques were written?

**Mr. Downey:** I am informed by the department that he was not dealt with as it relates to this program or this initiative.

**Mr. Maloway:** Mr. Chairman, is the minister telling us then that in this case the controlling mind, the de facto controlling mind of these companies was—was there any due diligence done as regards to the controlling mind of these companies, Mr. John Ishmael?

**Mr. Downey:** It is my understanding from the department that there were no negotiations done with Mr. Ishmael, that it was done by Shalesa Charron and by Ms. Ishmael, who was referred to by the member.

**Mr. Maloway:** Mr. Chairman, could the minister tell us then, what was accomplished with the expenditure of this money? What product was developed specifically and what results have the taxpayers got to show for their investment in this company?

**Mr. Downey:** As I indicated, initially it is my understanding that Ms. Charron is—that the business is operating. They have just acquired a contract I believe with an Ontario company. Contribution from the communications agreement was to assist TeleSend in completing a feasibility study and business plan as well as to market the idea to private sector investors. The business plan has been completed and all indications are that the concept has excellent potential. In fact, as I have indicated, I understand that they have a contractual arrangement with a company. TeleSend

partnered with a Canadian company that has an established client base and developed a plan to test a prototype of the system with the participation of both AT&T and MTS. However, MTS has not entered into a partnership with the other members. Basically it is my understanding that TeleSend is operating and operating successfully and, to my knowledge, the company that Ms. Shalesa Charron is operating is doing so successfully.

**Mr. Maloway:** Then would the minister term this particular project a success?

**Mr. Downey:** Again, Mr. Chairman, we are dealing with new technology, the development of new technology as it relates to voice identification. I know that they were targeting the hotel industry, tourism industry. Again, to measure in absolute dollars and cents, one may say that at this stage there is a business that is operating that would not have been operating without it. It is my understanding that is the case, that there is new technology that is being introduced to the marketplace right here from Manitoba that without doing this would not have been in the marketplace, and there are jobs being created because of this, so I would consider it somewhat a success.

**Mr. Maloway:** Mr. Chairman, the minister deems it somewhat a success. How many employees did it have and how did it spend this \$200,000 specifically?

**Mr. Downey:** I am repeating my answer, Mr. Chairman. I told him what the initial \$20,000 was for, and that was to develop a business proposal. The other \$90,000 in two different lots was to further develop the technology and to market the technology and to get the company off and running. So that basically is what it was used for.

**Mr. Chairperson:** The committee will take a five-minute recess. [agreed]

*The committee recessed at 3:56 p.m.*

---

**After Recess**

*The committee resumed at 4:01 p.m.*

**Mr. Chairperson:** Committee will come to order.

**Mr. Downey:** Mr. Chairman, I neglected—there were some other works done as it relates to this agreement, but not grants. There was some work done of which the department carried out some work. I did miss one grant that I want to put on the record, and it is called MBnet Networking Inc. for \$31,500, which I want to make sure that I am not keeping anything back from the committee. That was signed March 31, 1993. The project was to support the use of a consultant in developing a feasibility study of upgrading of the MBnet to be consistent with the federal backbone network upgrades under the CANARIE program.

**Mr. Maloway:** Let us deal with the approval process as it relates to the TeleSend group or network of companies here. How was this project put together and what levels—like, did it go to the Economic Development Board of the government or did it go to the Treasury Board? Exactly what was the decision-making and approval process in this particular grant?

**Mr. Downey:** Mr. Chairman, it is my understanding, I believe, that it would have done the same as the previous one, that probably the Treasury Board process would have been the process it would have gone through. It would have gone through the Treasury Board process.

**Mr. Maloway:** Mr. Chairman, so is the minister saying that the Economic Development Board did not deal with this particular grant application?

**Mr. Downey:** They may not have, Mr. Chairman, but the approval of the spending comes through the Treasury Board system, through the normal processes I have indicated on the other one. It may or may not have gone through the Economic Development Board. I cannot recall, to be quite honest with you.

**Mr. Maloway:** What guarantees do we have that the monies that were advanced to this project actually ended up being spent on the things that they were intended to be spent on? Can the minister assure us that is, in fact, what happened?

**Mr. Downey:** Yes, Mr. Chairman, I am assured by the department. In fact, I know there was a holdback of the

last \$90,000 to make sure that the monies were going to be and had been used for the appropriate activities of which the agreement spoke to. So it is through departmental audit activities that give us that assurance.

**Mr. Maloway:** Well, how many audit attempts and audits were done on this particular grant applicant and what were the results?

**Mr. Downey:** It is my understanding, Mr. Chairman, that the audit is done on a monthly basis and that, before any monies were approved, the auditors, the departmental staff had to be assured that the monies were to be directed for the purposes that were stated in the agreement. That basically is the audit that was carried out, and I understand it was done on a monthly basis.

**Mr. Maloway:** Well, how would you know that that is where the money was going? What guarantee do you have that the money went for what it was intended?

**Mr. Downey:** It is my understanding that the department would see the invoices which were presented to make payment on.

**Mr. Maloway:** So is the minister saying that, in all the expenditures then, all of the \$200,000 in expenditures that were expended on this project, the government saw receipts for the full \$200,000?

**Mr. Downey:** Mr. Chairman, I should clarify for the member the first \$20,000 was to carry out the feasibility study, which was to satisfy the department that the Canada-Manitoba communications agreement funding was in fact to be flowed in an appropriate manner. That was what the initial \$20,000 was provided for. Secondly, I have told the member that, after that was done and the project started, the department made sure that the funds were being flowed for appropriate expenditures.

**Mr. Maloway:** Mr. Chairman, how many employees did this particular company hire as a result of the \$200,000 in grants that were given?

**Mr. Downey:** I do not have the number of employees that the company has, but I can find that information out for the member.

**Mr. Maloway:** Mr. Chairman, I asked how many employees the company had at the time that the grants flowed and how many they hired with this grant money.

**Mr. Downey:** I will get that information, Mr. Chairman. I do not have it at my fingertips.

**Mr. Maloway:** Mr. Chairman, I would like to know what the minister's role was in this particular letting of this grant and the letting of the Iris Systems grant. These were done during the minister's tenure, I believe, as minister of this department. What was his role as far as Iris is concerned and as far as this TGI grant is concerned?

**Mr. Downey:** I am not trying to be difficult. The member can go back and check when I was appointed Minister of Industry, Trade and Tourism. It has been a long time now, but I think some of the projects had been approved previous to me being the minister and some of them following. That is correct, okay. The Iris agreement, which I referred to, was signed in June of 1993. That would be previous to my involvement. The TeleSend one, I believe, was after I was appointed minister.

**Mr. Maloway:** Mr. Chairman, so the minister got involved in this process at the point of the second grant. I would like to know just what involvement he had in the procurement of this grant for this particular project. Did he recommend the project?

**Mr. Downey:** Mr. Chairman, normally—again, I thought the member would have had an idea how the system works in government. The department, under the directors, does the negotiating with the proponents and advance it for ministerial discussion and if the minister—as I saw fit to advance this, advanced it.

\* (1610)

**Mr. Maloway:** Mr. Chairman, before we move onto the next grants, I would like to ask the minister then, if he had to do it over again, would he have approved this project, and does he consider it a success?

**Mr. Downey:** Mr. Chairman, on the one hand, I am pleased to be in government. On the other hand, I am pleased to be a minister that is responsible to have to

make decisions like this, and, quite frankly, I also found out that it is probably better not to answer hypothetical questions.

**Mr. Maloway:** I would like to go on to the third project that was funded under this agreement. Could the minister tell us what project that was, the amounts of money advanced when the application for the grant was made and when the monies were advanced? The minister knows that we have asked this question before.

**Mr. Downey:** Would it be helpful with the member—I did tell him of the other one, the MBnet. Did he have enough information on it?

**Mr. Maloway:** Was MBnet No. 3?

**Mr. Downey:** MBnet was No. 2.

**Mr. Maloway:** I am keeping them in some sort of order here, so Iris Systems is No. 1; MBnet for, I believe, \$30,000 was two; and No. 3 was TeleSend.

**Mr. Downey:** That is affirmative, Mr. Chairman.

**Mr. Maloway:** So, Mr. Chairman, we are now dealing with grant No. 4.

**Mr. Downey:** That would be correct.

**Mr. Maloway:** Now would the minister detail for us the date of approval of grant No. 4?

**Mr. Downey:** Would that be ManGlobe, Mr. Chairman?

**Mr. Maloway:** It would, Mr. Chairman.

**Mr. Downey:** Mr. Chairman, I was not sure. Was there a question?

**Mr. Maloway:** Mr. Chairman, basically we are looking for the same details on the ManGlobe project as we were looking for on the other grants. I want to make it as simple as possible and consistent as possible, given that this minister has, since November 28 of last year, hidden under his desk every time he has been asked a question about this ManGlobe project, and I really do not know why he is so defensive about the

whole project. Perhaps he knows a little more about it than I do, and that is what makes him reluctant, but we would like him to start from the beginning.

I happened to hear a radio show this morning in which a certain candidate running for election for the federal House right now, responding to a phone-in questioner, indicated that he was approached by the president of ManGlobe about six months after he was elected in 1993 and pitched the idea of the project. He thought at that time it was a good idea, and he evidently proceeded to do something to see that it became successful.

I would like the same approach by this minister. Would he just simply tell us how he became aware of this project, when he became aware of this project, what was his involvement in it and what were the dates of the first approval?

**Mr. Downey:** Mr. Chairman, I want to make the record perfectly clear. I have not in any way tried to keep any information back from the member. In fact, he made references to asking questions last November, which I took as notice and answered. I do not know where he gets this idea that I did not answer the questions. I did answer the questions that I took as notice. If he is not happy with those answers, I cannot help that. He will have to ask them again, and I will do my best to try and make sure he is satisfied. Well, I will do my best to make sure I try to answer the question. I do not suppose I would ever satisfy the member.

Mr. Chairman, it is my understanding that the department was first approached in 1994 with the opportunity to take advantage of the Internet marketing systems that could be available, that there were discussions carried on with the principal of ManGlobe. There was a considerable amount of activity carried out and certain conditions were laid down as it relates to the agreement, and then eventually it proceeded.

I believe the company proceeded with its operations in July of 1995. So following the initial discussions of 1994, the work that was done with the department, between the department and the principal and the company, actually got off and running in 1995, as I indicated.

One of the concerns, Mr. Chairman, that continues to come back to me is that there is and there appears to be a company that is operating successfully, that the member has a considerable amount of questions, continues to raise them. I do not know whether the member is doing the company any good or what his objective is by his questioning. He has every right to know the advancement of provincial monies, which I have answered, what we have produced or provided for the company. It was done under certain conditions. They are employing, I believe, probably 12 people in the corporation. They have a partnership. The Royal Bank has been involved. The Manitoba Telephone System was involved; they are no longer involved. Canada Post was involved. Human Resources Development Canada and the Business Development Bank of Canada were also involved, so there are a credible group of companies that have been part of this initiative.

Again, Mr. Chairman, I see it as a research and development project, and if I can go back to the title of the agreement, it says Canada-Manitoba Communications Technology Research and Industry Development Agreement. So that again spells out what the project is, what the funding came under.

Mr. Chairman, I believe, I think the process that it had gone through was one that satisfied not only the province, not only the people who were directing this agreement but the other partners who came forward with some resources to help determine whether or not this technology could in fact operate in the commercial field.

It is my understanding it is still operating. The member makes up several references too, I think it is important to point out, several references to the involvement of the spouse of a federal member of Parliament who is a member of a government who signed an agreement with the province and the involvement of that spouse.

Mr. Chairman, again, I would think it would be appropriate to ask questions of the federal government. I know that it would certainly be difficult under provincial rules and regulations to have a spouse of a member of the Legislature so directly involved in a program that was directly participated in by the

government, but again, those questions should be directed more directly to the federal government or the federal member, the federal members or ministers. So I believe our responsibility was to carry out our part of the agreement.

We have done so, Mr. Chairman. We have put stipulations in place that have met the requirements of the agreement. I am pleased to see a company operating and doing business. I cannot say a whole lot more at this particular time, although I am prepared to deal with any other questions the members puts forward.

**Mr. Maloway:** My first question was: When was the agreement signed? What was the date that the Canada-Manitoba agreement as between ManGlobe and the government. What date was that signed?

**Mr. Downey:** I think, Mr. Chairman, it was December of 1994 the project was approved. Maybe that might not have been the signing date, but that is when the approval process took place.

**Mr. Maloway:** Mr. Chairman, I would like to ask the minister, as I have for all the other—

**Mr. Downey:** I think the approval took place, Mr. Chairman, as I indicated, in December of 1994, but the actual signing of the agreement was on July 12 of 1995.

**Mr. Maloway:** As I had asked about the previous grants, I would like to know what due diligence was done in this particular case in selecting the successful applicant. Was a credit check done, for example? Was any checking done of previous experience in this kind of business?

\* (1620)

**Mr. Downey:** Yes, Mr. Chairman, there was a considerable amount of work done as it relates to this particular project. I do not take lightly the amount of money that was being discussed. That is why there was some insistence on the individual having support from other than the Province of Manitoba, and as I indicated previously, and I will indicate it again if he wants to hear who the other participants were, the Royal Bank,

Canada Post, Business Development Bank and the Manitoba Telephone System, not what I would consider second stringer companies that were participating in this project, so it is my understanding there was appropriate due diligence, and all the necessary activities were carried out by the province.

**Mr. Maloway:** Well, then, is the minister confirming that a credit check was done on the principal who was applying for this grant?

**Mr. Downey:** I am not sure what he means by a credit check, whether the individual has any capability. I mean, could he give me his definition of a credit check?

(Mr. Neil Gaudry, Acting Chairperson, in the Chair)

**Mr. Maloway:** In the due diligence process it is normal to check out the past credit history of people applying for grants, whether that be the TeleSend people, whether that be the Iris people or whether that be the ManGlobe people. The minister is familiar with the process. He deals with these sorts of things all the time. It is customary from the very beginnings, before the person is even let in the door, to have these checks, these credit checks done to see what sort of a credit risk or what sort of a credit history and business history the applicant has.

**Mr. Downey:** It is my understanding that all the necessary checking was done on those people who were being involved in the project. I will double-check to make sure that that in fact was done and report back to the member. I would see no reason why there were not appropriate credit checks done. It is my understanding that it in fact was done.

**Mr. Maloway:** I just want to clear up some misunderstandings that the minister has put on the record—I do not know whether it is deliberate or not—over the last few months. In Question Period we do not have the time to set the record straight, but I did want to. I was able to correct over time his misunderstanding about this grant being a loan, which he at least said on two occasions it was a loan. He had it coming from the MIRI, which was wrong, so I am pleased to see that he is now up to speed on that aspect of it, but there are a couple of other elements to this that he keeps making errors on, and I just wanted to either

be proven wrong myself on the point or at least correct his information.

A couple of times during the questions, he has referred to the employment question as to how many people were working. We know who was working over at ManGlobe, but sometimes we get lost on the numbers of people working over there, and the minister should be aware that there are project documents around in various hands that indicate that in 1994-1995 there would be 31 people employed in this project. In 1995-96 there would be 85 people employed in this project. In 1996-97, which is last year, there would be 175 people employed in this project. So it is not just this little benign R & D project with 20 people that the minister would like us to believe was the original plan. This was not the original plan at all. The original plan had this 175 people after three years.

To go forward even further, Mr. Chairman, the Manitoba Telephone System—among others—in their project papers went so far as to say that the worst-case scenario, their worst-case scenario, this project will provide jobs for 20 people for one year, and they will have a global shopping mall featuring at minimum 20 Manitoba businesses, have an EDI order and processing system develop within a functioning prototype, and they will have gained some valuable experience. Well, that they certainly did.

But, at best—now this is his at worst—at best their projection was that the ManGlobe project could pave the way for effective commercial trade on the Internet. At best, we have a functioning electronic retail mall and the infrastructure to support additional application development. At best, we are creating a business that could employ over 400 people in five years, and Mr. Chairman, we are already almost at the five year or we are getting close to the five-year mark. Well, no, actually we are not. We are halfway there, but we have nowhere near the 400 people who were being projected.

So I think that it is time the minister came clean and admitted that this project has been a colossal blunder, that news reports from the very beginning sold this project as an Internet shopping mall and when the thing fell flat, they reverted to plan B which was to call it an R & D project. So that would be tantamount to saying

that if the province of Quebec were to leave us in a future arrangement that we would explain away the whole 125 years as an R & D project. I mean, that is the only excuse this minister has for this comedy of errors, and that is what this project has actually become is a comedy of errors. I just want the minister to recognize that fact, to recognize that this thing has not in any way turned out the way he originally thought it would. Would he agree with that?

**Mr. Downey:** Mr. Chairman, again, I will take the member back to some of the comments that I made. I am not so sure where he gets his projection of employment, and I guess that certainly would have been really a nice situation to have been in if they would have accomplished that kind of employment. It is my understanding today they have something like eight to 14 employees. The number that we have through the department is eight. Again, that probably is not anywhere near what the owner would have liked to have had. It is not anywhere near what we would have liked to have seen. But, on the other hand, it is still a functioning company. It is still a company that is operating.

Mr. Chairman, the point I made and I will make again is it has not accomplished the goal that it was set out to accomplish. I do not have any problem saying that. I have a list here. I have a list of companies here that the former administration, not under the guise of R & D or anything other than strictly bad business loans and decisions that the member and his colleagues made when he was in government. [interjection] Well, I want the member to stand up and say that, that he does not agree with the NDP's losses in business. This is not a business loss we are talking about. It was not a matter of the province entering into an agreement with ManGlobe to say we are lending you so much money. We are putting in place—and I did apologize to the member for referring to it as a loan rather than a grant. I have cleared that up. I do not have any problem with correcting a statement if I have been wrong. I do not mind admitting that I have been wrong, and I did give information that I corrected for the member.

The point that has to be made is this woman who runs this company was nominated entrepreneur of the year, woman entrepreneur of the year. She is operating a business which is still operating. One of the

difficulties that she is currently having is probably the advertising the member opposite is giving her that is not giving her any comfort and not giving the business any comfort in continuing on getting customer confidence. I think the member should take a look at what he is really doing. If it is me he is after, fine. If it is Mr. Alcock or Ms. Alcock that he is after, fine. But there is a company quite frankly that because of some of the things that he is bringing forward is not doing that company any good. I can tell you, Mr. Chairman, I think he should reflect on that. That has been stated to me that the individual I think is somewhat frustrated.

\* (1630)

The individual and her people have been advancing to try and get this company off and running, and every time they turn around they are reading criticism coming from the member for Elmwood. I again do not know what the member's difficulties are. If he wants to give me a shot for investing in a company of which his R & D, there is no question about it—in fact, I want to read to the member just a little piece of information here as it relates to an article of *The Economist* that might be helpful. This is a direct quote: Few companies are as yet making any money on-line as it relates to the Internet system, but plenty are trying. The survey that was carried out will argue that it is only a matter of time before they succeed in a big way. Andy Grove, the boss of Intel, the world's biggest chip maker, recently summed up the on-line pioneers' attitude when asked about the return on investment from his firm's Internet ventures. What is my ROI, return on investment, on e-commerce? Are you crazy? This is Columbus in the New World. What is ROI? The question really is there is a lot of work being done, a lot of research and a lot of new ground being broken.

I think the individual has put a considerable amount of time and effort. The people who have been part of the financial package have put their confidence in. The Business Development Bank, Mr. Chairman, certainly does not let their money out without doing considerable work. The Royal Bank, Canada Post and recently, and I have the name of the individual, there has been again an equity investor come to the table, an Ontario-based company has put cash resources on the table, are working with the current owner and manager of the company to try and make the changes that are necessary

to make this the successful company that we all want it to be.

I guess the member has to come clean. Does he not want it to be successful? Is that really where he is heading? Has he got such a vendetta against this company and the fact that there is a business coming under this program? Is that what his objective is so that he can hold up an example and say here is where the Minister of I, T and T (Mr. Downey) has failed; he has put money into this and it is not successful. I, Mr. Chairman, do not think that is the right way for him to go but that is his call. I would hope that the member would do what he could to come forward in a positive way to try and help the company be successful. That is the objective I would hope he and his colleagues would have.

If it is a pound of flesh he wants, if he wants something from me, he is not going to get it because quite frankly the money I believe has been put into this project—it was put in for the purposes of research and development and to help a company develop. Yes, it has not got to where we would like to see it. Has it totally failed? The answer is no, it has not totally failed. Does it have people who are confident in it? Yes, there are people. Have there been problems, Mr. Chairman? Yes, there have been problems. There are not too many companies that start and go through the developmental stages that do not have difficulties. This one is having some difficulties. What does the member want me to do? The intent of the money initially was a grant to get the company going. The audits and the money that was advanced were for certain purposes of which we were satisfied, the department was satisfied it was expended in a manner which was appropriate and not misused.

The member brought information forward about an individual travelling on government expense. Not true, Mr. Chairman. Again, he keeps bringing this kind of information forward that is inaccurate. You know it would be helpful if he is going to try to bring somebody down at least he would use the truth. That would be helpful. I can go over some of these companies if he is concerned about the use of taxpayers' money. I can name some for example. I think the bill came to, well, in one particular venture, I mean, it runs from \$328,000 of write-offs from the province to \$672,000 for one

project; \$205,000 for another; \$135,000 for another. Those are only a few. They add up to over \$4 million in write-offs by the province under some of the projects that the NDP put in place. I would like him to stand in his place and say he disagreed with his government when they did that. He has said from his seat that he is. I think he should stand in his place and say it right here that he deplores his former colleagues who would in whatever way, shape or form get involved in such projects. I hope I have answered the questions.

**Mr. Maloway:** Well, Mr. Chairman, I only have to listen to the Tory candidate from Winnipeg South who in a TV interview just the other day berated this government for what Mr. Mackness called a boondoggle. Mr. Mackness was the former head of the Faculty of Management at the University of Manitoba. The Tory candidate for Winnipeg South has described this project in a way that is reasonably accurate.

Let me tell you, Mr. Chairman, where the complaints come from with regard to this project. If the proper due diligence had been done in the first place, we would not be sitting here today discussing this matter, but we have a large bunch of angry people out there. We have a bunch of creditors who are waiting for their money, including the federal government—income tax for \$46,000, the GST for \$18,000.

(Mr. Chairperson in the Chair)

I am told the PST—I have asked the minister how much PST is owed, and he is waiting for his colleague to come back with the answer, but I understand PST was owed. The minister has to understand that he is not doing himself any favours by getting involved in arrangements such as this, because people are phoning me who have successful companies. There was a successful company profiled on CKND a few weeks ago as part of their series on ManGlobe, and they have an example of an owner of a company who is making a thousand sales a month and not one nickel of government money.

Can you imagine how irritated and irritable this guy is who has done it all by himself? He did not know about any government grants, he did not apply for any government grants, he did not get any government grants and he is doing a thousand a month, not 150 in

two years such as this company. This guy is not alone. There are legions of people who read this, who know through the Internet and know through friends what has happened in this case, and they cannot believe that this could happen. Those people are the ones that are going to be walking away from the Tories in the next election, because they cannot believe that the government would do something like this.

If the government had used some due diligence, if the government had checked out the credit references and done these things, it would not have got into this mess in the first place; it would not have even happened. If it had picked a partner with a track record, if it had picked a partner with good credit references, and if it had picked a partner with competence, then it would be doing its thousand a month or 2,000 a month transactions, and there probably would not be the complaints that you have right now. So this is not just a few people here. It is a list of creditors; it is a list of competitors in the business who saw what happened in this case and do not like what they saw and want this to stop. They do not want the minister to hide under his desk and hope that it will all go away.

Right now we are only on grant No. 4, and we are batting boondoggle after boondoggle here. We have not got any success stories at all out of this program, okay? What we have is major problems for this government and this minister. Clearly this minister has to take control of the agenda, stay in Manitoba a little more often and get a handle on these things because he is losing support, he is losing support among a growing group of people, an influential, intellectual group of people in our society who maybe had some respect for the minister and the government before but, because of this, are starting to question this.

There are people who have worked for this company who have been waiting for their money. They have been waiting for their money for months and months, in some cases, a couple of years. When they find out that the manager, who happens to be the person that has been mentioned several times, politically connected person, essentially gets her \$30,000 settlement in just 52 days and heads off as a consultant and then executive assistant to the head of MTS Advanced, right, you can understand, I think, Mr. Minister, why these creditors would be a little upset, a little miffed.

\* (1640)

These were not creditors that were earning \$100,000 a year. These are not creditors that got a settlement of \$30,000 in 52 days. These are not creditors who got a soft landing and got a new job the next day. No, not on your life. These were creditors who were fired from their jobs, kicked out of the office, are lucky to get 50 cents on the dollar that they are owed. After legal fees, one of them is getting \$2,500, if that. You bet, they are unhappy about this situation. They know how this deal was put together, and this deal did not make sense from the very beginning to a whole lot of people.

So, I mean, I guess we are just asking the minister to apologize for his mistakes and promise it will not happen again. We are not attacking the company. I want that made perfectly clear. We are not in any way attacking this company. We are attacking the processes, the excesses of the management, of the former management.

I am glad to hear that the company is turning itself around, that it has given up on the Internet mall and that it is selling off the shelf EDI stuff on an individual basis, and it has a contract with the federal government to develop something with Industry Canada and a couple of other projects that the previous manager was working on. Now we will see how far that goes in the future. But, nevertheless, there is potential, as the minister says, for the company to survive selling what it was selling.

But it did not take one and a half million dollars, because that is what we are talking about here now. The numbers keep going up and up. There are \$250,000 that the federal Business Development Bank kicked into this thing. That throws this up to a million and a half and change, and I understand that there is more buried at the telephone system. There is another half million in kind and so on buried over there. So these are fairly big numbers. I am sure the government realizes its mistake, and now it is doing its best to cover up what it can, but we do not want it to do that. We want it to learn something by it and basically apologize for doing this. If the government could do the right thing and make things right with these creditors, I am sure that it would. As a matter of fact, I do not know whether any efforts have been made for it to do that.

Now, Mr. Chairman. I wanted to also clear up another misconception that this minister keeps putting on the record. He keeps insisting that the Royal Bank is part of this, and at one point I guess it was, but my information is the Royal Bank never did subscribe its shares. It never did take possession of its 30 percent of the shares, and in fact it is gone. When the new investor came in last fall and put in 1.2 million for 30 percent of the shares, he in essence took the 30 percent of the shares that were there for the Royal Bank.

So why does he keep saying on camera with different news outlets that the Royal Bank is still involved, when my information is that they have not been for a while, that they in fact never—never, never did they subscribe to their shares. So, when it is convenient for him, he uses, you know, invokes the name of the Royal Bank as a partner. Now they ran for the hills. I presume over there the bank does some due diligence, and when they started finding that things were not going out okay they just said goodbye.

So I would ask him whether he is still willing to say that as of this date the Royal Bank is still a 30 percent shareholder and actively involved in this business.

**Mr. Downey:** Mr. Chairman, I want to put something else to rest. Again, the member continues to come to this House with innuendo and all kinds of smear tactics, and I do not accept that he is sitting here saying he wants to see the company operate. It is not the company he is trying to get at. Why did he ask the question that they have GST due and payable? Why did he infer that there is PST payable to the province and almost today said there was? There is not any PST payable to the province. I am informed that there is not.

**An Honourable Member:** Was there any?

**Mr. Downey:** I am sure that people maybe run a monthly account but, to my knowledge, there has not been. There is not any monies owed to the province as it relates to PST. Again, innuendo that causes nothing but problems for a company they are trying to develop.

He sits here and he says: I am not trying to get at the company; I want it to succeed. In fact, what he is saying is he is advocating that we now go and pay some

of the creditors. I think that is what he said, that he wants us to put more money in to pay the—

**An Honourable Member:** No.

**Mr. Downey:** Yes, that is exactly what he said five minutes ago. He wanted us to go and provide money for the creditors. It is precisely what he is saying. He is saying that the partners like the Business Development Bank are shabby partners to have, that Canada Post are not up to snuff, that the Royal Bank who were involved—and my understanding is, I do not have any reason to believe—I know that the MTS are no longer directly involved. The Royal Bank may not have taken up their option, but they have been—[interjection] They have been. I have made reference to the fact they have been part of this program. Even if they are not part of it, the Business Development Bank still is a pretty substantial partner. Canada Post is, and the reference to Elders Virtual Corporation, which has come to the table with some additional money to be part of it—have put considerable resources and are not an unreputable company.

So, Mr. Chairman, he comes to this committee, he comes to Question Period with innuendo and a lot of material to try and discredit, quite frankly, this company. Why, I do not know. I can tell you, there are a lot of people who go out and develop companies—and he is saying he is getting a lot of calls. Yes, I know. I do not mind admitting that there are people out there who never come to government, who do things on their own, that when people do come to government, they object. I have to say that for 16 years the public got a pretty good dose of people coming to the NDP to get considerable resources to do certain things, whether it was the MTX affair where they frittered \$29 million away in Saudi Arabia. That money, that technology that was supposed to be developed has gone. People just cannot comprehend \$29 million. They can comprehend what \$500,000 is.

So he sits here and he belittles a company which is developing jobs here, which is developing new technology here, and he is belittling the government because we are involved and we have no problem with coming up front with the fact. I have a list of failures, absolute failures that he and his government were involved in over and above the MTX affair that would

make your hair curl, Mr. Chairman, if you had some. [interjection] I apologize. The two just happened to come—the greatest of respect for you, because I am actually entering that stage of my life, too, where you do not have as—

**Mr. Chairperson:** Follicly impaired.

**Mr. Downey:** That is right, follicly impaired.

But, Mr. Chairman, I want to make this point to the member again. He cannot come to this committee, belittle and berate a person and her company who are trying to make a go of it. Yes, they have received some support from the provincial government. Yes, they received some support from the federal government, and they did so under an agreement that this member—the first time that he has brought it to the table, to the Assembly, to my knowledge, that he did not have comments or criticisms previously, but he apparently all at once thinks he has got himself a big issue. He does not have a big issue. That is the whole point around this thing. He thinks he has a big issue that in some way is going to belittle me.

I really wonder how sincere the member is when he said that I and this government are losing support because of what we are doing. When did it ever become a concern of his that the government was losing support and credibility? I thought he would cheer from the rooftops. But actually I am really interested that this member for Elmwood is actually a closet Conservative and really quite concerned about the welfare of the government. Is that what I am reading into this? He is worried about people leaving the Conservative Party. That is what he said. Now if he is not concerned about it, then I wish he would clarify it, but I really take seriously—I mean, this guy is—sorry, Mr. Chairman, this member actually must be a closet Conservative because he is now concerned about the well-being of our government and who is leaving us. I am really quite confused, so I will leave it to the member to try and clarify.

\* (1650)

**Mr. Maloway:** I notice that the minister is now willing to talk about who owns what in terms of shares under the universal shareholders' agreement.

**Mr. Downey:** I did not say that.

**Mr. Maloway:** Well, he mentioned Mr. Elder. He has been very liberal about talking about the shareholdings of the Royal Bank and the telephone system. Would he tell us then who the minority shareholders are?

**Mr. Downey:** Again, I may have made reference to a company. I do not know whether I am at liberty to do so, but I have told them who the main participants were in the project, and I have also made reference to a new participant in the company. I may have done so inappropriately, but I have done so, and I do not think there will be any problem with it.

**Mr. Maloway:** The minister has quite ably explained to us here that 30 percent of the shares are owned by the De Leeuw family trust and 30 percent are owned by Elder and 30 percent are owned by the telephone system. I would like him to tell us at this point right now where the other 10 percent of the shares—

**Mr. Chairperson:** Order, please.

#### Point of Order

**Mr. Downey:** Excuse me, Mr. Chairman, I did not say who owned what percentage of what. It is he who is saying who owns what percent, not me, Mr. Chairman.

**Mr. Chairperson:** Order, please. The honourable minister did not have a point of order. It is clearly a dispute over the facts.

\* \* \*

**Mr. Chairperson:** The honourable member for Elmwood, to continue.

**Mr. Maloway:** Thank you, Mr. Chairman. I just want the minister to clear up a mystery for us here and that is: we know where 90 percent of the shares are; now we want to know where the other 10 percent are. Now I will try to make it easy for the minister. We could set this up sort of like a quiz. I will tell him that of the remaining 10 percent, Mr. Minister, 6 percent are unallocated. So could he tell us which two minority shareholders each hold 2 percent of this company? He has got the figures in front of him, the information.

**Mr. Downey:** First of all, the member put a lot of information on the record accrediting it to me, which is not true. I did not put anything on the record as to what he stated. I do not know, and I do not have the information in front of me, who in fact owns the minority shares or who owns what shares. He apparently has a lot of information of which he should take as information that is available to him. He did not get it from me.

**Mr. Maloway:** Now the minister, according to the project papers—they were quite enlightening I must admit—clearly spell out that the province requires senior management team acceptable to Manitoba to be in place prior to ManGlobe receiving the second installment of funds for the project. So that clearly outlined that the province, the minister, was in charge of this project. So he cannot hide from his responsibilities here, and he likes to hide behind the skirts of the board members and say, oh, that is the board; talk to the board.

But clearly he is the one who approved the management team, and what I was suggesting to him was, because of his situation that he was in, he should have intervened at the board level or at the management level to ensure that the creditors, that the employees were being treated properly. That is what I was trying to clarify. I was not, in any way, suggesting that any more cheques should be written to this company, that the government should be on the line to bail out the company's creditors or any such thing, and he knows better than that. All I am suggesting or did suggest was that he should use his influence and position to make certain that this thing did not deteriorate any further when he had an opportunity to do it.

Now, Mr. Chairman, I want to get into the approval process for this project. I want to know how this project got accepted. Did this project go before the Economic Development Board for final approval?

**Mr. Downey:** Mr. Chairman, I do not in any way want to mislead the member. I again would refer him to the fact that this kind of an expenditure would go through the funding approval through the Treasury Board process, not necessarily through the Economic Development Board process.

**Mr. Maloway:** Mr. Chairman, so is he saying that the Economic Development Board did not deal with this project at all?

**Mr. Downey:** Mr. Chairman, the Economic Development Board, like Treasury Board, like cabinet discussions and approvals, are really processes which are not to be discussed publicly. I told him it went through the normal approval process, and I said it went through the Treasury Board process which is normal.

**Mr. Maloway:** Well, Mr. Chairman, but the Economic Development Board's role was essentially to co-ordinate things like this. Why would the Economic Development Board not have the approval rights to this project?

**Mr. Downey:** Mr. Chairman, again, it is part of the process of government that I thought the member would have had a clear understanding as to how it would operate. Basically, the financial approvals which have to be carried out as it relates to a project like this would go through the Treasury Board process. They would not necessarily have to go through the Economic Development Board process.

**Mr. Maloway:** Mr. Chairman, so is the minister then saying that the project was not dealt with by the Economic Development Board?

**Mr. Downey:** I am not saying that it was and I am not saying that it was not, Mr. Chairman.

**Mr. Maloway:** Mr. Chairman, is the minister saying that the project was dealt with through Treasury Board?

**Mr. Downey:** I said, Mr. Chairman, it went through the normal process of approvals for expenditure which would include the Treasury Board process.

**Mr. Maloway:** Mr. Chairman, well, the minister has previously admitted that Michael Bessey was involved with this project. I would like him to tell me at what stage was Michael Bessey involved in this project?

**Mr. Downey:** Mr. Chairman, again, I am not saying that the people who work for the Economic Development Board may or may not have been involved. The secretariat of Economic Development

Board of which Michael Bessey was part of, I think it would have, if at all—and I said he was—would have been in the very preliminary stages of it because Mr. Bessey left before this, I am sure, reached a final approval stage.

**Mr. Maloway:** Mr. Chairman, well, what were the dates then that Mr. Bessey left and what were the dates that this project received approval from the Economic Development Board?

**Mr. Downey:** Mr. Chairman, I did not say that it had gone through the Economic Development Board. I gave him the dates on which the approvals were made for this project, and I guess if he wants to look back—I can get him the information as to when Mike Bessey left, but I think probably it was previous to this final approval of this project. I will check that out. I do not know what the two have in relation to one another.

**Mr. Maloway:** Mr. Chairman, my colleague tells me that Mr. Bessey left on June 30, 1995, and the approvals for this project, according to the minister, were in the fall of 1994. To be even more specific, some of the ManGlobe Virtual Corporation status reports, which I am sure the minister reads every night, the July 11, 1995, minutes, indicate that the participants anticipated to be in the project when it was presented to government in the fall of 1994. So he is right that the department was approached in the fall of 1994 and Mr. Bessey did not leave until June 30, 1995, after the election.

**Mr. Downey:** Mr. Chairman, I also put on the record, the agreement was not signed between ManGlobe and the province until July 12, 1995, after Mr. Bessey had left.

\* (1700)

**Mr. Maloway:** Mr. Chairman, it is impossible to believe that the agreement was not totally put in place, with Mike Bessey leaving on June 30 and the agreement not being signed for 10 days later. I can tell the minister, and the minister knows full well the reason for the delays and that was the general election of April 25, because we have documents that clearly show that, documents that were filed in court that indicate that a certain person could not be paid because

the grants that ManGlobe had been promised were not forthcoming because of the election, and if she would just hold off until after the election, the money would be coming.

I would like to also point out to the minister that, in the fall of 1994, Faneuil ISG was listed as a participant to the tune of \$350,000 in this project but by the time the agreement was signed, 10 days after Mr. Bessey left to work for Faneuil, Faneuil had dropped out of the project. So why did Faneuil drop out of the project? Did they do some due diligence that the rest of you did not?

**Mr. Downey:** Again, the member brings all kinds of inaccurate innuendo to this committee. Mr. Bessey did not go to work for Faneuil. Why would he put that on the record, Mr. Chairman? It is inaccurate. He went to university in Boston. He did not go to work for Faneuil. Again, how can we believe anything this member brings to the Chamber? Why would Mr. Bessey not, if he were still working for the province and the Economic Development Board Secretariat be working on this project? That was part of his job. I did not say the secretariat was not involved in working on the project. I said I did not tell him whether or not it actually had gone to the Economic Development Board. That is not information that should be privy to anybody, whether it does or whether it did not. It did go through the financial process of approval, which was the Treasury Board system.

**Mr. Maloway:** Mr. Chairman, that is precisely what I am trying to find out: What was Mr. Bessey's role? If the minister would quit hiding on this issue and attempt to protect Mr. Bessey, if the minister would come clean and just explain to us what happened during that period, it would make everything go a lot smoother, but he insists upon trying to avoid the question.

**Mr. Downey:** Mr. Chairman, I am not trying to hide anything. I have given him the dates on which the agreement was signed. I have given him the time at which the general approval was done. I am not trying to hide whether Mr. Bessey was or was not involved in the development of this agreement.

I can also tell you, the Department of I, T and T, through the people under which the agreement falls,

were also involved. This is not singlehandedly done by one person. It is a team of people developing a proposal to make sure that all the bases are covered. Mr. Chairman. I again go back to the people, the partners that were involved. They did their due diligence, we did our due diligence. This was not done without a serious amount of hard work and consideration put in place.

The company is still operating. The company is hiring people. It has new capital that has come to the table. It is not a failure, as the member would like to see it. I mean, let us get right to the bottom line. He is desperately trying to help bring a company to its knees because we the province put in \$500,000 to help in the economic development and the research work of it. Do not make any apologies for that. That is what the program was for.

So why does he not just stand up and say he does not like ManGlobe. He would like to see it fail. He did not like Mike Bessey being involved in it, and it is just wrong. He does not want the jobs that will flow from it, he does not want the new technology, it was just wrong, and we made a mistake. Again I do not know where the member is coming from, what he is trying to get. There was not anything inappropriate done as it relates to the department, the government and the handling of this affair.

**Mr. Maloway:** Why will the minister not admit that the project was approved through the Economic Development Board? Why will he not admit that, and why will he not tell us what the date of the meeting that it was approved at was?

**Mr. Downey:** Again I have told them the process that it went through. It went through the Treasury Board process, which approves the expenditures of money. I would not want to tell him that something went to Economic Development Board when it did not. I do not believe that it is imperative that that be part of the decision making. As far as I am concerned, I am not denying that the Economic Development Board Secretariat were not involved. That is a different story. To go to the Economic Development Board is another level of decision making. The secretariat working on behalf of the government worked with the department to develop such projects. Then it goes to the Treasury

Board system. It may or may not have gone to the Economic Development Board. That is not relevant in this discussion.

(Mr. Jack Penner, Acting Chairperson, in the Chair)

**Mr. Maloway:** Would the minister endeavour to find out the process that it took?

**Mr. Downey:** That part of it is not relevant. It went through the proper decision making as it relates to the approval of the expenditure of funds. You cannot proceed to advance funds or spend funds without going through the appropriate channel. There is nothing that is compulsory about it having to go through the Economic Development Board. It may or may not have gone there. I can check. It is like asking the question, what goes to cabinet and what does not go to cabinet? Quite frankly, that is not necessarily in the public domain, what is discussed where and what goes to what particular area, but we do know that expenditures of this magnitude would go through the Treasury Board system, and did.

**Mr. Maloway:** I would like to ask the minister whether he recommended the ManGlobe project?

**Mr. Downey:** Following the work that had been done by the department, the work that had been done to do the due diligence to get the partnerships in line, to make sure all of the things that were done necessarily, it was recommended to me that the project should advance. I supported that departmental recommendation.

**Mr. Maloway:** And who recommended it to you?

**Mr. Downey:** There is a process of dealing with government, again which I am surprised the member does not understand, having had all of the many years of being in government, and he does not understand the process of the way government works. For goodness' sake, what has he been doing when he was sitting in the New Democratic government? He either did not understand it or he was not given any information, he was not given any knowledge as to what was going on. Mr. Chairman, the department recommends to the minister; usually, it comes through the deputy minister.

**Mr. Maloway:** Mr. Chairman, well, earlier the minister had indicated that Mr. Stephen Leahy was the person who made the approvals on these grants. Now he is saying it is the deputy minister who is recommending to him.

**Mr. Downey:** Mr. Chairman, I guess he does not understand how government departments work. Normally, the department would recommend a project, of which this project was recommended to me. Normally, and I say normally, just to help him with his political science education, the department, whether it is Stephen Leahy who is in charge of the project or whoever was part of it as a team—it may have been him with the other team members—would come forward to the deputy minister. That would be the normal process of moving a project from the department, through to the minister, through to the Treasury Board system for approval. I cannot make it any clearer for the member.

**Mr. Maloway:** Mr. Chairman, I would like to ask the minister then: Who was the deputy minister in December '94 when this project was dealt with?

(1710)

**Mr. Downey:** It would be Mr. Fred Sutherland, Mr. Chairman.

### Point of Order

**Mr. Tim Sale (Crescentwood):** A point of order, Mr. Chairperson.

Earlier in Estimates, the minister gave the information that Mr. Eliasson was the deputy '91-94, Mr. Bessey was there in 1994, Mr. Goyan, the later part of '94, early '95, Mr. Kupfer on an acting basis, Mr. Sutherland following that, Mr. Cormack on an acting basis following that.

I wonder if we could clarify which dates the minister is using. It was three days ago he gave me those other dates.

**The Acting Chairperson (Mr. Penner):** What is being asked by the honourable member for Crescentwood is a point of clarification, not a point of

order. So I would ask if the minister is willing to clarify that.

\* \* \*

**Mr. Downey:** Mr. Chairman, I do not think I told the member in any way, shape or form that Mr. Eliasson was my deputy minister. I do not know where he got that in his mind. It is not a big issue. I can go through who the deputy ministers were. Mr. Eliasson was, but he was not my deputy minister. Then we had Mr. Michael Bessey as the deputy minister, and then we had Mr. Paul Goyan as the deputy minister, and then we had Stephen Kupfer on an acting basis, and then we had Mr. Fred Sutherland. If it was not Mr. Fred Sutherland, it was Mr. Steve Kupfer or it would have been Mr. Goyan, but it was not Mr. Bessey.

**The Acting Chairperson (Mr. Penner):** Thank you very much, Mr. Minister, for clarifying that.

**Mr. Maloway:** We have been told by enough sources and the minister, himself that Mr. Bessey was involved in the putting together of the ManGlobe project, so this has not been denied by the government. We just wanted to know whether Mr. Bessey had, in fact, recommended this project in writing to the government.

**Mr. Downey:** Mr. Chairman, I am not aware of any recommendation, but I can tell you the process it would have come through. It may have come as a recommendation to the deputy minister from the Economic Development Board Secretariat, but it came through to me from the deputy minister. That would be the normal process.

**Mr. Maloway:** Mr. Chairman, well, nothing about this Canada-Manitoba communications agreement is normal, I must say.

I wanted to ask about where the grant money went and whether it was used for the correct purposes. Both in the TeleSend case and in the ManGlobe case, we have people basically making allegations that money was misdirected in the ManGlobe case, that your grant money was misdirected in one case to pay a previous lawsuit of, I believe, \$25,000. That is just one example of misdirection of this research and development grant. In the case of TeleSend, a former partner has alleged

that grant money was diverted to another company, and I think you understand of which I speak, through Home Office Corporation or whatever it was called, HOC, I believe. So what we have is diversion of funds, alleged diversion of funds in both of these cases, in both of these grants. Clearly a forensic audit would have tied this down, if the allegations had been made.

I know there has been reference made to some sort of auditing procedure, at least in the TeleSend case, and I believe in the Iris case, but I do not know about the ManGlobe case. So I would like to know how can you be sure that money was used for its intended purposes, because that is at odds with some of the things we have been told.

**Mr. Downey:** Again, the member comes to this House with a lot of unfounded innuendo which does not do anybody any good. It is incumbent upon him to get his facts straight, because when he comes to this Chamber with inaccurate information, it causes a lot of people a lot of hardship.

Mr. Chairman, it is my understanding from the information I have received that there were not any funds forwarded to the principal to settle an outstanding lawsuit of which he has made reference. I understand there were funds that went as it related to a payment of wages, possibly. Again, I would like him to put on the record, if he has identifiable information, it would be helpful if he would put it on the record, so we could investigate it.

He keeps referring to a forensic audit. What does he want a forensic audit for? He has not brought one scrap of evidence that there has been any misappropriation of funds under this agreement. Again, he made reference to PST not being paid. He is inaccurate. He made reference to government paying for trips by the principal of ManGlobe. Not accurate. That is what we are finding out; everything he brings to this Assembly is inaccurate as it relates to the appropriation of funds.

We have the Manitoba Development Corporation carried out internal audits as it relates to the expenditure of the funds. It is my understanding that the expenditure has fallen within the agreement as to what was signed between ManGlobe and the Province of Manitoba. I have no reason to want somebody to

take the taxpayers' money and inappropriately spend it or take advantage of it. That is not in the interests of good public policy. So I will not accept the fact that we, No. 1, (a) needed a forensic audit, and, No. 2, if there was anything that came out of the audits that were carried out that would show an inappropriate use of the funds.

Travel is referred to. Not correct. In fact, I will quote a statement that I have as it relates to travel. The individual that he has referred to as travel, each of the trips by the opposition was in fact paid for by sponsoring companies who asked the individual to speak at conferences, except for Japan which was paid for by the Royal Bank, and Italy which was a personal trip at her own expense on completion of a speech in Germany.

(Mr. Chairperson in the Chair)

That follows the innuendo that the member brought to this House that there were \$250,000 in taxpayers' money spent for travel expenses. Again, the honourable member keeps bringing this information forward that cannot be substantiated. He is maligning the person and the company.

It may not all be perfect. I have made reference. He said: Was there money paid from the taxpayers as it related to a court settlement? I think he is making reference to the personal responsibilities that the principal had as it relates to a previous activity. It is my understanding that that was not paid for by the taxpayers under this agreement, but there was, I believe, a wage settlement or some settlement that was the responsibility of the company to be paid. So I am not saying there was not a court-ordered settlement that was approved, but it was not for the purposes of which he has again left the innuendo on the record.

I am confident that the people who were carrying out the audits and the responsibility of this agreement, they were doing it in a responsible manner. They, like us, do not want to see the taxpayers' money inappropriately used. There is a substantial amount of money that has been advanced to this company to help it get into the business of the Internet shopping mall, which the member makes reference that it has not been as successful. They have, and are changing direction, but

the bottom line is we hope that there is a very successful company here hiring people, carrying out the kind of activities that we would expect in the province of Manitoba.

My biggest disappointment, Mr. Chairman, is the member continues to bring innuendo, inaccurate information to this Assembly, and it is not doing anybody any good. I am not worried about his reputation, but I certainly am concerned that the long-term viability of this company is not put in jeopardy because of his irresponsible, inaccurate information that continues to be brought to this Assembly.

**Mr. Maloway:** In the TeleSend case we have a former partner who put money into it, who has lost his money. He has alleged that some of the money was diverted. Is it not incumbent upon this government to, when suggestions like that are made, at least check it out?

**An Honourable Member:** It was checked out.

\* (1720)

**Mr. Maloway:** The minister says it was checked out. What was found out?

**Mr. Downey:** It was checked out. The reference the member makes to the TeleSend issue, it is my understanding there were some allegations made about inappropriate use of money. It is my understanding it was checked out by the department, and it was found that the money had not been inappropriately used.

I am talking about our money, the money the province put in, not other investors' money. There may have been some difficulties between other investors and the principals of TeleSend. I am not saying there were not difficulties there. I am making reference in my answers to the monies the province put into TeleSend, into Iris, and into the ManGlobe operation. It was done so, at the satisfaction of the people within the department that had the responsibilities for the management of the agreement.

**Mr. Maloway:** Would the minister know whether it was spent correctly or not? I mean he does not even know who he sent the cheques to. He is not even aware—he has the wrong name on the wrong company.

of the people that he claims he is sending these cheques to. So how would he know? What kind of an audit did he do to satisfy himself that he should release the final \$90,000?

**Mr. Downey:** I assume we are back on TeleSend. I am not sure what kind of a web he is trying to weave over there, but he is making reference to the fact, asking me whether we did an appropriate audit. I have answered that many times. I am told by the department that audits were carried out to make sure that the funds were spent and used in an appropriate manner. I have not got any evidence, Mr. Chairman, that would prove otherwise.

The member has not brought any evidence that would prove otherwise. I think it is incumbent upon him to do so. I mean, he could sit there, he has brought innuendo of all different kinds of expenses, but he has not laid one piece of hard evidence on the table, and I challenge him to do so.

**Mr. Maloway:** Could the minister tell us then how many audits were done and what kind of audits were they?

**Mr. Downey:** Mr. Chairman, I believe I have answered that question. The audits were done previous to the payment of funds by the Province of Manitoba as it relates to the agreements that were entered into, so that the monies that were to be spent would be done so in an appropriate manner. In fact, I said to the member previously and I will say it again, I think as it relates to TeleSend, before the final \$90,000 was spent, used, there was an obligation entered into to make sure some of the outstanding accounts were paid for. I am of that understanding that is what was produced by the audit of the department. They made sure that outstanding accounts as it related to the company were in fact paid prior to the advancement of the final \$90,000.

**Mr. Maloway:** Now in the case of ManGlobe, what kind of an audit was done to determine whether or not money was misappropriated to pay past lawsuits? The minister is not denying that that happened?

**Mr. Downey:** No, Mr. Chairman, but it did not happen for the purposes of which the member initially brought to the table that monies were paid on behalf of the

individual for a former personal relationship. These monies were allowed to be paid as it related to the operations of the business, and I believe it was a salary payment that it was allowed to be paid on behalf of not the purposes of which he initially brought to this Chamber under the innuendo that it was for some personal court settlement.

Secondly, the monies that were advanced were done so after there was an audit done to make sure the monies previously had been properly used and that the future use of them were for the purposes intended. That is what the department's job is, and I am assured that the monies that were spent were done so for the purposes of which the agreement stated.

**Mr. Maloway:** Well, what kind of an audit was done? Were receipts demanded? What sort of an audit was this that was done in the ManGlobe case to determine just where this money went?

**Mr. Downey:** I am informed that the appropriate documentation was provided to the department as it related to the expenditures of monies from the companies.

**Mr. Maloway:** So the minister is then saying that actual receipts were given to the department for all of the expenditures of government money given to ManGlobe. Expenses were covered by receipts.

**Mr. Downey:** I am not going to put that blanket statement on the record that there was a receipt for every dollar because in some cases I am sure that the monies were approved prior to expenditures with the intention of it being spent, following that, that they would check it out. Whether there was a receipt for every last cent, I will not guarantee that, but I am told that the audits that are done by the department, that were carried out, were done so in a manner which would assure the taxpayers and assure the department that the monies were spent for the purposes of which they were intended. If not, there was approval given for those expenditures.

**Mr. Maloway:** I want to deal for a moment on this travel budget that the minister continually makes reference to and the project papers. That is what we had to go on, Mr. Chairman. We did not get any help

from this minister, since October 28 last year, helping us out in any way, shape or form. In fact I could go through question after question with this minister and find out that very rarely did he ever respond to any of the questions he took as notice. As a matter of fact, the minister for telephones practically in the first—November 4. I am still waiting for the minister of telephones' response to his questions that he promised that he would take the question as notice and get back to me. I am still waiting for his response. I will be waiting a long time.

Now, on the travel question, we simply took the travel information from the project working papers, the project documents, the amount that was budgeted for president's travel budget, and we knew that a certain amount of travel had taken place. I asked the minister on November 4, 1996, about the funding for the president's travel budget, and far from coming back to this House and saying that the travel was being paid for by friendly corporations, far from that, Mr. Chairman, the minister said the following. He said that he put on the record that there was some \$60,000 in travel. He said this is incorrect. I believe the numbers are somewhat just over half that. So we have the minister in his own words on November 5, 1996, coming back and saying that my information that I took from the ManGlobe project papers saying that there was \$60,000 budgeted for travel was not correct, that it was in fact just over half of that, his own words, his own words. Now, he is trying to cover up and say that he did not say that.

**Mr. Downey:** Mr. Chairman, the \$60,000 was in the budget. I understand that there was some travel, but again I was discounting the amount of money that the member made reference to in his question as to the magnitude of how much travel. What I answered just a few minutes ago was most of the travel that the member referred to. It is my understanding there was some approved travel but not in the magnitude of which was either budgeted and/or what the member brought to the table.

**Mr. Maloway:** Mr. Chairman, so the minister is not taking back what he said on November 4 then. He is admitting that, in fact, of the president's \$60,000 travel budget, she did in fact spend a little over half on travel.

This is on top of all the other trips that were paid for by friendly corporations.

**Mr. Downey:** Mr. Chairman, I believe that is correct that there was a budgeted amount of \$60,000, and I stand by the fact that I think there was half of that that was spent. Again, it stands clear on the record, what I said came from the principal herself as it is related to other travel that was carried out by that individual.

**Mr. Maloway:** Well, I would like to ask the minister then, if he had to do this all over again, would he have recommended the approval of this project knowing what he knows now about the track record of the individuals involved and the experience and so on? Would he embark upon this same project again?

\* (1730)

**Mr. Downey:** Mr. Chairman, again, I think we have to go back and look at the overall objective of the Canada-Manitoba communications agreement, what were we trying to accomplish. We were at a time when there was new technology coming to the forefront. I believed, and the government believed, it was incumbent upon us to look at projects which could enhance the province's position. We could talk about TR Labs, which has been very much of a success story. We can talk about the other projects which we are involved with which were not total success stories, but out of the majority of the projects, we have some successes which I am not disappointed in. The member says, would I do it again? That is a hypothetical question. Could we have done different parts of it differently? I am not so sure we could have. I am satisfied the department, the information I have received from them, that the monies were directed in a way in which they were intended to be directed, that the person who was directing it was out in the process of trying to develop a company that would employ people. Yes, maybe a little ambitious on the number of people that they were trying to employ, but I think it is a worthy objective.

Is it over with, Mr. Chairman? Do we have to say we will write off the company as a total loss? No. What the problem is, is if he keeps bringing all of this innuendo and lack of factual information to the table and keeps maligning the company and this individual,

I do not know where it will end up. I think it will proceed. I think it will succeed; but, if it does not, I think he can put his name on the door saying, I helped destroy this business because of my innuendo and information that I put on the record that was not accurate.

I do not particularly think that is a good situation, and I hope he reassesses what he is doing. If it is me he wants or if it is the member he wants, Mr. Alcock and that combination, I invite him to go after us as politicians, but I believe the work that was done was done so in good faith. I believe it was done so under accurate accounting and accountability methods. To answer the question again, I will not answer it. Would I do it again, Mr. Chairman? My department recommended it to me. The department advanced it to me under the work that they had done, that it was the right thing to do, and I proceeded to recommend that it should be proceeded with.

No, I am not regretting it. I think that it was done in the spirit of research and development. It is still operating and there is additional private capital that has come to the table. Could things not have been done differently? Probably, but they were not. We have to live with the reality of the day, and I am prepared to do that. Did we make a mistake? No. I do not think we made a mistake. I think we carried out the work in a responsible way.

**Mr. Maloway:** Well, the minister, if he had it to do again, would certainly want to reconsider or revisit the level of salaries that were involved in this project, I am sure. I mean, we are talking about salaries here of \$100,000 a year, times two. All sorts of travel, all sorts of a very loose—you see, Mr. Chairman, what we have here is a pattern. We have not one example under the Canada-Manitoba communications agreement. We have, going down the road, almost all of them. We have TeleSend, we have Iris, we have ManGlobe, and the pattern is simply repeating itself. So you have to ask, how the minister could sit there and defend these projects and say that he got terrific results out of the expenditure of this money is beyond me, because if he can make a good case out of that, well, I would say, God help the people of Manitoba. That does not demonstrate any kind of competence or any grip on reality, and the public expects that their government is

there to make decisions on their behalf and should be on top of these sort of issues.

So when you see not one isolated project—I mean, it is expected that you would have an isolated project in government go awry. But to have the entire program running off the rails, while this minister was at the helm, is what begs the question as to whether or not it is time for a change for this minister, or is it a time for a change for this entire government? I think in two years the public will be deciding that.

**Mr. Downey:** Mr. Chairman, again, I am telling the member that there are some success stories. TRILabs is also a program which was under this particular communications agreement, not so much seen as a grant to a company but a group of companies and the federal government—again, a major success story. TRILabs has received considerable funding under this project, \$1.4 million of which is not in any way, shape or form a failure. It is very much a success story.

I have made reference to the fact that we have Blue Sky FreeNet—very much a success story—and providing Internet services to remote and outlying communities. Without this agreement, without this funding, it would not be operating.

There was one that I clearly admit did not succeed and that was the Iris program. The other businesses are in certain stages of development and have not gone down. They are still in the process, hopefully, of growing and developing. So one to go down with successes to certain degrees of the other ones, I do not think are revolting. I could go back again and make reference to the \$4.5 million or \$4.25 million in businesses that he and his government got playing around in, Mr. Chairman, that just were absolutely total write-offs. These are not write-offs; it is the development of R & D. It is working, TRILabs, clear example of a project that is doing what the people of Manitoba would expect. The work that was done on behalf of Blue Sky FreeNet, again, a solid investment that is providing opportunities for communities outside of the city of Winnipeg, so again it is a difference of opinion.

The member is trying to say that we spent money irresponsibly. I do not believe we did. I believe all the

checks and balances were put in place. Again, would we have liked to have had some greater successes? Yes. Always greater successes, great objective. Are they accomplishable? Over time I believe they will be, Mr. Chairman. So I thank the member for his questions and will continue to be as co-operative as possible.

**Mr. Maloway:** Mr. Chairman, well, it scares me when the minister promises to be co-operative because it never develops that way. We are still waiting, and I would ask the minister: You know with today's technology and his funding of Internet malls and so on, you would think the minister could do just something basic like run a list off his computer of all the questions he has been asked and maybe keep an update as to whether he has responded to them. But what you will find is he has responded to none of these questions. There is the odd one that gets a response, but they are basically left unanswered, and unless he wants me to re-ask him all these questions, that is what he is looking for. So he wonders why we have to go day after day in the House asking questions. He wonders why we have to do that and that is because since October 28 last year we have question after question getting no response. A promise to get back but no response and a lot of the responses he does give, and he views these as responses, but they turn out to be inaccurate.

\* (1740)

These are things when he makes statements about it coming under MIRI and that it is a loan and not a grant, so in the few times that he has responded he has given incorrect information. We are better off when he takes them as notice and leaves them, and that is a sad truth of dealing with this government in 1997. I am sure you have your own experiences that you could regale us with, but this is probably not the appropriate time.

Mr. Chairman, I want to ask this minister why it is that the status report once again, the July 11, 1995, meeting, clearly says that the provincial government funds from the Canada-Manitoba communications agreement will be used mostly for human resources along with other operating expenses.

Now, human resources I assume is Salaries, and Other Operating Expenses could be travel and flowers and all sorts of things. I do not see any indication here

that these people knew or understood that this could be for R & D, which this minister keeps saying it is. So the minister keeps saying this is an R & D project when everybody else was saying it was an Internet Mall. Because it failed, he calls it an R & D project and he claims that the money for R & D is spelled out in the agreement, but he will not give us a copy of the agreement. Right in his own project papers, here it is in black and white. It does not say anything about using it for R & D. It says it is being used, the provincial government money from this Canada-Manitoba communications agreement, is going to be used for human resources and other operating expenses. Now, what happened to this glorious use of this money, this singular use for R & D? What happened to it? When your own project people admit right in their papers that they are not using it for R & D, now is that not a misuse of money that was supposed to be for R & D?

**Mr. Downey:** I guess I am having a bit of a difficulty with the member for Elmwood's (Mr. Maloway) interpretation of what is going on. First of all, we have government employees, who I have confidence in, who have negotiated an agreement under the terms of an agreement of which he does have a copy. He does have a copy of the Canada-Manitoba communications agreement.

**Mr. Maloway:** I want the one with ManGlobe.

**Mr. Downey:** Ah, he is again not coming clean with his request. He talks about—and I am not able to give him the individual agreements between the government and those companies.

Secondly, Mr. Chairman, we have credible people working for the Department of Industry, Trade and Tourism. Does he not believe the people working for Industry, Trade and Tourism can be trusted doing the audits and making sure that the monies that are approved under this agreement are expended properly? It is not a politician's approval. He does not like me, he does not like my politics and yet, he is worried about my image, that this could damage it. I do not know why he keeps raising it, but, if he is so worried, one would think that is contrary to what he is saying.

The bottom line is, why does he not, if he does not believe me—I mean, I have told him the information that

the department has done the audits, they have checked out the expenditures, and they are satisfied that it has been done appropriately as it relates to the agreement. I can tell him nothing more. He has not got any evidence that would be contrary to what I am telling him. If he would bring some forward, I would try and find out if there is any authenticity to it. He has not done so.

**Mr. Maloway:** Time and time again we have asked the minister for a copy. As a matter of fact, he is aware that we have filed the Freedom of Information request for a copy of this agreement with ManGlobe. I am told that this agreement clearly spells out what this money can be used for and what it cannot be used for. I am told that it was used for things that were not specified in this agreement.

Mr. Chairman, I can only go on what people have told me. The minister keeps asking me to come up with facts; I keep coming up with facts. I keep coming up with tons and tons, pounds and pounds, of internal documents. Yet this minister sits on the documentation that could shed some light on this situation; refuses to provide a copy of it when we ask over and over again. The reason for that, I respectfully submit, is that, if he were to release it to us, it would confirm what we have been told. What we have been told is from highly reputable sources backed up by not one, not two, but sometimes three or four people, and when two or three people say the same thing, you know that you are not far off the mark.

We have made all the efforts we can to provide this minister and this House with the information that is being requested, but we do not get answers from this minister. We get this minister hiding, and I can understand. He wants to protect his friend Michael Bessey. If this was not Michael Bessey that was stuck in this mess, we would be getting answers today.

If this was simply the federal Liberals who would be embarrassed by this, we would have that information wheeled over to us right now in a wheelbarrow saying, here guys, here is the information and go have fun with it. But it is because they want to protect their own, they want to protect Michael Bessey, they want to protect the incompetence that is shown by this grant, by the related grants. We know that it goes up the chain,

because once you start getting up into the Treasury Board, once you start getting up into the Economic Development Board, we know the Economic Development Board since the Minister of Finance, the current Minister of Finance (Mr. Stefanson) was the minister in this department, that Economic Development Board has as its membership five in the beginning but now six senior members of government. I believe the Premier (Mr. Filmon) is mixed up in there, as well. So this is an embarrassment to the political apparatus, the political people over there and they know it, and that is why they are very reluctant to answer any questions of substance on this issue or any other issues dealing with these grants. Mr. Chairman, they know that we are right. They know sitting over there in the front benches that we are right on this issue.

Mr. Chairman, with that I realize I will not get any more answers from this minister or group of ministers than I have already got, and I respectfully turn this floor over to my colleague, the member for Crescentwood.

**Mr. Sale:** Mr. Chairperson, with the agreement of both House leaders, we were asked if we would pass Resolution 26.2. Is that your wish to do that now?

**Mr. Chairperson:** Could I ask the honourable member, were we going to pass the rest of the Industry Trade right away?

**Mr. Sale:** We are going to finish that by six o'clock, is my understanding today.

**Mr. Chairperson:** Okay. In that case, I will wait until Industry Trade is complete, and then we will pass it if that is okay with you.

The honourable member for Crescentwood, with his question.

**Mr. Sale:** Mr. Chairperson, the minister indicated that he might be tabling some lists of some Vision Capital, Manitoba capital companies. Are there any of those things available today?

**Mr. Downey:** Mr. Chairman, it is my understanding that we are unable to do that as it relates to the fact that it is private investment, it is an agreement we have entered into. We have checked and I am not able to

provide the lists of people who are involved in Vision Capital.

**Mr. Sale:** Mr. Chairperson, I wish I had the last two and a half hours back. We could go over the same things that my honourable colleague from Elmwood (Mr. Maloway) has gone over. The loss of accountability that that implies, that public money is going into companies of whose identity we do not know, in amounts that we do not know, for purposes that we do not know, but it is going there anyway. I find that an appalling kind of nonaccountability, and we will pursue this in some other fashion. I find that just amazing that we can be pumping public money into private companies, and we do not know their names, and we do not know the amounts, and we do not know the terms of the investment.

**Mr. Downey:** Mr. Chairman, again, because they are both private agreements that the province has entered into—we are not afraid to answer the accountability of the amount of monies that are being put in and the overall global issues—but because there are private agreements entered into with the province and they could, in fact, be detrimental, not to the taxpayers, detrimental to the overall projects and the individuals involved, we have been advised that I am unable to provide that information. Again, if the member wants to check with the Manitoba Corporations Branch he may find some information that is disclosed publicly. That is his business. But I am not able to provide, and I told him I would check and I have checked, and I am not able to provide that information.

\* (1750)

**Mr. Sale:** Mr. Chairperson, what date did acting deputy minister Bessey cease to be acting deputy minister in 1994?

**Mr. Downey:** I am informed by the department that it was in late 1992 that Mr. Bessey left the department as it related to acting deputy minister.

**Mr. Sale:** Mr. Chairperson, I will have to check Hansard to see whether the minister's information that he gave us the other day is consistent with that information he just gave us now.

The money that was spent on ManGlobe, \$125,000 of it shows in '95-96 annual report. Where is the other 375, or is there another \$500,000 on top of that 125.

**Mr. Downey:** Mr. Chairman, I want to tell the member this, if I have misinformed as to the dates deputies were within my department, he may want to make a big issue out of it. It is certainly not intentional. I have asked the department to double-check to make sure we get the exact times and dates of which the deputies were there or were not there. Not a big issue. It is public information and I will get that information. Again, I will ask the department why I did not get the right information the last time I was asked the question, but that is not a big sin.

The 125 was advanced initially in 1995-96; 125 was advanced in '96-97 and the balance of \$250,000 was advanced under the Manitoba Development Fund in 1996-97, the final amount of money to make up \$500,000. There was no more than \$500,000 advanced to ManGlobe.

**Mr. Sale:** Was the \$125,000 that was advanced after the end of March '96 then pre-committed in some way, because you told us earlier today that the agreement expired at the end of March of 1996?

**Mr. Downey:** We signed the agreement with ManGlobe in 1995, I believe, July, I said. That is what I said. Commitments that were made then and agreement made, if they lived up to the commitment, the monies had to be flowed, and that is fulfilling an agreement.

**Mr. Maloway:** I have a quick question for the minister and that is page 45 of the annual report of '95-96. There is a note about the Manitoba Information Highway Advisory Council (MIHAC). There was to be a report, I believe, or some sort of an Internet study that was being conducted. Could the minister tell us about that study and give us a copy of it?

**Mr. Downey:** I am informed that it is in draft stage at this particular point. When it is ready and available, I will make it available. But I do not believe it comes to my department, it may go to the Minister responsible for Highways and Transportation (Mr. Findlay). I will check that out and, if possible, make it available.

Mr. Chairman, I do not want to debate the point, but I believe it may have been reporting back to the Minister of Highways and Transportation and also responsible for the Manitoba Telephone System.

**Mr. Chairperson:** 10.4. Economic Development (a) Economic Development Board Secretariat (1) Salaries and Employee Benefits \$545,200—pass; (2) Other Expenditures \$348,000—pass.

**Mr. Maloway:** Before we leave, Mr. Chairman, I would like to ask the minister, on page 24 of the annual report there is the MIRI grant since 1992. There are seven projects, seven loans totalling \$4.6 million; then two new ones for \$2 million in '95-96. Could the minister send us information on those?

**Mr. Downey:** I will do my best to provide the information the member has asked for.

**Mr. Chairperson:** 10.4.(b) Grant Assistance - Economic Innovation and Technology Council \$1,029,100—pass; (c) Economic Innovation and Technology Fund \$500,000. Shall the item pass?

**Mr. Sale:** Mr. Chairperson, in the last three years the spending in this section has never reached close to the Estimates. Is it expected to reach this year or is that just a plug figure that may be spent, maybe not?

**Mr. Downey:** That was noted that the monies had not been used, and there has been a reduction in that line. It is anticipated that that money will be used but, again, it is a reflection as to actually what had been happening as a reason for the reduction.

**Mr. Chairperson:** Shall the item pass? The item is accordingly passed.

Resolution 10.4: RESOLVED that there be granted to her majesty a sum not exceeding \$2,422,300 for Industry, Trade and Tourism, Economic Development, for the fiscal year ending the 31st day of March, 1998.

We will now revert to Resolution 10.2.(e) Canada-Manitoba Communications Technology Research and Industry Development Agreement—zero—pass.

We will now revert to 10.1(a) Minister's Salary \$25,700—pass. The staff can now leave.

I am going to do 10.2 first.

Resolution 10.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$23,327,400 for Industry, Trade and Tourism, Business Services, for the fiscal year ending the 31st day of March, 1998.

We will now revert to Resolution 10.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,521,000 for Industry, Trade and Tourism, Administration and Finance, for the fiscal year ending the 31st day of March, 1998.

This concludes Industry, Trade and Tourism.

#### ENABLING APPROPRIATIONS

**Mr. Chairperson (Marcel Laurendeau):** As previously agreed, we will now go to page 128, Resolution 26.2 Sustainable Development Innovations Fund \$3,200,000.

**Mr. Tim Sale (Crescentwood):** I have a very brief question for the minister. If he would take and provide us with the information. The ministry moved into fundraising for its dinner a couple of years ago, and it raises money. Brenda Leipsic is the person involved, with whom I had the pleasure of sandbagging in St. Norbert one night. We switched position so she could throw sandbags at me and then I could throw them at her. We had a good time.

**An Honourable Member:** As long as you threw more than one.

**Mr. Sale:** Oh, we stayed there for several hours, each trying to outlast the other.

Would the minister undertake to tell us how much was raised, from what companies or sources? In other words, you had to issue receipts to them.

**Hon. James McCrae (Minister of Environment):** Mr. Chairman, I will take the question as notice and attempt to provide an appropriate response for the honourable member.

**Mr. Chairperson:** Shall the item pass? The item is accordingly passed.

Resolution 26.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,200,000 for Enabling Appropriations, Sustainable Development Innovations Fund, for the fiscal year ending the 31st day of March, 1998.

This concludes the Resolution 26.2 Sustainable Development Innovations Fund.

The hour now being 6 p.m., committee rise.

Call in the Speaker.

## IN SESSION

**Mr. Deputy Speaker (Marcel Laurendeau):** The hour being 6 p.m., this House is now adjourned and stands adjourned until 1:30 p.m. tomorrow afternoon (Wednesday).

## Corrigendum

In Volume XLVII No. 46B - 1:30 p.m., Thursday, May 15, 1997, on page 2923, first column, eighth line, Mr. Martindale's comments should read:

. . . on page 7 says, and I quote: The Speaker is above sectional interests and immune from party influences.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, May 20, 1997

## CONTENTS

### ROUTINE PROCEEDINGS

#### Presenting Petitions

Mobile Screening Unit for Mammograms  
Wowchuk 2927

#### Reading and Receiving Petitions

Mobile Screening Unit for Mammograms  
Wowchuk 2927

#### Presenting Reports by Standing and Special Committee

Committee of Supply  
Laurendeau 2927

#### Oral Questions

Flood Forecasting  
Doer; Filmon 2928

Disaster Assistance  
Doer; Filmon 2928  
Mackintosh; Pitura 2930

Grace Hospital  
Mihychuk; Praznik 2931  
Lamoureux; Praznik 2932  
Chomiak; Praznik 2933

Concordia Hospital  
Cerilli; Praznik 2934

ManGlobe  
Maloway; Downey 2935

#### Matter of Urgent Public Importance

Community Obstetrics  
Lamoureux 2936  
Mihychuk 2937  
McCrae 2937

#### Nonpolitical Statements

Tom Jackson's Red River Relief Concert  
Doer 2938

Flooding—Volunteerism  
Laurendeau 2939

### ORDERS OF THE DAY

#### Committee of Supply

Labour  
Reid 2942  
Gilleshammer 2942  
Doer 2960

#### Industry, Trade and Tourism

Maloway 2969  
Downey 2969  
Sale 2998

#### Enabling Appropriations

Sale 3000  
McCrae 3000